EXHIBIT B

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Form of Direct Purchase Note:

THE TRANSFERABILITY OF THIS NOTE IS RESTRICTED AS DESCRIBED IN THE NOTE PURCHASE AGREEMENT

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
COMBINED UTILITY SYSTEMS
TAXABLE PROGRAM NOTE,
DIRECT PURCHASE SUB-SERIES

No.: _____
Principal Amount: _____
Interest to Maturity: _____
Due at Maturity: _____
Note Date: _____
Maturity Date: _____
Number of Days: _____
Interest Rate: As set forth in the Note Purchase Agreement
Owner: _____

The City of Austin (the "City"), in Travis, Williamson and Hays Counties, State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of the party specified above on the maturity date specified above, the principal sum specified above and to pay interest, if any, on said principal amount on _____, 20_, and on each _____ thereafter until the maturity date, from the above specified note date to said maturity date at the rate set forth in and determined in accordance with the terms of the Note Purchase Agreement pursuant to which this Note was purchased; both principal and interest on this Note being payable in lawful money of the United States of America at the designated corporate trust office of the Issuing and Paying Agent executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor. No interest will accrue on the principal amount hereof after the maturity date hereof. Defined terms used herein shall have the same meaning given to said terms in the hereinafter defined Ordinance, unless the context

of the use of such term indicates otherwise. The interest rate borne by this Note shall not exceed the Maximum Interest Rate.

This Note is one of an issue of direct purchase notes (the "Direct Purchase Notes" or the "Notes") which has been duly authorized and issued in accordance with the provisions of an ordinance (the "Ordinance") passed by the City Council of the City for the purpose of financing Project Costs of Eligible Projects for the City's Electric Light and Power System and the City's Waterworks and Sewer System (collectively, the "Systems"); to refund obligations issued in connection with an Eligible Project; and to refinance, renew or refund Program Notes or Priority Lien Obligations and any other authorized obligations of the Systems, including interest thereon, issued for Eligible Projects; all in accordance in strict conformity with the provisions of the laws of the State of Texas, including the Act.

This Direct Purchase Note, together with the other Direct Purchase Notes, is payable from and equally secured by a lien on and pledge of (i) the proceeds from (a) the sale of other Direct Purchase Notes issued for such purpose and (b) the sale of a series or issue of bonds hereafter issued by the City and to be used to pay or refund outstanding Direct Purchase Notes, (ii) the Pledged Revenues (identified and defined in the Ordinance) of the Systems, such lien on and pledge of the Pledged Revenues, however, being (a) on an equal and ratable basis with the lien and pledge securing the payment of the Tax-Exempt Program Notes (identified and defined in the Ordinance) and the Program Notes (identified and defined in the Ordinance) and (b) subordinate to the lien and pledge securing the payment of Priority Lien Obligations (identified and defined in the Ordinance) now outstanding and hereafter issued, and (iii) amounts in certain funds and accounts established pursuant to the Ordinance. As provided in the Ordinance, this Direct Purchase Note is being issued as a bond anticipation note.

This Direct Purchase Note, together with the other Direct Purchase Notes, is payable solely from the sources hereinabove identified securing the payment thereof, and the Direct Purchase Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the City or the Systems. The holder hereof shall never have the right to demand payment of this obligation from taxation or any sources or properties of the City except as identified above.

It is hereby certified and recited that all acts, conditions and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Direct Purchase Note, do exist, have happened and have been performed in regular and in due time, form and manner as

required by law and that the issuance of this Direct Purchase Note, together with all other Direct Purchase Notes, is not in excess of the principal amount of Direct Purchase Notes permitted to be issued under the Ordinance.

This Direct Purchase Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Direct Purchase Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Direct Purchase Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

IN TESTIMONY WHEREOF, the City Council has caused the seal of the City to be duly impressed or placed in facsimile hereon, and this Note to be signed with the imprinted facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk.

*********	**********
City Clerk, City of Austin, Texas	Mayor, City of Austin, Texas

(SEAL)

ISSUING AND PAYING AGENT'S
CERTIFICATE OF AUTHENTICATION

This Direct Purchase Note is one of the Direct Purchase Notes delivered pursuant to the within mentioned Ordinance.

_____,
as Issuing and Paying Agent

By:_____
Authorized Signatory