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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

SECTION 1: DEFINITIONS AND FINDINGS. The following terms shall have the meanings set forth below, unless the text specifically indicates otherwise:

“Authorized Denomination” means any integral multiple of \$5,000.

“Beneficial Owner” shall have the meaning given in Section 7 of the Thirty-Six Supplement.

“Board Resolution” means Resolution No. 19-096 adopted by the Texas Water Development Board on October 3, 2019, approving the purchase of the Bonds from the City.

“Bonds” means the “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2021A” authorized for issuance by the Thirty-Sixth Supplement.

“Business Day” means a day other than a Sunday, Saturday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

“Chapter 9” means V.T.C.A., Business & Commerce Code, Chapter 9.

“Chapter 551” means V.T.C.A., Government Code, Chapter 551.

“Chapter 1201” means V.T.C.A., Government Code, Chapter 1201.

“Chapter 1206” means V.T.C.A., Government Code, Chapter 1206.

“Chapter 1208” means V.T.C.A., Government Code, Chapter 1208.

“Chapter 1502” means V.T.C.A., Government Code, Chapter 1502.

“Chapter 2256” means V.T.C.A., Government Code, Chapter 2256.

“Chapter 2257” means V.T.C.A., Government Code, Chapter 2257.

1 “Code” means the Internal Revenue Code of 1986.

2 “Concurrent Bonds” means the “CITY OF AUSTIN, TEXAS, WATER
3 AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2021B”
4 authorized for issuance by the Thirty-Seventh Supplement.

5 “Construction Fund” shall have the meaning given in Section 36 of the
6 Thirty-Sixth Supplement.

7 “Delivery Date” means the date all or any portion of the Bonds are delivered
8 to the Purchaser in exchange for the agreed purchase price of the delivered Bonds.

9 “Holders” means the registered owners or holders of the Bonds.

10 “Initial Bond” shall have the meaning given in Section 9 of the Thirty-Sixth
11 Supplement.

12 “Master Ordinance” means Ordinance No. 000608-56A passed by council
13 on June 8, 2000.

14 “Paying Agent/Registrar” means UMB Bank, N.A.

15 “Previously Issued Parity Water/Wastewater Obligations” means the
16 outstanding (1) “City of Austin, Texas, Water and Wastewater System Variable
17 Rate Revenue Refunding Bonds, Series 2008”, together with certain regularly
18 scheduled payments under the Series 2008 Interest Rate Management Agreement
19 and the Series 2008 Liquidity Agreement (as these terms are defined in Ordinance
20 No. 20080306-053), (2) “City of Austin, Texas, Water and Wastewater System
21 Revenue Bonds, Series 2010”, (3) “City of Austin, Texas, Water and Wastewater
22 System Revenue Refunding Bonds, Series 2010B (Direct Subsidy-Build America
23 Bonds)”, (4) “City of Austin, Texas, Water and Wastewater System Revenue
24 Refunding Bonds, Series 2011”, (5) “City of Austin, Texas, Water and Wastewater
25 System Revenue Refunding Bonds, Series 2012”, (6) “City of Austin, Texas,
26 Water and Wastewater System Revenue Refunding Bonds, Series 2013A”, (7)
27 “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,
28 Series 2014”, (8) “City of Austin, Texas, Water and Wastewater System Revenue
29 Refunding Bonds, Series 2015A”, (9) “City of Austin, Texas, Water and
30 Wastewater System Revenue Refunding Bonds, Taxable Series 2015B”, (10) “City
31 of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
32 2016”, (11) “City of Austin, Texas, Water and Wastewater System Revenue
33 Bonds, Series 2016A”, (12) “City of Austin, Texas, Water and Wastewater System
34 Revenue Refunding Bonds, Series 2017”, (13) “City of Austin, Texas, Water and
35 Wastewater System Revenue Bonds, Series 2017A”, (14) “City of Austin, Texas
36 Water and Wastewater System Revenue Bonds, Series 2018”, (15) “City of Austin,
37 Texas Water and Wastewater System Revenue Bonds, Series 2019”, (16) “City of

1 Austin, Texas Water and Wastewater System Revenue Bonds, Series 2020A”, (17)
2 “City of Austin, Texas Water and Wastewater System Revenue Bonds, Series
3 2020B”, (18) “City of Austin, Texas, Water and Wastewater System Revenue
4 Refunding Bonds, Series 2020C” and (19) “City of Austin, Texas, Water and
5 Wastewater System Revenue Bonds, Series 2020D”.

6 “Prior Supplements” mean Ordinances Nos. 20080306-052, 20080306-053,
7 20091217-004, 20101118-074, 20111103-051, 20120628-101, 20130620-074,
8 20140522-040, 20150604-038, 20150604-039, 20160421-011, 20161020-002,
9 20170622-016, 20171012-002, 20181018-004, 20191003-002, 20200123-106,
10 20200123-107, 20200927-057, and 20201029-041 authorizing the issuance of the
11 Previously Issued Parity Water/Wastewater Obligations.

12 “Purchaser” or “TWDB” means the Texas Water Development Board.

13 “Security Register” shall have the meaning given in Section 5 of the Thirty-
14 Sixth Supplement.

15 “State” means the State of Texas.

16 “Thirty-Seventh Supplement” means Ordinance No. 20201210-____
17 authorizing the issuance of the Concurrent Bonds.

18 “Thirty-Sixth Supplement” means this Ordinance No. 20201210-____
19 authorizing the issuance of the Bonds.

20 The terms used in the Thirty-Sixth Supplement and not otherwise defined
21 shall have the meanings given in the Master Ordinance or the Prior Supplements.

22 The Bonds shall be secured by a lien on, and pledge of, the Net Revenues on
23 parity with the outstanding “Parity Water/Wastewater Obligations” issued in
24 accordance with and under the terms and provisions of the Master Ordinance and
25 the Prior Supplements. There are no Previously Issued Separate Lien Obligations
26 outstanding. Council affirms that the Master Ordinance provides that no additional
27 revenue obligations shall be issued on parity with the Prior First Lien Obligations
28 or the Prior Subordinate Lien Obligations.

29 **SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL**
30 **AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are authorized
31 to be issued in the aggregate principal amount of \$10,400,000 and designated the
32 “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM
33 REVENUE BONDS, SERIES 2021A” (the “Bonds”), for the purpose of
34 improving and extending the Water/Wastewater System by financing projects that
35 are part of the City’s wastewater treatment system, and paying costs of issuance, in
36 conformity with the Constitution and laws of the State, including Chapter 1502.

1 **SECTION 3: FULLY REGISTERED OBLIGATIONS—AUTHORIZED**
2 **DENOMINATIONS – STATED MATURITIES - DATE.** The Bonds shall be
3 issued as fully registered obligations, without coupons, shall be in denominations
4 of \$5,000 or any integral multiple thereof (within a Stated Maturity), shall be
5 numbered consecutively from R-1 upward (except as provided in Section 9 of the
6 Thirty-Sixth Supplement). The Bonds shall bear interest on the unpaid principal
7 amounts from the date and at the rate(s) per annum as specified in Section 4 below
8 (calculated on the basis of a 360-day year of twelve 30-day months). Interest on
9 the Bonds shall be payable on May 15 and November 15 in each year,
10 commencing on May 15, 2021, until maturity or prior redemption, as provided in
11 the FORM OF BOND.

12 **SECTION 4: PRINCIPAL PAYMENTS AND INTEREST RATES;**
13 **REDEMPTION.**

14 (a) The Bonds shall be dated September 25, 2020 (the “Dated Date”), shall
15 be in any Authorized Denomination, shall bear interest from their Delivery Date in
16 the manner described in the FORM OF BOND at the rates per annum, and the
17 principal on the Bonds shall mature on November 15 in each of the years and in
18 the amounts, respectively, set forth in Schedule I attached to this Thirty-Sixth
19 Supplement.
20

21 (b) The City may redeem Bonds prior to their scheduled maturity on the
22 dates and in the manner set forth in the FORM OF BOND. If less than all of the
23 maturities of the Bonds are redeemed by the City, the City shall determine the
24 maturities and amounts to be redeemed and shall direct the Paying Agent/Registrar
25 to call Bonds by lot within a maturity and in a principal amount for redemption.
26 Notice of any redemption shall be given in the manner set forth in the FORM OF
27 BOND. Notice of any redemption also shall be given by United States mail, first
28 class postage prepaid, (i) at least 30 days prior to the scheduled redemption date to
29 the MSRB and to any national information service that disseminates redemption
30 notices, and (ii) at least 90 days prior to the scheduled redemption date to the
31 TWDB. Any notice sent to the MSRB and to any national information service that
32 disseminates redemption notices must be sent so that the notice is received at least
33 two days prior to the general mailing of notice as set forth in the FORM OF
34 BOND.

35 (c) Each redemption notice, whether required in the FORM OF BOND or
36 otherwise by this Thirty-Sixth Supplement, shall contain a description of the Bonds
37 to be redeemed, including the complete name of the Bonds, the series, the date of
38 issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts
39 called for redemption, the publication and mailing date for the notice, the date of
40 redemption, the redemption price, the name of the Paying Agent/Registrar and the

1 address at which the Bond may be redeemed including a contact person and
2 telephone number. All redemption payments made by the Paying Agent/Registrar
3 to the registered owners of the Bonds shall include a CUSIP number relating to
4 each amount paid to such registered owner.

5
6 **SECTION 5: TERMS OF PAYMENT - PAYING AGENT**
7 **/REGISTRAR.** The principal of, premium, if any, and the interest on the Bonds,
8 due and payable by reason of maturity, redemption or otherwise, shall be payable
9 only to the Holders appearing on the registration and transfer books maintained by
10 the Paying Agent/Registrar and the payment shall be in any coin or currency of the
11 United States of America, which at the time of payment is legal tender for the
12 payment of public and private debts, and shall be without exchange or collection
13 charges to the Holders.

14 The selection and appointment of the Paying Agent/Registrar for the Bonds
15 is approved and confirmed. Books and records relating to the registration,
16 payment, exchange and transfer of the Bonds (the "Security Register") shall at all
17 times be kept and maintained on behalf of the City by the Paying Agent/Registrar,
18 all as provided in the Thirty-Sixth Supplement, in accordance with the terms and
19 provisions of a "Paying Agent/Registrar Agreement," substantially in the form of
20 paying agent agreements previously approved by council in connection with the
21 issuance of public securities, and such reasonable rules and regulations as the
22 Paying Agent/Registrar and the City may prescribe. The City covenants to
23 maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid
24 and discharged, and any successor Paying Agent/Registrar shall be a bank, trust
25 company, financial institution or other entity qualified and authorized to serve in
26 such capacity and perform the duties and services of Paying Agent/Registrar.
27 Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to
28 promptly cause a written notice of the change to be sent to each Holder by United
29 States Mail, first class postage prepaid, which notice shall also give the address of
30 the new Paying Agent/Registrar.

31 If required by law, the City shall not execute the Paying Agent/Registrar
32 Agreement unless the Paying Agent/Registrar has confirmed to the City that it has
33 made disclosure filings to the Texas Ethics Commission in accordance with
34 Section 2252.908, Texas Government Code. Within 30 days of receipt of the
35 disclosure filings from the Paying Agent/Registrar, the City will submit a copy of
36 the disclosure filings to the Texas Ethics Commission.

37 Principal of and premium, if any, on the Bonds shall be payable at the Stated
38 Maturities or redemption of the Bonds, only upon presentation and surrender of the
39 Bonds to the Paying Agent/Registrar at its designated office in Dallas, Texas (the
40 "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the
41 Holders whose names appear in the Security Register at the close of business on

1 the Record Date (the last Business Day of the month next preceding each interest
2 payment date), and interest shall be paid by the Paying Agent/Registrar (i) by
3 check sent United States Mail, first class postage prepaid, to the address of the
4 Holder recorded in the Security Register or (ii) by such other method, acceptable to
5 the Paying Agent/Registrar, requested by, and at the risk and expense of, the
6 Holder. If the date for the payment of the principal of or interest on the Bonds is a
7 day other than a Business Day, then the date for payment shall be the next
8 succeeding Business Day; and payment on that date shall have the same force and
9 effect as if made on the original date payment was due. If TWDB is the Beneficial
10 Owner of 100% in aggregate principal amount of the Bonds then Outstanding,
11 principal shall be paid to TWDB by wire transfer, at no expense to TWDB.

12 In the event of a non-payment of interest on one or more maturities on a
13 scheduled payment date, and for 30 days thereafter, a new record date for the
14 interest payment for the maturity or maturities (a "Special Record Date") will be
15 established by the Paying Agent/Registrar, if and when funds for the payment of
16 interest have been received from the City. Notice of the Special Record Date and
17 of the scheduled payment date of the past due interest (which shall be 15 days after
18 the Special Record Date) shall be sent at least five Business Days prior to the
19 Special Record Date by United States Mail, first class postage prepaid, to the
20 address of each Holder of such maturity or maturities appearing on the Security
21 Register at the close of business on the last Business Day next preceding the date
22 of mailing of the notice.

23 **SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS**
24 **- PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record,
25 and maintain in the Security Register the name and address of each registered
26 owner of the Bonds issued under the provisions of the Thirty-Sixth Supplement.
27 Any Bond may, in accordance with its terms and the terms of the Thirty-Sixth
28 Supplement, be transferred or exchanged for Bonds of other authorized
29 denominations upon the Security Register by the Holder, in person or the Holder's
30 authorized agent, upon surrender of the Bond to the Paying Agent/Registrar for
31 cancellation, accompanied by a written instrument of transfer or request for
32 exchange executed by the Holder or the Holder's authorized agent, in form
33 satisfactory to the Paying Agent/ Registrar.

34 Upon surrender for transfer of any Bond (other than the Initial Bond
35 authorized in Section 9 of the Thirty-Sixth Supplement) at the Designated
36 Payment/Transfer Office of the Paying Agent/Registrar, the Paying
37 Agent/Registrar shall register and deliver, in the name of the designated
38 transferee(s), one or more new Bonds executed on behalf of, and furnished by, the
39 City of authorized denominations and having the same Stated Maturity and of a
40 like aggregate principal amount as the Bond or Bonds surrendered for transfer.

1 At the option of the Holder, Bonds (other than the Initial Bond authorized in
2 Section 9 of the Thirty-Sixth Supplement) may be exchanged for other Bonds of
3 authorized denominations and having the same Stated Maturity, bearing the same
4 rate of interest and of like aggregate principal amount as the Bonds surrendered for
5 exchange, upon surrender of the Bonds to be exchanged at the Designated
6 Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are
7 surrendered for exchange, the Paying Agent/Registrar shall register and deliver
8 new Bonds, executed on behalf of, and furnished by, the City, to the Holder
9 requesting the exchange.

10 All Bonds issued upon any transfer or exchange of Bonds shall be delivered
11 at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent
12 by United States Mail, first class postage prepaid, to the Holder and, upon the
13 delivery, the same shall be valid obligations of the City, evidencing the same
14 obligation to pay, and entitled to the same benefits under the Thirty-Sixth
15 Supplement, as the Bonds surrendered in such transfer or exchange.

16 All transfers or exchanges of Bonds under this Section shall be made
17 without expense or service charge to the Holder, except as otherwise provided in
18 the Thirty-Sixth Supplement, and except that the Paying Agent/Registrar shall
19 require payment by the Holder requesting such transfer or exchange of any tax or
20 other governmental charges required to be paid with respect to such transfer or
21 exchange.

22 Bonds canceled by reason of an exchange or transfer under the provisions of
23 the Thirty-Sixth Supplement are defined to be "Predecessor Bonds," evidencing all
24 or a portion, as the case may be, of the same obligation to pay evidenced by the
25 Bond or Bonds registered and delivered in the exchange or transfer. Additionally,
26 the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen
27 Bond for which a replacement Bond has been issued, registered and delivered
28 under Section 19 of the Thirty-Sixth Supplement and the new replacement Bond
29 shall be deemed to evidence the same obligation as the mutilated, lost, destroyed,
30 or stolen Bond.

31 Neither the City nor the Paying Agent/Registrar shall be required to transfer
32 or exchange any Bond called for redemption, in whole or in part, within 45 days of
33 the date fixed for redemption of the Bond; provided, however, this limitation of
34 transfer shall not be applicable to an exchange by the Holder of the unredeemed
35 balance of a Bond called for redemption in part.

36 The Paying Agent/Registrar for the Bonds shall act as the closing agent for
37 the delivery of the Bonds to the TWDB, and in connection therewith, the Paying
38 Agent/Registrar understands the Bonds are to be delivered to the TWDB using the
39 book-entry only system provided by DTC.

1
2 The City agrees to deliver to the Paying Agent/Registrar one initial Bond
3 numbered T-1, as provided in Section 9 of the Thirty-Sixth Supplement, and
4 registered to the TWDB following the approval by the Attorney General of the
5 State and the registration by the Comptroller of Public Accounts. Proceeds from
6 the Bonds will be held in escrow and disbursed to the City in accordance with
7 procedures approved by the TWDB.
8

9 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND**
10 **TRANSACTIONS.** Notwithstanding the provisions contained in Sections 4, 5 and
11 6 of the Thirty-Sixth Supplement relating to the payment, and transfer/exchange of
12 the Bonds, the City approves and authorizes the use of the “Book-Entry-Only”
13 securities clearance, settlement and transfer system provided by The Depository
14 Trust Company (“DTC”), a limited purpose trust company organized under the
15 laws of the State of New York, in accordance with the operational arrangements
16 referenced in the Blanket Issuer Letter of Representation, by and between the City
17 and DTC (the “Depository Agreement”).

18 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall
19 be deposited with DTC, who shall hold the Bonds for its participants (the “DTC
20 Participants”). While the Bonds are held by DTC under the Depository
21 Agreement, the Holder of the Bonds on the Security Register for all purposes,
22 including payment and notices, shall be Cede & Co., as nominee of DTC,
23 notwithstanding the ownership of each actual purchaser or owner of each Bond
24 (the “Beneficial Owners”) being recorded in the records of DTC and DTC
25 Participants.

26 In the event DTC determines to discontinue serving as securities depository
27 for the Bonds or otherwise ceases to provide book-entry clearance and settlement
28 of securities transactions in general or the City determines that DTC is incapable of
29 properly discharging its duties as securities depository for the Bonds, the City
30 covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in
31 definitive form and provide for the Bond certificates to be issued and delivered to
32 DTC Participants and Beneficial Owners, as the case may be. The Bonds in
33 definitive form shall be assigned, transferred and exchanged on the Security
34 Register maintained by the Paying Agent/Registrar and payment of the Bonds not
35 held by DTC under the Depository Agreement shall be made in accordance with
36 the provisions of Sections 4, 5 and 6 of the Thirty-Sixth Supplement.

37 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be
38 executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal
39 reproduced or impressed on the Bonds and countersigned by the City Clerk. The
40 signature of the officers on the Bonds may be manual or facsimile. Bonds bearing
41 the manual or facsimile signatures of individuals who are or were the proper

1 officers of the City on the Dated Date shall be deemed to be executed on behalf of
2 the City, notwithstanding that those individuals or either of them shall cease to
3 hold the offices at the time of delivery of the Bonds to the Purchaser and with
4 respect to Bonds delivered in subsequent exchanges and transfers, all as authorized
5 and provided in Chapter 1201.

6 No Bond shall be entitled to any right or benefit under the Thirty-Sixth
7 Supplement, or be valid or obligatory for any purpose, unless there appears on the
8 Bond either a certificate of registration substantially in the form provided in the
9 FORM OF BOND, manually executed by the Comptroller of Public Accounts of
10 the State or his or her authorized agent, or a certificate of registration substantially
11 in the form provided in the FORM OF BOND, manually executed by an authorized
12 officer, employee or representative of the Paying Agent/Registrar, and either
13 certificate upon any Bond signed shall be conclusive evidence, and the only
14 evidence, that the Bond has been certified, registered and delivered.

15 **SECTION 9: INITIAL BOND.** The Bonds shall be initially issued as a
16 single fully registered bond, payable in the aggregate principal amount of the
17 Bonds, and numbered T-1 (the "Initial Bond"). The Initial Bond shall be registered
18 in the name of the Purchaser or its designee. The Initial Bond shall be submitted to
19 the Office of the Attorney General of the State for approval, certified and
20 registered by the Office of the Comptroller of Public Accounts of the State and
21 delivered to the Purchaser. Any time after the delivery of the Initial Bond, the
22 Paying Agent/Registrar, pursuant to written instructions from the Purchaser, or its
23 designee, shall cancel the Initial Bond delivered and exchange for the Initial Bond
24 definitive Bonds of authorized denominations, Stated Maturities, principal amounts
25 and bearing applicable interest rates for transfer and delivery to the Holders named
26 at the addresses identified for the Holders; all pursuant to and in accordance with
27 such written instructions from the Purchaser, or its designee, and any other
28 information and documentation as the Paying Agent/Registrar may reasonably
29 require.

30 **SECTION 10: FORMS.** The Bonds, the Registration Certificate of the
31 Comptroller of Public Accounts of the State, the Certificate of Registration, and
32 the form of Assignment to be printed on each of the Bonds, shall be substantially
33 in the forms set forth in the FORM OF BOND set forth in **Exhibit A** to the Thirty-
34 Sixth Supplement, with appropriate insertions, omissions, substitutions, and other
35 variations as are permitted or required by the Thirty-Sixth Supplement, and may
36 have such letters, numbers, or other marks of identification (including identifying
37 numbers and letters of the Committee on Uniform Securities Identification
38 Procedures (CUSIP) of the American Bankers Association) and any other legends
39 and endorsements (including insurance legends in the event the Bonds, or any
40 maturities of the Bonds, are purchased with insurance and any reproduction of an

1 opinion of counsel) as may be established by the City or determined by the officers
2 executing the Bonds as evidenced by their execution of the Bonds. Any portion of
3 the text of any Bond may be set forth on the reverse of the Bond, with an
4 appropriate reference on the face of the Bond.

5 The definitive Bonds and the Initial Bond shall be printed, lithographed, or
6 engraved, typewritten, photocopied or otherwise reproduced in any other similar
7 manner, all as determined by the officers executing the Bonds as evidenced by
8 their execution of the Bonds.

9 **SECTION 11: CRITERIA FOR ISSUANCE OF PARITY WATER/
10 WASTEWATER OBLIGATIONS.** The City has provided certain criteria and
11 established certain covenants and agreements in relation to the issuance of Parity
12 Water/Wastewater Obligations of the Water/Wastewater System pursuant to the
13 Master Ordinance and Prior Supplements. The Thirty-Sixth Supplement provides
14 for the authorization, issuance, sale, delivery, form, characteristics, provisions of
15 payment, and security of the Bonds which are Parity Water/Wastewater
16 Obligations. The Master Ordinance is incorporated by reference and made a part
17 of the Thirty-Sixth Supplement for all purposes, except to the extent modified and
18 supplemented by the Prior Supplements and the Thirty-Sixth Supplement, and the
19 Bonds are declared to be Parity Water/Wastewater Obligations under the Master
20 Ordinance and Prior Supplements. The City determines that it will have sufficient
21 funds to meet the financial obligations of the Water/Wastewater System, including
22 sufficient Net Revenues to pay the Annual Debt Service Requirements of the
23 Bonds and the Previously Issued Parity Water/Wastewater Obligations and to meet
24 all financial obligations of the City relating to the Water/Wastewater System.

25 **SECTION 12: PLEDGE.** The Net Revenues of the Water/Wastewater
26 System are pledged to the payment of the Bonds, and the Bonds, together with the
27 Prior Subordinate Lien Obligations and the Previously Issued Parity
28 Water/Wastewater Obligations currently Outstanding, shall be equally and ratably
29 secured by a parity lien on and pledge of the Net Revenues of the
30 Water/Wastewater System in accordance with the terms of the Master Ordinance
31 and the Thirty-Sixth Supplement. Additionally, the Bonds and the Previously
32 Issued Parity Water/Wastewater Obligations shall be equally and ratably secured
33 by a lien on the funds, if any, deposited to the credit of the Debt Service Fund in
34 accordance with the terms of the Master Ordinance, the Prior Supplements and the
35 Thirty-Sixth Supplement. The Parity Water/Wastewater Obligations, and the
36 interest on the Parity Water/Wastewater Obligations, shall constitute a lien on the
37 Net Revenues of the Water/Wastewater System and be valid and binding and fully
38 perfected from and after the date of adoption of the Thirty-Sixth Supplement
39 without physical delivery or transfer or transfer of control of the Net Revenues, the
40 filing of the Thirty-Sixth Supplement or any other act, all as provided in Chapter

1 1208. The owners of the Parity Water/Wastewater Obligations shall never have the
2 right to demand payment out of funds raised or to be raised by taxation, or from
3 any source other than specified in the Master Ordinance, the Prior Supplements
4 and the Thirty-Sixth Supplement.

5 Chapter 1208 applies to the issuance of the Bonds and the pledge of the Net
6 Revenues of the Water/Wastewater System granted by the City under this Section
7 12, and the pledge is valid, effective and perfected. If Texas law is amended at any
8 time while the Bonds are Outstanding such that the pledge of the Net Revenues of
9 the Water/Wastewater System granted by the City under this Section 12 is to be
10 subject to the filing requirements of Chapter 9, then to preserve to the registered
11 owners of the Bonds the perfection of the security interest in the pledge, the City
12 agrees to take measures as it determines are reasonable and necessary under Texas
13 law to comply with the applicable provisions of Chapter 9, and enable a filing to
14 perfect the security interest in the pledge to occur.

15 **SECTION 13: DEBT SERVICE FUND.** By reason of the issuance of the
16 Bonds, the City need not establish any special accounts within the Debt Service
17 Fund and following the delivery of the Bonds, the City agrees and covenants that
18 in addition to the deposits for the payment of the Previously Issued Parity
19 Water/Wastewater Obligations there shall be deposited to the credit of the Debt
20 Service Fund an amount equal to one hundred percent (100%) of the amount
21 required to fully pay the interest on and principal of the Bonds falling due on or
22 before each maturity, mandatory redemption date and interest payment date, and
23 such deposits shall be made in substantially equal monthly amounts on or before
24 the 14th day of each month beginning on or before the 14th day of the month next
25 following the month the Bonds are delivered to the Purchaser.

26 The required monthly deposits to the Debt Service Fund for the payment of
27 principal of and interest on the Bonds shall continue to be made in the manner
28 provided in this Section until such time as (i) the total amount on deposit in the
29 Debt Service Fund is equal to the amount required to fully pay and discharge all
30 Parity Water/Wastewater Obligations then Outstanding or (ii) the Bonds are no
31 longer outstanding, *i.e.*, fully paid as to principal and interest or all the Bonds have
32 been refunded.

33 Any accrued interest received from the Purchaser shall be deposited in the
34 Debt Service Fund, and shall be taken into consideration and reduce the amount of
35 the monthly deposits that would otherwise be required to be deposited to the credit
36 of the Debt Service Fund from the Net Revenues of the Water/Wastewater System.

37 **SECTION 14: RESERVE FUND.** In accordance with the provisions of the
38 Prior Supplements authorizing the issuance of certain of the Previously Issued
39 Water/Wastewater Obligations, the Required Reserve Amount is funded with cash

1 and Credit Facilities originally issued by Ambac Assurance Corporation and XL
2 Capital Assurance Inc.

3 The Reserve Fund shall be funded in an amount of no less than the average
4 annual debt service requirements on the Bonds, either (a) with proceeds of the
5 Bonds, in the amount described in the letter of instructions executed in accordance
6 with Section 26 of the Thirty-Sixth Supplement, or (b) by the deposit of Net
7 Revenues in approximately equal monthly installments over the initial 60 months
8 following the issuance of the Bonds, all in accordance with the Board Resolution
9 and as further provided in the letter of instructions.

10 Furthermore, in accordance with Section 10(d) of the Master Ordinance,
11 council finds that the Gross Revenues will be sufficient to meet the obligations of
12 the Water/Wastewater System, including sufficient Net Revenues to satisfy the
13 Annual Debt Service Requirements of Parity Water/Wastewater Obligations
14 currently Outstanding and the financial obligations of the City under any Credit
15 Facility entered into with the Credit Facility providers.

16 **SECTION 15: PAYMENT OF BONDS.** On or before the first scheduled
17 interest payment date, and on or before each subsequent interest payment date and
18 principal payment date while any Bond is Outstanding, the City shall cause an
19 amount to be transferred to the Paying Agent/Registrar in immediately available
20 funds from the Debt Service Fund sufficient to pay the interest on and the principal
21 amount of the Bonds, as shall become due on each payment date, respectively, at
22 maturity or by redemption prior to maturity. The Paying Agent/Registrar shall
23 destroy all paid Bonds and furnish the City with an appropriate certificate of
24 cancellation or destruction.

25
26 **SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT**
27 **STATUS.**

28
29 The City covenants to refrain from any action which would adversely
30 affect, or to take any action to assure, the treatment of the Bonds as obligations
31 described in section 103 of the Code, the interest on which is not includable in the
32 "gross income" of the holder for purposes of federal income taxation. In
33 furtherance thereof, the City covenants as follows:

34
35 (a) to take any action to assure that no more than 10 percent of the
36 proceeds of the Bonds or the projects financed therewith (less amounts deposited
37 to a reserve fund, if any) are used for any "private business use", as defined in
38 section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so
39 used, that amounts, whether or not received by the City, with respect to such
40 private business use, do not, under the terms of this Thirty-Sixth Supplement or

1 any underlying arrangement, directly or indirectly, secure or provide for the
2 payment of more than 10 percent of the debt service on the Bonds, in contravention
3 of section 141(b)(2) of the Code;

4 (b) to take any action to assure that in the event that the "private business
5 use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the
6 Bonds or the projects financed therewith (less amounts deposited into a reserve
7 fund, if any) then the amount in excess of 5 percent is used for a "private business
8 use" which is "related" and not "disproportionate", within the meaning of section
9 141(b)(3) of the Code, to the governmental use;

10 (c) to take any action to assure that no amount which is greater than the
11 lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts
12 deposited into a reserve fund, if any), is directly or indirectly used to finance loans
13 to persons, other than state or local governmental units, in contravention of section
14 141(c) of the Code;

15 (d) to refrain from taking any action which would otherwise result in the
16 Bonds being treated as "private activity bonds" within the meaning of section
17 141(a) of the Code;

18 (e) to refrain from taking any action that would result in the Bonds being
19 "federally guaranteed" within the meaning of section 149(b) of the Code;

20 (f) to refrain from using any portion of the proceeds of the Bonds,
21 directly or indirectly, to acquire or to replace funds which were used, directly or
22 indirectly, to acquire investment property (as defined in section 148(b)(2) of the
23 Code) which produces a materially higher yield over the term of the Bonds, other
24 than investment property acquired with --

25 (1) proceeds of the Bonds invested for a reasonable temporary
26 period, until such proceeds are needed for the purpose for which the Bonds
27 are issued,

28 (2) amounts invested in a bona fide debt service fund, within the
29 meaning of section 1.148-1(b) of the Treasury Regulations, and

30 (3) amounts deposited in any reasonably required reserve or
31 replacement fund to the extent such amounts do not exceed 10 percent of the
32 proceeds of the Bonds;

33 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts
34 treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not
35 otherwise contravene the requirements of section 148 of the Code (relating to
36 arbitrage);

1 (h) to refrain from using the proceeds of the Bonds or the proceeds of any
2 prior bonds to pay debt service on another issue more than ninety (90) days after
3 the issuance of the Bonds in contravention of section 149 of the Code (relating to
4 advance refundings);

5 (i) to pay to the United States of America at least once during each five-
6 year period (beginning on the Delivery Date of the Bonds) an amount that is at
7 least equal to 90 percent of the "excess earnings", within the meaning of section
8 148(f) of the Code, and to pay to the United States of America, not later than 60
9 days after the Bonds have been paid in full, 100 percent of the amount then
10 required to be paid as a result of Excess Earnings under section 148(f) of the Code;
11 and

12 (j) to file with the Internal Revenue Service an executed Form 8038-G, in
13 furtherance of the requirements of section 149(e) of the Code.

14 The City understands that the term "proceeds" includes "disposition
15 proceeds" as defined in the Treasury Regulations and, in the case of a refunding
16 bond, transferred proceeds (if any) and proceeds of the refunded bonds expended
17 prior to the date of the issuance of the Bonds. It is the understanding of the City
18 that these covenants are intended to assure compliance with the Code and any
19 regulations or rulings promulgated by the U.S. Department of the Treasury
20 pursuant to the Code. In the event that regulations or rulings are hereafter
21 promulgated which modify or expand provisions of the Code, as applicable to the
22 Bonds, the City will not be required to comply with any covenant contained in this
23 Section to the extent that the failure to comply, in the opinion of nationally-rec-
24 ognized bond counsel, will not adversely affect the exemption from federal income
25 taxation of interest on the Bonds under section 103 of the Code. In the event that
26 regulations or rulings are hereafter promulgated which impose additional
27 requirements which are applicable to the Bonds, the City agrees to comply with the
28 additional requirements to the extent necessary, in the opinion of nationally-recog-
29 nized bond counsel, to preserve the exemption from federal income taxation of
30 interest on the Bonds under section 103 of the Code. In furtherance of the
31 foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief
32 Financial Officer of the City, any Deputy Financial Officer of the City and the City
33 Treasurer may execute any certificates or other reports required by the Code and
34 make such elections, on behalf of the City, which may be permitted by the Code as
35 are consistent with the purpose for the issuance of the Bonds. In order to facilitate
36 compliance with the above clause (i), a "Rebate Fund" is established by the City
37 for the sole benefit of the United States of America, and the Rebate Fund shall not
38 be subject to the claim of any other person, including without limitation the
39 registered owners of the Bonds. The Rebate Fund is established for the additional
40 purpose of compliance with section 148 of the Code.

1 SECTION 16A: **ALLOCATION OF, AND LIMITATION ON,**
2 **EXPENDITURES FOR THE BOND-FINANCED PROPERTY;**
3 **DISPOSITION OF BOND-FINANCED PROPERTY.**

4 The City covenants to account for on its books and records the expenditure
5 of proceeds from the sale of the Bonds and any investment earnings thereon to be
6 used for the improvement and extension of the System (referred to in this Section
7 as a "Project") by allocating proceeds to expenditures within 18 months of the later
8 of the date that (a) the expenditure on a Project is made or (b) each such Project is
9 completed. The foregoing notwithstanding, the City shall not expend such
10 proceeds or investment earnings more than 60 days after the later of (a) the fifth
11 anniversary of the Delivery Date of the Bonds or (b) the date the Bonds are retired,
12 unless the City obtains an opinion of nationally-recognized bond counsel
13 substantially to the effect that such expenditure will not adversely affect the tax-
14 exempt status of the Bonds. For purposes of this Section, the City shall not be
15 obligated to comply with this covenant if it obtains an opinion of nationally-
16 recognized bond counsel to the effect that such failure to comply will not adversely
17 affect the excludability for federal income tax purposes from gross income of the
18 interest.

19
20 The City covenants that the property constituting the Project will not be sold
21 or otherwise disposed in a transaction resulting in the receipt by the City of cash or
22 other compensation, unless the City obtains an opinion of nationally-recognized
23 bond counsel substantially to the effect that the sale or other disposition will not
24 adversely affect the tax-exempt status of the Bonds. The portion of the property
25 comprising personal property and disposed of in the ordinary course of business
26 shall not be treated as a transaction resulting in the receipt of cash or other
27 compensation. The City shall not be obligated to comply with this covenant if it
28 obtains an opinion of nationally-recognized bond counsel to the effect that the
29 failure to comply will not adversely affect the excludability for federal income tax
30 purposes from gross income of the interest.

31
32 **SECTION 17: AMENDMENT OF THIRTY-SIXTH SUPPLEMENT.**
33

34 (a) Required Owner Consent for Amendments. The owners of a majority
35 in Outstanding Principal Amount of the Bonds shall have the right from time to
36 time to approve any amendment to the Thirty-Sixth Supplement which may be
37 deemed necessary or desirable by the City; provided, however, nothing contained
38 in the Thirty-Sixth Supplement shall permit or be construed to permit the
39 amendment of the terms and conditions in the Thirty-Sixth Supplement so as to:

- (1) Make any change in the maturity of any of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Bonds;
- (4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Bonds or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds then Outstanding;
- (6) Amend this subsection (a) of this Section; or
- (7) Change the minimum percentage of the principal amount of Bonds necessary for consent to any amendment;

unless such amendment or amendments be approved by the owners of all of the Bonds affected by the change or amendment then Outstanding.

(b) Notice of Amendment Requiring Consent. If at any time the City shall desire to amend the Thirty-Sixth Supplement under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the notice is on file with the Paying Agent/Registrar for the Bonds. Publication is not required, however, if notice in writing is given by United States Mail, first class postage prepaid, to each owner of the Bonds.

(c) Time Period for Obtaining Consent. If within one year from (i) the date of the first publication of notice or (ii) the date of the mailing by the Paying Agent/Registrar of written notice to the owners of the Bonds, whichever date first occurs if both methods of giving notice are used, the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Bonds consenting to and approving such amendment in substantially the form of the copy of such instrument on file with each Paying Agent/Registrar, the governing body of the City may pass the amendatory ordinance in substantially the same form.

(d) Revocation of Consent. Any consent given by the owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Bonds during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, consent may be revoked by the owner who gave the consent, or by a successor in

1 title, by filing written notice with the Paying Agent/Registrar for the Bonds and the
2 City, but revocation shall not be effective if the owners of at least a majority in
3 Outstanding Principal Amount of the then Outstanding Bonds as determined in
4 accordance with this Section have, prior to the attempted revocation, consented to
5 and approved the amendment.

6 (e) Implementation of Amendment. Upon the passage of any amendatory
7 ordinance pursuant to the provisions of this Section, the Thirty-Sixth Supplement
8 shall be deemed to be amended, and the respective rights, duties and obligations of
9 the City under the Thirty-Sixth Supplement and all the owners of then Outstanding
10 Bonds shall be determined, exercised and enforced in all respects in accordance
11 with the amendment.

12 (f) Amendment without Consent. The preceding provisions of this
13 Section notwithstanding, the City by action of its governing body may amend the
14 Thirty-Sixth Supplement for any one or more of the following purposes:

15 (1) To add to the covenants and agreements of the City
16 contained in the Thirty-Sixth Supplement, other covenants and
17 agreements thereafter to be observed, grant additional rights or
18 remedies to the owners of the Bonds or to surrender, restrict or limit
19 any right or power reserved in the Thirty-Sixth Supplement to or
20 conferred upon the City;

21 (2) To make provision for the purpose of curing any ambiguity,
22 or curing, correcting or supplementing any defective provision
23 contained in the Thirty-Sixth Supplement, or in regard to clarifying
24 matters or questions arising under the Thirty-Sixth Supplement, as are
25 necessary or desirable and not contrary to or inconsistent with the
26 Thirty-Sixth Supplement and which shall not adversely affect the
27 interests of the owners of the Bonds then Outstanding;

28 (3) To modify any of the provisions of the Thirty-Sixth
29 Supplement in any other respect whatever, provided that any
30 modification shall be, and be expressed to be, effective only after all
31 the Bonds outstanding at the date of the adoption of the modification
32 shall cease to be outstanding;

33 (4) To make amendments to the Thirty-Sixth Supplement as
34 may be required, in the opinion of Bond Counsel, to ensure
35 compliance with sections 103 and 141 through 150 of the Code and
36 the regulations promulgated under and applicable to those sections
37 and regulations;

1 (5) To make changes, modifications or amendments as may be
2 necessary or desirable to allow the owners of the Bonds to avail
3 themselves of a book-entry system for payments, transfers and other
4 matters relating to the Bonds, which changes, modifications or
5 amendments are not contrary to or inconsistent with other provisions
6 of the Thirty-Sixth Supplement and which shall not adversely affect
7 the interests of the owners of the Bonds;

8 (6) To make amendments to the Thirty-Sixth Supplement as
9 permitted by Section 21(e) of the Thirty-Sixth Supplement;

10 (7) To make changes, modifications or amendments as may be
11 necessary or desirable to obtain the approval of the Bonds from the
12 Attorney General of Texas, to obtain or maintain the granting of a
13 rating on the Bonds by a Rating Agency or to obtain or maintain a
14 Credit Agreement or a Credit Facility; and

15 (8) To make changes, modifications or amendments as may be
16 necessary or desirable, which shall not adversely affect the interests of
17 the owners of the Bonds, in order, to the extent permitted by law, to
18 facilitate the economic and practical utilization of interest rate swap
19 agreements, foreign currency exchange agreements, or similar types
20 of agreements with respect to the Bonds.

21 Notice of an amendment may be published by the City in the manner described in
22 clause (b) of this Section; provided, however, that the publication of a notice shall
23 not constitute a condition precedent to the adoption of an amendatory ordinance
24 and the failure to publish a notice shall not adversely affect the implementation of
25 an amendment as adopted pursuant to the amendatory ordinance.

26 (g) Ownership. For the purpose of this Section, the ownership and other
27 matters relating to all Bonds shall be established by the Security Register
28 maintained by the Paying Agent/Registrar. Furthermore, the owner of any Bonds
29 insured as to the payment of principal of and interest shall be deemed to be the
30 insurance company providing the insurance coverage on the Bonds; provided, the
31 amendment to the Thirty-Sixth Supplement is an amendment that can be made
32 with the consent of a majority in Outstanding Principal Amount of the Bonds and
33 the insurance company is not in default with respect to its obligations under its
34 insurance policy, if any.

35 **SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.**
36 All or any of the Bonds shall be deemed to be paid, retired and no longer
37 outstanding within the meaning of the Thirty-Sixth Supplement when payment of
38 the principal of, and redemption premium, if any, on the Bonds, plus interest on the

1 Bonds to the due date (whether the due date is by reason of maturity or otherwise)
2 either (i) shall have been made or caused to be made in accordance with the terms
3 of the Bonds, or (ii) shall have been provided by irrevocably depositing with, or
4 making available to, the Paying Agent/Registrar, in trust and irrevocably set aside
5 exclusively for this payment, (1) money sufficient to make the payment or
6 (2) Government Obligations, certified by an independent public accounting firm of
7 national reputation, to mature as to principal and interest in amounts and at the
8 times as will insure the availability, without reinvestment, of sufficient money to
9 make this payment, and all necessary and proper fees, compensation and expenses
10 of the Paying Agent/Registrar with respect to which the deposit is made shall have
11 been paid or the payment provided for the satisfaction of the Paying
12 Agent/Registrar. Once a Bond shall be deemed to be paid under the Thirty-Sixth
13 Supplement, it shall no longer be secured by or entitled to the benefit of the Thirty-
14 Sixth Supplement, the Master Ordinance or a lien on and pledge of the Net
15 Revenues of the Water/Wastewater System, and shall be entitled to payment solely
16 from the money or Government Obligations.

17 Any moneys so deposited with the Paying Agent/Registrar, or an authorized
18 escrow agent, may at the direction of the City also be invested in Government
19 Obligations, maturing in the amounts and at the times as set forth in this Section,
20 and all income from all Government Obligations not required for the payment of
21 the Bonds, the redemption premium, if any, and interest on the Bonds, with respect
22 to which the money has been so deposited, shall be turned over to the City or
23 deposited as directed by the City. The City covenants that no deposit will be made
24 or accepted under clause (ii) of this Section and no use made of any deposit which
25 would cause the Bonds to be treated as arbitrage bonds within the meaning of
26 section 148 of the Code.

27 Notwithstanding any other provisions of the Thirty-Sixth Supplement, all
28 money or Government Obligations set aside and held in trust pursuant to the
29 provisions of this Section for the payment of the Bonds, the redemption premium,
30 if any, and interest on the Bonds, shall be applied to and used for the payment of
31 the Bonds, the redemption premium, if any, and interest on the Bonds and the
32 income on the money or Government Obligations shall not be considered to be
33 "Gross Revenues" under the Thirty-Sixth Supplement.

34 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
35 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,
36 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be
37 printed, executed, and delivered, a new bond of the same principal amount,
38 maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed
39 Bond, in replacement for the Bond in the manner provided in this Section. An
40 application for the replacement of damaged, mutilated, lost, stolen, or destroyed

1 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or
2 destruction of a Bond, the applicant for a replacement bond shall furnish to the
3 City and to the Paying Agent/Registrar security or indemnity as may be required
4 by them to save each of them harmless from any loss or damage with respect
5 thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant
6 shall furnish to the City and to the Paying Agent/Registrar evidence to their
7 satisfaction of the loss, theft, or destruction of the Bond, as the case may be. In
8 every case of damage or mutilation of a Bond, the applicant shall surrender to the
9 Paying Agent/Registrar for cancellation the Bond so damaged or mutilated. Prior
10 to the issuance of any replacement bond, the Paying Agent/Registrar shall charge
11 the owner of the Bond with all legal, printing, and other expenses in connection
12 with this issuance. Every replacement bond issued pursuant to the provisions of
13 this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall
14 constitute a contractual obligation of the City whether the lost, stolen, or destroyed
15 Bond shall be found at any time, or be enforceable by anyone, and shall be entitled
16 to all the benefits of the Thirty-Sixth Supplement equally and proportionately with
17 any and all other Bonds issued under the Thirty-Sixth Supplement.

18 Notwithstanding the preceding provisions of this Section, in the event any
19 Bond shall have matured, and no default has occurred which is then continuing in
20 the payment of the principal of, redemption premium, if any, or interest on the
21 Bond, the City may authorize the payment of the same (without surrender of the
22 Bond except in the case of a damaged or mutilated Bond) instead of issuing a
23 replacement Bond, provided security or indemnity is furnished as above provided
24 in this Section. Furthermore, in accordance with Chapter 1206 (specifically
25 Section 1206.022), this Section shall constitute authority for the issuance of any
26 replacement bond without necessity of further action by the governing body of the
27 City or any other body or person, and the duty of the replacement of Bonds is
28 authorized and imposed upon the Paying Agent/Registrar, and the Paying
29 Agent/Registrar shall authenticate and deliver replacement bonds in the form and
30 manner and with the effect, as provided in Section 6 of the Thirty-Sixth
31 Supplement for Bonds issued in exchange for other Bonds.

32 **SECTION 20: THIRTY-SIXTH SUPPLEMENT TO CONSTITUTE A**
33 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the
34 Bonds by the Holders from time to time, the Thirty-Sixth Supplement shall be
35 deemed to be and shall constitute a contract between the City and the Holders from
36 time to time of the Bonds and the pledge made in the Thirty-Sixth Supplement by
37 the City and the covenants and agreements set forth in the Thirty-Sixth Supplement
38 to be performed by the City shall be for the equal and proportionate benefit,
39 security, and protection of all Holders, without preference, priority, or distinction
40 as to security or otherwise of any of the Bonds authorized under the Thirty-Sixth
41 Supplement over any of the others by reason of time of issuance, sale, or maturity

1 or otherwise for any cause whatsoever, except as expressly provided in or
2 permitted by the Thirty-Sixth Supplement.

3 **SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.**

4 (a) Definitions. As used in this Section, the following terms have the
5 meanings ascribed below:

6 “*MSRB*” means the Municipal Securities Rulemaking Board.

7 “*Rule*” means SEC Rule 15c2-12, as amended from time to
8 time.

9 “*SEC*” means the United States Securities and Exchange
10 Commission.

11 (b) Annual Reports. The City shall provide annually to the MSRB (1)
12 within six months after the end of each fiscal year ending in or after 2020, financial
13 information and operating data with respect to the City of the general type included
14 in the final Official Statement and which is described in **Exhibit B** to the Thirty-
15 Sixth Supplement, and (2) if not provided as part of the financial information and
16 operating data, audited financial statements of the City, when and if available.
17 Any financial statements provided shall be prepared in accordance with the
18 accounting principles described in **Exhibit B** to the Thirty-Sixth Supplement, or
19 other accounting principles as the City may be required to employ from time to
20 time pursuant to state law or regulation, and audited, if the City commissions an
21 audit of the statements and the audit is completed within twelve months after the
22 end of each fiscal year ending in or after 2020. If audited financial statements of
23 the City are not available by the end of the 12 month period, the City will provide
24 notice that the audited financial statements are not available, and will provide
25 unaudited financial statements by the end of the 12 month period and audited
26 financial statements for the applicable fiscal year when and if the audited financial
27 statements become available.

28 If the City changes its fiscal year, it will notify the MSRB of the change (and
29 of the date of the new fiscal year end) prior to the next date by which the City
30 otherwise would be required to provide financial information and operating data
31 pursuant to this Section.

32 The financial information and operating data to be provided pursuant to this
33 Section may be set forth in full in one or more documents or may be included by
34 specific reference to any document available to the public on the MSRB’s Internet
35 Web site or filed with the SEC.

1 (c) Notice of Certain Events. The City shall provide notice of any of the
2 following events with respect to the Bonds to the MSRB in a timely manner and
3 not more than 10 Business Days after occurrence of the event:

- 4 (1) Principal and interest payment delinquencies;
- 5 (2) Non-payment related defaults, if material;
- 6 (3) Unscheduled draws on debt service reserves reflecting financial
7 difficulties;
- 8 (4) Unscheduled draws on credit enhancements reflecting financial
9 difficulties;
- 10 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 11 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of
12 proposed or final determinations of taxability, Notices of Proposed
13 Issue (IRS Form 5701-TEB), or other material notices or
14 determinations with respect to the tax status of the Bonds, or other
15 material events affecting the tax status of the Bonds;
- 16 (7) Modifications to rights of holders of the Bonds, if material;
- 17 (8) Bond calls, if material, and tender offers;
- 18 (9) Defeasances;
- 19 (10) Release, substitution, or sale of property securing repayment of the
20 Bonds, if material;
- 21 (11) Rating changes;
- 22 (12) Bankruptcy, insolvency, receivership, or similar event of the City,
23 which shall occur as described below;
- 24 (13) The consummation of a merger, consolidation, or acquisition
25 involving the City or the sale of all or substantially all of its assets,
26 other than in the ordinary course of business, the entry into a
27 definitive agreement to undertake such an action or the termination of
28 a definitive agreement relating to any such actions, other than
29 pursuant to its terms, if material;
- 30 (14) Appointment of a successor or additional paying agent/registrar or the
31 change of name of a paying agent/registrar, if material;
- 32 (15) Incurrence of a Financial Obligation of the Obligated Person, if
33 material, or agreement to covenants, events of default, remedies,
34 priority rights, or other similar terms of a Financial Obligation of the
35 Obligated Person, any of which affect security holders, if material;
36 and
- 37 (16) Default, event of acceleration, termination event, modification of
38 terms, or other similar event under the terms of a Financial Obligation
39 of the Obligated Person, and which reflect financial difficulties.

40
41 The City shall notify the MSRB, in a timely manner, of any failure by the City to

1 provide financial information or operating data in accordance with this Section by
2 the time required by this Section.

3 For these purposes, any event described in the immediately preceding
4 paragraph 12 is considered to occur when any of the following occur: the
5 appointment of a receiver, fiscal agent, or similar officer for the City in a
6 proceeding under the United States Bankruptcy Code or in any other proceeding
7 under state or federal law in which a court or governmental authority has assumed
8 jurisdiction over substantially all of the assets or business of the City, or if
9 jurisdiction has been assumed by leaving the existing governing body and officials
10 or officers in possession but subject to the supervision and orders of a court or
11 governmental authority, or the entry of an order confirming a plan of
12 reorganization, arrangement, or liquidation by a court or governmental authority
13 having supervision or jurisdiction over substantially all of the assets or business of
14 the City.

15 As used in paragraphs 15 and 16 above, the term "Financial Obligation"
16 means: (i) a debt obligation; (ii) a derivative instrument entered into in connection
17 with, or pledged as security or a source of payment for, an existing or planned debt
18 obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation
19 shall not include Municipal Securities as to which a final official statement has
20 been provided to the MSRB consistent with the Rule; the term "Municipal
21 Securities" means securities which are direct obligations of, or obligations
22 guaranteed as to principal or interest by, a state or any political subdivision thereof,
23 or any agency or instrumentality of a state or any political subdivision thereof, or
24 any municipal corporate instrumentality of one or more states and any other
25 Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act
26 of 1934, as the same may be amended from time to time; and the term "Obligated
27 Person" means the City.
28

29 (d) Filings with the MSRB. All financial information, operating data,
30 financial statements, notices, and other documents provided to the MSRB in
31 accordance with this Section shall be provided in an electronic format prescribed
32 by the MSRB and shall be accompanied by identifying information as prescribed
33 by the MSRB.

34 (e) Limitations, Disclaimers, and Amendments. The City shall be
35 obligated to observe and perform the covenants specified in this Section with
36 respect to the City and the Bonds while, but only while, the City remains an
37 "obligated person" with respect to the Bonds within the meaning of the Rule,
38 except that the City in any event will give the notice required by subsection (c) of
39 this Section of any Bond calls and defeasance that cause the City to be no longer
40 such an "obligated person."

1 The provisions of this Section are for the sole benefit of the Holders and
2 beneficial owners of the Bonds, and nothing in this Section, express or implied,
3 shall give any benefit or any legal or equitable right, remedy, or claim to any other
4 person. The City undertakes to provide only the financial information, operating
5 data, financial statements, and notices which it has expressly agreed to provide
6 pursuant to this Section and does not undertake to provide any other information
7 that may be relevant or material to a complete presentation of the financial results,
8 condition, or prospects of the City or the State or undertake to update any
9 information provided in accordance with this Section or otherwise, except as
10 expressly provided in this Section. The City does not make any representation or
11 warranty concerning the information or its usefulness to a decision to invest in or
12 sell Bonds at any future date.

13 **UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO**
14 **THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER**
15 **PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN**
16 **WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER**
17 **NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT**
18 **SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY**
19 **PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY**
20 **BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR**
21 **SPECIFIC PERFORMANCE.**

22 No default by the City in observing or performing its obligations under this
23 Section shall constitute a breach of or default under the Thirty-Sixth Supplement
24 for purposes of any other provision of the Thirty-Sixth Supplement.

25 Nothing in this Section is intended or shall act to disclaim, waive, or
26 otherwise limit the duties of the City under federal and state securities laws.

27 Should the Rule be amended to obligate the City to make filings with or
28 provide notices to entities other than the MSRB, the City agrees to undertake the
29 obligation in accordance with the Rule as amended.

30 Notwithstanding any provisions in the Thirty-Sixth Supplement to the
31 contrary, the provisions of this Section may be amended by the City from time to
32 time to adapt to changed circumstances resulting from a change in legal
33 requirements, a change in law, or a change in the identity, nature, status, or type of
34 operations of the City, but only if (1) the provisions of this Section, as so amended,
35 would have permitted an underwriter to purchase or sell Bonds in the primary
36 offering of the Bonds in compliance with the Rule, taking into account any
37 amendments or interpretations of the Rule to the date of the amendment, as well as
38 the changed circumstances, and (2) either (a) the Holders of a majority in
39 aggregate principal amount (or any greater amount required by any other provision

1 of the Thirty-Sixth Supplement that authorizes the amendment) of the Outstanding
2 Bonds consent to the amendment or (b) a Person that is unaffiliated with the City
3 and the State (such as nationally recognized bond counsel) determines that the
4 amendment will not materially impair the interests of the Holders and beneficial
5 owners of the Bonds. The provisions of this Section may also be amended from
6 time to time or repealed by the City if the SEC amends or repeals the applicable
7 provisions of the Rule or a court of final jurisdiction determines that the provisions
8 are invalid, but only if and to the extent that reservation of the City's right to do so
9 would not prevent underwriters of the initial public offering of the Bonds from
10 lawfully purchasing or selling Bonds in the offering. If the City so amends the
11 provisions of this Section, it shall include with any amended financial information
12 or operating data next provided in accordance with subsection (b) an explanation,
13 in narrative form, of the reasons for the amendment and of the impact of any
14 change in the type of financial information or operating data so provided.

15 **SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all
16 rights and remedies provided by the laws of the State and set forth in the Board
17 Resolution (other than acceleration), the City covenants and agrees particularly that
18 in the event the City (a) defaults in payments to be made to the Debt Service Fund
19 as required by the Thirty-Sixth Supplement or the Master Ordinance, (b) defaults
20 in the observance or performance of any other of the covenants, conditions or
21 obligations set forth in the Thirty-Sixth Supplement or the Master Ordinance or (c)
22 the City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a
23 writ of mandamus issued by a court of proper jurisdiction, compelling and
24 requiring the City and its officers to observe and perform any covenant, condition
25 or obligation prescribed in the Thirty-Sixth Supplement or the Master Ordinance.
26 No delay or omission to exercise any right or power accruing upon any default
27 shall impair any such right or power, or shall be construed to be a waiver of any
28 such default or acquiescence in such default, and every such right and power may
29 be exercised from time to time and as often as may be deemed expedient.

30 The specific remedy provided in this Section shall be cumulative of all other
31 existing remedies and the specification of such remedy shall not be deemed to be
32 exclusive.

33 **SECTION 23: SALE OF BONDS.** The Bonds are to be sold by the City to
34 the Purchaser for the price of par. The Bonds have been purchased by the
35 Purchaser pursuant to the Board Resolution. The Initial Bond shall be registered in
36 the name of the Texas Water Development Board. The Private Placement
37 Memorandum prepared in connection with the sale of the Bonds to the Purchaser,
38 in substantially the form attached to the Thirty-Sixth Supplement, is approved.
39 The City has determined, based upon the advice provided by its financial advisor,

1 that acceptance of the purchase price for the Bonds is on terms advantageous to,
2 and in the best interests of, the City.

3 It is the intent of the parties to the sale of the Bonds that if TWDB ever
4 determines to sell all or a part of the Bonds, it shall notify the City at least 60 days
5 prior to the sale of the Bonds of the decision to sell the Bonds.

6 Payment of amounts due and owing on the Bonds to the TWDB shall be
7 made by wire transfer, at no expense to the TWDB, as provided in the FORM OF
8 BOND.

9
10 By agreeing to the purchase the Bonds, the TWDB agrees that the bond
11 proceeds shall be deposited into the escrow fund established in the Escrow
12 Agreement between the City and UMB Bank, N.A., and that the procedures set
13 forth in Sections 5 and 6 of the Thirty-Sixth Supplement satisfy the Board
14 Resolution.

15
16 Proceeds from the sale of the Bonds shall be held at a designated state
17 depository or other properly chartered and authorized institution in accordance
18 with Chapter 2256 and Chapter 2257.

19
20 **SECTION 24: ADDITIONAL COVENANTS.** In connection with the sale
21 of the Bonds to the TWDB, the City covenants as follows:

22 (a) Compliance with TWDB Rules and Regulations. The City covenants
23 to comply with the rules and regulations of the TWDB, and to maintain insurance
24 on the Water/Wastewater System in an amount as may be required by TWDB, as
25 further addressed in this Section.

26 (b) Audits. For so long as the State owns any Bond, the City shall mail a
27 copy of the audit required by the Master Ordinance to the TWDB. The audit shall
28 be performed by an independent certified public accountant, a firm of independent
29 certified public accountants, or a licensed professional auditor, in accordance with
30 generally accepted accounting principles applicable to governmental entities such
31 as the City. In addition, monthly operating statements for the Water/Wastewater
32 System shall be maintained by the City and made available, on request, to the
33 TWDB as long as the State owns any Bond, and the monthly operating statement
34 shall be in such detail as requested by the Development Fund Manager of the
35 TWDB until the Development Fund Manager of the TWDB waives this
36 requirement.

37 (c) Final Accounting. The City shall render, and submit within 60 days
38 of the completion of the project, a final accounting to the TWDB in reference to
39 the total cost incurred by the City for improvements and extensions to the

1 Water/Wastewater System which were financed by the issuance of the Bonds,
2 together with a copy of "as built" plans of the improvements and extensions upon
3 completion.

4 (d) Defeasance. Should the City exercise its right under the Master
5 Ordinance to effect the defeasance of the Bonds, the City agrees that it will provide
6 the TWDB with written notice of any defeasance.
7

8 (e) Segregation of Funds. The City covenants that proceeds of the Bonds
9 shall remain separate and distinct from other sources of funding from the date of
10 the TWDB commitment through costing and final disbursement.
11

12 (f) Environmental Indemnity. Proceeds from the Bonds shall not be used
13 by the City when sampling, testing, removing, or disposing of contaminated soils
14 and/or media at the project site. To the extent permitted by law, the City agrees to
15 indemnify, hold harmless, and protect the TWDB from any and all claims, causes
16 of action, or damages to the person or property of third parties arising from the
17 sampling, analysis, transport, storage, treatment, and disposition of any
18 contaminated sewage sludge, contaminated sediments, and/or contaminated media
19 that may be generated by the City, its contractors, consultants, agents, officials, and
20 employees as a result of activities relating to the project funded with proceeds of
21 the Bonds.
22

23 (g) Environmental Determination. In connection with the project
24 financed with the Bonds, the City agrees to implement any environmental
25 determination issued by the Executive Administrator of TWDB to satisfy the
26 environmental review requirements set forth in 31 Texas Administrative Code 371.
27

28 (h) Insurance. The City agrees that it will maintain insurance on the
29 Water/Wastewater System in an amount sufficient to protect TWDB's interest in
30 the project financed with the proceeds of the Bonds. The City may self-insure in
31 respect to satisfying this covenant.
32

33 (i) Water Conservation Program. The City has implemented or will
34 implement an approved water conservation program in compliance with 31 Texas
35 Administrative Code 371.71(a)(2)(F).
36

37 (j) City will not Purchase TWDB Bonds. The City agrees that it or any
38 related party to the City will not purchase, as an investment or otherwise, bonds
39 issued by TWDB including, without limitation, bonds issued by TWDB, the
40 proceeds of which were used by TWDB to purchase the Bonds.
41

1 (k) Compliance with Federal Contracting Law. The City acknowledges
2 that it has a legal obligation to comply with any applicable requirements of federal
3 law relating to contracting with disadvantaged business enterprises, and the City
4 shall report to the TWDB the amount of Bond proceeds, if any, that were used to
5 compensate historically underutilized businesses that worked on the project, in
6 accordance with 31 TAC § 363.1312.

7
8 (l) Compliance with State Contracting Law. The City acknowledges that
9 it has a legal obligation to comply with any applicable requirements of State law
10 relating to contracting with historically underutilized businesses.

11
12 (m) Compliance with Davis-Bacon Act. The City acknowledges that all
13 laborers and mechanics employed by contractors and subcontracts for Projects
14 shall be paid at rates not less than those prevailing on projects of a similar
15 character in the City in accordance with the Davis-Bacon Act, and the U.S.
16 Department of Labor's implementing regulations; the City, all contractors, and all
17 sub-contractors shall ensure that all Project contracts mandate compliance with the
18 Davis-Bacon Act; and all contracts and subcontracts for the construction of the
19 Project carried on in whole or in part with financial assistance provided by the
20 Board shall insert in full in any contract in excess of \$2,000 the contract clauses as
21 provided by the Board.

22
23 (n) Compliance with Federal Funding Accountability and Transparency
24 Act. The City acknowledges that the City shall provide the Board with all
25 information required to be reported in accordance with the Federal Funding
26 Accountability and Transparency Act of 2006, Pub.L.109-282, as amended by Pub.
27 L. 110-252; and the City shall obtain a Data Universal Numbering System (DUNS)
28 Number and shall register with System for Award Management (SAM), and
29 maintain current registration at all times while the Bonds are Outstanding.

30
31 (o) Adherence to Project Schedule. The City acknowledges that all
32 proceeds of the Bonds will be timely and expeditiously used, as required by 40
33 CFR § 35.3135(d), and that the City will adhere to the approved Project schedule.

34
35 (p) Use of Iron and Steel Products. The City agrees that it will abide by
36 all applicable construction contract requirements related to the use of iron and steel
37 products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C.
38 § 1388, and related State Revolving Fund Policy Guidelines.

39
40 (q) Maintenance of Project Accounts. The City acknowledges that it will
41 comply with the requirements set forth in 33 U.S.C. § 1382 *et seq.* relating to
42 maintaining project accounts containing financial assistance for planning, design,
43 acquisition, or construction, as applicable, in accordance with general accepted

1 accounting principles (which shall apply also to the reporting of underlying
2 infrastructure assets).

3
4 **SECTION 25: CONTROL AND CUSTODY OF BONDS.** The City
5 Manager of the City shall be and is authorized to take and have charge of all
6 necessary orders and records pending the sale of the Bonds, and shall take and
7 have charge and control of the Initial Bond pending the approval thereof by the
8 Attorney General, the registration thereof by the Comptroller of Public Accounts
9 and the delivery thereof to the Purchaser.

10 Furthermore, the Mayor, Mayor Pro Tem, City Manager, any Assistant City
11 Manager, Chief Financial Officer, any Deputy Financial Officer, City Clerk, City
12 Treasurer and City Attorney, any one or more of these officials, are authorized and
13 directed to furnish and execute any documents relating to the City and its financial
14 affairs as may be necessary for the sale of the Bonds, the approval of the Attorney
15 General and registration by the Comptroller of Public Accounts and, together with
16 the City's financial advisor, bond counsel and the Paying Agent/Registrar, make
17 the necessary arrangements for their delivery to the Purchaser following the sale.

18 **SECTION 26: PROCEEDS OF SALE.** The proceeds from the sale of the
19 Bonds shall be used in the manner described in the letter of instructions executed
20 by the City.

21 **SECTION 27: LEGAL OPINION.** The obligation of the Purchaser to
22 accept delivery of the Bonds is subject to being furnished a final opinion of
23 McCall, Parkhurst & Horton L.L.P., approving the Bonds as to their validity, the
24 opinion to be dated and delivered as of the Delivery Date and payment for the
25 Bonds. A true and correct reproduction of the opinion is authorized to be printed
26 on the definitive Bonds or an executed counterpart of the opinion shall accompany
27 the global Bonds deposited with DTC.

28 **SECTION 28: CUSIP NUMBERS.** CUSIP numbers may be printed or
29 typed on the definitive Bonds. It is expressly provided, however, that the presence
30 or absence of CUSIP numbers on the definitive Bonds shall be of no significance
31 or effect as regards the legality thereof and neither the City nor attorneys approving
32 the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly
33 printed or typed on the definitive Bonds.

34 **SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS**
35 **DAYS.** Whenever under the terms of the Thirty-Sixth Supplement or the Bonds,
36 the performance date of any provision of the Thirty-Sixth Supplement or the
37 Bonds, including the payment of principal of or interest on the Bonds, shall occur
38 on a day other than a Business Day, then performance, including the payment of
39 principal of and interest on the Bonds, need not be made on that day but may be

1 performed or paid, as the case may be, on the next succeeding Business Day with
2 the same force and effect as if made on the date of performance or payment.

3 **SECTION 30: LIMITATION OF BENEFITS WITH RESPECT TO**
4 **THE THIRTY-SIXTH SUPPLEMENT.** With the exception of the rights or
5 benefits expressly conferred in the Thirty-Sixth Supplement, nothing expressed or
6 contained in the Thirty-Sixth Supplement or implied from the provisions of the
7 Thirty-Sixth Supplement or the Bonds is intended or should be construed to confer
8 upon or give to any person other than the City, the Holders, and the Paying
9 Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason
10 of or in respect to the Thirty-Sixth Supplement or any covenant, condition,
11 stipulation, promise, agreement, or provision contained in the Thirty-Sixth
12 Supplement. The Thirty-Sixth Supplement and all of the covenants, conditions,
13 stipulations, promises, agreements, and provisions of the Thirty-Sixth Supplement
14 are intended to be and shall be for and inure to the sole and exclusive benefit of the
15 City, the Holders, and the Paying Agent/Registrar as provided in the Thirty-Sixth
16 Supplement and in the Bonds.

17 **SECTION 31: NOTICES TO HOLDERS - WAIVER.** Wherever the
18 Thirty-Sixth Supplement provides for notice to Holders of any event, the notice
19 shall be sufficiently given (unless otherwise expressly provided in the Thirty-Sixth
20 Supplement) if in writing and sent by United States Mail, first class postage
21 prepaid, to the address of each Holder appearing in the Security Register at the
22 close of business on the Business Day next preceding the mailing of the notice.

23 In any case where notice to Holders is given by mail, neither the failure to
24 mail the notice to any particular Holders nor any defect in any notice so mailed
25 shall affect the sufficiency of the notice with respect to all other Bonds. Where the
26 Thirty-Sixth Supplement provides for notice in any manner, the notice may be
27 waived in writing by the Holder entitled to receive the notice, either before or after
28 the event with respect to which notice is given, and the waiver shall be the
29 equivalent of the notice. Waivers of notice by Holders shall be filed with the
30 Paying Agent/Registrar, but a filing shall not be a condition precedent to the
31 validity of any action taken in reliance upon the waiver.

32 **SECTION 32: GOVERNING LAW.** The Thirty-Sixth Supplement shall
33 be construed and enforced in accordance with the laws of the State and the United
34 States of America.

35 **SECTION 33: EFFECT OF HEADINGS.** The Section headings in the
36 Thirty-Sixth Supplement are for convenience of reference only and shall not affect
37 the construction of the Thirty-Sixth Supplement.

1 **SECTION 34: CONSTRUCTION OF TERMS.** If appropriate in the
2 context of the Thirty-Sixth Supplement, words of the singular number shall be
3 considered to include the plural, words of the plural number shall be considered to
4 include the singular, and words of the masculine, feminine or neuter gender shall
5 be considered to include the other genders. References to any named person shall
6 mean that person and his or her successors and assigns. References to any
7 constitutional, statutory or regulatory provision means the provision as it exists on
8 the date the Thirty-Sixth Supplement is adopted by council. Any reference to the
9 payment of principal in the Thirty-Sixth Supplement shall include the payment of
10 any mandatory sinking fund redemption payments as described in the Thirty-Sixth
11 Supplement. Any reference to "FORM OF BOND" refers to the form of the Bonds
12 in **Exhibit A** to the Thirty-Sixth Supplement.

13 **SECTION 35: SEVERABILITY.** If any provision of the Thirty-Sixth
14 Supplement or its application to any circumstance shall be held to be invalid, the
15 remainder of the Thirty-Sixth Supplement and its application to other
16 circumstances shall nevertheless be valid, and council declares that the Thirty-
17 Sixth Supplement would have been enacted without such invalid provision.

18 **SECTION 36: CONSTRUCTION FUND.** A fund entitled the "City of
19 Austin, Texas Water and Wastewater System Series 2021A Revenue Bonds
20 Construction Fund" (the "Construction Fund") is created. Money in the
21 Construction Fund shall be maintained at an official depository bank of the City.

22 The proceeds of the Bonds shall be deposited into the Construction Fund and
23 used by the City for payment of the costs of funding projects that are part of the
24 City's wastewater treatment system to extend and improve the Water/Wastewater
25 System, including any costs for engineering, financing, financial consultation,
26 administrative, auditing and legal expenses. Amounts in the Construction Fund
27 shall be used to pay costs timely, in compliance with applicable federal and State
28 law.

29 Any surplus proceeds, including the investment earnings derived from the
30 investment of monies on deposit in the Construction Fund, from the Bonds
31 remaining on deposit in the Construction Fund after completing the improvements
32 and extensions to the System and upon the completion of the final accounting as
33 described in Section 24 of the Thirty-Sixth Supplement, shall be transferred to the
34 Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by
35 TWDB, unless the Executive Administrator of TWDB approves the use of the
36 surplus proceeds to pay eligible costs of improving or extending the System by
37 funding projects that are consistent with the Board Resolution.

1 **SECTION 37: COMPLIANCE WITH CITY HUB REQUIREMENTS.**
2 The City acknowledges and confirms that it is in compliance with any and all
3 requirements of its ordinances for the use of historically underutilized businesses.

4 **SECTION 38: PUBLIC MEETING.** It is officially found that the meeting
5 at which the Thirty-Sixth Supplement is adopted was open to the public and public
6 notice of the time, place, and subject matter of the public business to be considered
7 at such meeting, including the Thirty-Sixth Supplement, was given; all as required
8 by Chapter 551.

9 **SECTION 39: EFFECTIVE DATE.** This Thirty-Sixth Supplement is
10 passed on one reading as authorized by Chapter 1201 (specifically Section
11 1201.028), and shall be effective immediately upon its passage and adoption.

12 **SECTION 40: CONCURRENT BONDS.** Concurrently with the adoption
13 of this Thirty-Sixth Supplement, Council adopted the Thirty-Seventh Supplement
14 authorizing the sale of the Concurrent Bonds to TWDB. Should the Concurrent
15 Bonds not be purchased by TWDB, any reference to Concurrent Bonds in this
16 Thirty-Sixth Supplement shall be of no effect.

17
18
19 *[Execution page follows]*
20

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

December 10, 2020

STEVE ADLER
Mayor

APPROVED:

ATTEST:

ANNE L. MORGAN
City Attorney

JANNETTE S. GOODALL
City Clerk

(City Seal)

1
2

SCHEDULE I

<u>YEARS</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		

3

EXHIBIT A

FORM OF BOND

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
WATER AND WASTEWATER SYSTEM REVENUE BOND,
SERIES 2021A

Delivery Date: January 27, 2021 Interest Rate: _____ Stated Maturity: _____ CUSIP NO: _____

Registered Owner:

Principal Amount: _____ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received promises to pay to the registered owner named above, or their registered assigns (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much of the Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the Delivery Date of this Bond specified above at the per annum rate of interest specified above; such interest being payable on May 15, 2021, and on each succeeding November 15 and May 15 until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of this Bond may be accomplished without presentation and surrender of this Bond. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Thirty-Sixth Supplemental Ordinance to the Master Ordinance (the "Thirty-Sixth Supplement")) whose name

1 appears on the "Security Register" maintained by the Paying Agent/Registrar at the
2 close of business on the "Record Date", which is the last business day of the month
3 next preceding each interest payment date and interest shall be paid by the Paying
4 Agent/Registrar by check sent United States Mail, first class postage prepaid, to
5 the address of the registered owner recorded in the Security Register or by such
6 other method, acceptable to the Paying Agent/Registrar, requested by, and at the
7 risk and expense of, the registered owner. The foregoing notwithstanding, so long
8 as the Texas Water Development Board ("TWDB") is the beneficial owner of
9 100% in aggregate principal amount of the Bonds then outstanding, payment of
10 principal of the Bonds shall be made thereto by wire transfer, at no expense to the
11 TWDB. If the date for the payment of the principal of or interest on the Bonds
12 shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in
13 the city where the Designated Payment/Transfer Office of the Paying Agent/
14 Registrar is located are authorized by law or executive order to close, then the date
15 for such payment shall be the next succeeding day which is not such a Saturday,
16 Sunday, legal holiday, or day when banking institutions are authorized to close;
17 and payment on such date shall have the same force and effect as if made on the
18 original date payment was due. All payments of principal of, premium, if any, and
19 interest on this Bond shall be without exchange or collection charges to the owner
20 of this Bond and in any coin or currency of the United States of America which at
21 the time of payment is legal tender for the payment of public and private debts.

22
23 This Bond is one of the series specified in its title dated September 25, 2020,
24 issued in the aggregate principal amount of \$10,400,000 (the "Bonds") for the
25 purpose of (i) extending and improving the City's combined water and wastewater
26 system through the financing of projects that are part of the City's wastewater
27 treatment system, (ii) funding a reserve fund for the Bonds, and (iii) paying the
28 costs of issuance associated with the Bonds. The Bonds shall be issued in any
29 denomination or denominations in any integral multiple of \$5,000 within a
30 maturity (an "Authorized Denomination"). All capitalized terms not defined herein
31 shall have the same meaning as given said terms in the Master Ordinance or the
32 Thirty-Sixth Supplement.

33
34 The Bonds maturing on and after November 15, 2031, may be redeemed
35 prior to their Stated Maturities, at the option of the City, in whole or in part, and if
36 in part, in inverse order of maturity, in principal amounts of \$5,000 or any integral
37 multiple thereof (and if within a Stated Maturity by lot by the Paying
38 Agent/Registrar), on May 15, 2031, or on any date thereafter at the redemption
39 price of par plus accrued interest thereon to the redemption date.

40
41 Not less than thirty days prior to a redemption date, the City shall cause a
42 written notice of such redemption to be sent by United States Mail, first class
43 postage prepaid, to the registered owners of each Bond to be redeemed at the

1 address shown on the Security Register and subject to the terms and provisions
2 relating thereto contained in the Thirty-Sixth Supplement. If a Bond (or any
3 portion of its principal sum) shall have been called for redemption and notice of
4 such redemption given, then upon such redemption date such Bond (or the portion
5 of its principal sum to be redeemed) shall become due and payable, and interest
6 thereon shall cease to accrue from and after the redemption date therefor, provided
7 moneys for the payment of the redemption price and the interest on the principal
8 amount to be redeemed to the date of redemption are held for the purpose of such
9 payment by the Paying Agent/Registrar.

10
11 In the event a portion of the principal amount of a Bond is to be redeemed
12 and the registered owner is someone other than Cede & Co., payment of the
13 redemption price of such principal amount shall be made to the registered owner
14 only upon presentation and surrender of such Bond to the Designated
15 Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds
16 of like maturity and interest rate in any Authorized Denomination for the then
17 unredeemed balance of the principal sum of such Bond or Bonds will be issued to
18 the registered owner, without charge. If a Bond is selected for redemption, in
19 whole or in part, the City and the Paying Agent/Registrar shall not be required to
20 transfer such Bond to an assignee of the registered owner within forty-five days of
21 the redemption date; provided, however, such limitation on transferability shall not
22 be applicable to an exchange by the registered owner of the unredeemed balance of
23 a Bond redeemed in part.

24
25 With respect to any optional redemption of the Bonds, unless the Paying
26 Agent/Registrar has received funds sufficient to pay the principal and premium, if
27 any, and interest on the Bonds to be redeemed before giving of a notice of
28 redemption, the notice may state the City may condition redemption on the receipt
29 of such funds by the Paying Agent/Registrar on or before the date fixed for the
30 redemption, or on the satisfaction of any other prerequisites set forth in the notice
31 of redemption. If a conditional notice of redemption is given and such
32 prerequisites to the redemption and sufficient funds are not received, the notice
33 shall be of no force and effect, the City shall not redeem the Bonds and the Paying
34 Agent/Registrar shall give notice, in the manner in which the notice of redemption
35 was given, that the Bonds have not been redeemed.

36
37 The Bonds are special obligations of the City payable solely from and,
38 together with the Prior Subordinate Lien Obligations and the Previously Issued
39 Parity Water/Wastewater Obligations currently Outstanding, equally and ratably
40 secured by a parity lien on and pledge of, the Net Revenues of the
41 Water/Wastewater System in the manner provided in the Master Ordinance and the
42 Thirty-Sixth Supplement. Additionally, the Bonds and Previously Issued Parity
43 Water/Wastewater Obligations referenced above shall be equally and ratably

1 secured by a parity lien on the funds, if any, deposited to the credit of the Debt
2 Service Fund in accordance with the terms of the Master Ordinance and the Thirty-
3 Sixth Supplement. The Bonds do not constitute a legal or equitable pledge, charge,
4 lien or encumbrance upon any property of the City or the Water/Wastewater
5 System, except with respect to the Net Revenues. The Holder of this Bond shall
6 never have the right to demand payment of this obligation out of any funds raised
7 or to be raised by taxation.
8

9 Subject to satisfying the related terms and conditions, the City has reserved
10 the right to issue additional revenue obligations payable from and equally and
11 ratably secured by a parity lien on and pledge of the Net Revenues of the
12 Water/Wastewater System, in the same manner and to the same extent as the
13 Bonds.
14

15 Reference is made to the Master Ordinance and the Thirty-Sixth
16 Supplement, copies of which are on file with the Paying Agent/Registrar, and to all
17 of the provisions of which the Holder by the acceptance of this Bond assents, for
18 definitions of terms; the description of and the nature and extent of the security for
19 the Bonds; the properties constituting the Water/Wastewater System; the Net
20 Revenues pledged to the payment of the principal of and interest on the Bonds; the
21 nature and extent and manner of enforcement of the lien and pledge securing the
22 payment of the Bonds; the terms and conditions for the issuance of additional
23 revenue obligations; the terms and conditions relating to the transfer or exchange
24 of this Bond; the conditions upon which either the Master Ordinance or the Thirty-
25 Sixth Supplement may be amended or supplemented with or without the consent of
26 the Holders; the rights, duties, and obligations of the City and the Paying
27 Agent/Registrar; the terms and provisions upon which the liens, pledges, charges
28 and covenants made in the Master Ordinance and the Thirty-Sixth Supplement may
29 be discharged at or prior to the maturity of this Bond, and this Bond deemed to be
30 no longer Outstanding under the Master Ordinance and the Thirty-Sixth
31 Supplement; and for the other terms and provisions contained in the Master
32 Ordinance and the Thirty-Sixth Supplement. Capitalized terms used in this Bond
33 have the same meanings assigned in the Master Ordinance and the Thirty-Sixth
34 Supplement.
35

36 This Bond, subject to certain limitations contained in the Thirty-Sixth
37 Supplement, may be transferred on the Security Register only upon its presentation
38 and surrender at the Designated Payment/Transfer Office of the Paying
39 Agent/Registrar, with the Assignment endorsed by, or accompanied by a written
40 instrument of transfer in form satisfactory to the Paying Agent/Registrar executed
41 by the Registered Owner, or the authorized agent of the Registered Owner. When
42 a transfer on the Security Register occurs, one or more new fully registered Bonds
43 of the same Stated Maturity, of authorized denominations, bearing the same rate of

1 interest and of the same aggregate principal amount will be issued by the Paying
2 Agent/Registrar to the designated transferee or transferees.

3
4 The City and the Paying Agent/Registrar, and any agent of either, may treat
5 the Registered Owner of this Bond whose name appears on the Security Register
6 (i) on the Record Date as the owner entitled to payment of interest on this Bond,
7 (ii) on the date of surrender of this Bond as the owner entitled to payment of
8 principal of this Bond at its Stated Maturity, or its redemption, in whole or in part,
9 and (iii) on any other date as the owner for all other purposes, and neither the City
10 nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice
11 to the contrary. In the event of non-payment of interest on a scheduled payment
12 date and for thirty days after such event, a new record date for such interest
13 payment (a "Special Record Date") will be established by the Paying
14 Agent/Registrar, if and when funds for the payment of such interest have been
15 received from the City. Notice of the Special Record Date and of the scheduled
16 payment date of the past due interest (which shall be fifteen days after the Special
17 Record Date) shall be sent at least five business days prior to the Special Record
18 Date by United States Mail, first class postage prepaid, to the address of each
19 Holder appearing on the Security Register at the close of business on the last
20 business day next preceding the date of mailing of such notice.

21
22 It is certified, recited, represented and covenanted that the City is a duly
23 organized and legally existing municipal corporation under and by virtue of the
24 Constitution and laws of the State of Texas; that the issuance of the Bonds is
25 authorized by law; that all acts, conditions and things required to exist and be done
26 precedent to and in the issuance of the Bonds to render the same lawful and valid
27 obligations of the City have been properly done, have happened and have been
28 performed in regular and due time, form and manner as required by the
29 Constitution and laws of the State of Texas, the Master Ordinance and the Thirty-
30 Sixth Supplement; that the Bonds do not exceed any constitutional or statutory
31 limitation; and that due provision has been made for the payment of the principal
32 of and interest on the Bonds by a pledge of the Net Revenues of the
33 Water/Wastewater System. In case any provision in this Bond or any application
34 thereof shall be invalid, illegal, or unenforceable, the validity, legality, and
35 enforceability of the remaining provisions and applications shall not in any way be
36 affected or impaired. The terms and provisions of this Bond, the Master Ordinance
37 and the Thirty-Sixth Supplement shall be construed in accordance with and shall be
38 governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

CITY OF AUSTIN, TEXAS

Steve Adler
Mayor, City of Austin, Texas

COUNTERSIGNED:

Jannette S. Goodall
City Clerk, City of Austin, Texas

(SEAL)

Form of Registration Certificate of Comptroller of Public Accounts
to Appear on Initial Bond only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
)
THE STATE OF TEXAS)

I CERTIFY that this Bond has been examined, certified as to validity and
approved by the Attorney General of the State of Texas, and registered by the
Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

1 Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only

2 REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

3 This Bond has been issued and registered in the name of the Registered
4 Owner shown above under the provisions of the within-mentioned Thirty-Sixth
5 Supplement; the bond or bonds of the above entitled and designated series
6 originally delivered having been approved by the Attorney General of the State of
7 Texas and registered by the Comptroller of Public Accounts, as shown by the
8 records of the Paying Agent/Registrar.

9 The designated office of the Paying Agent/Registrar in Dallas, Texas is the
10 Designated Payment/Transfer Office for this Bond.

11
12 UMB Bank, N.A.,
13 as Paying Agent/Registrar
14

15 Registration date:

16 _____ By: _____
17 Authorized Signature

FORM OF ASSIGNMENT.

ASSIGNMENT

1 FOR VALUE RECEIVED the undersigned sells, assigns, and
2 transfers unto (Print or typewrite name, address, and zip code of
3 transferee):

4 _____
5
6 Social Security or other identifying number
7 (_____) the within Bond
8 and all rights under this Bond, and irrevocably constitutes and appoints
9

10 _____
11 attorney to transfer the within Bond on the books kept for registration
12 of the Bonds, with full power of substitution in the premises.
13

DATED:

Signature guaranteed:

NOTICE: The signature on this
assignment must correspond
with the name of the registered
owner as it appears on the face
of the within Bond in every
particular.

The Initial Bond shall be in the form set forth above, except that the form of the single fully registered Initial Bond shall be modified as follows:

(i) immediately under the name of the bond the headings "Delivery Date", "Interest Rate", "Stated Maturity" and "Cusip No." shall be omitted; and

(ii) Paragraph one shall read as follows:

Registered Owner: Texas Water Development Board

Principal Amount: Ten Million Four Hundred Thousand Dollars

Delivery Date: January 27, 2021

THE CITY OF AUSTIN, IN TRAVIS, WILLIAMSON AND HAYS COUNTIES, TEXAS (the "City") promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on November 15 in each of the years and in principal installments in accordance with the following schedule:

<u>YEARS</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		

1 and to pay interest thereon from the delivery date specified above, on May 15,
2 2021, and semiannually on each November 15 and May 15 thereafter to the
3 maturity date specified above, or to the date of redemption prior to maturity, at the
4 interest rate per annum specified above. Interest shall be calculated on the basis of
5 a 360-day year consisting of twelve 30-day months.
6
7
8

DRAFT

Exhibit B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 21 of the Thirty-Sixth Supplement.

Annual Financial Information and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with Section 21 are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City within the following tables in the main text of the Official Statement relating to the sale of the City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2020C (the "Official Statement"): (1) "WATER SYSTEM – Historical Water Pumpage," (2) "WATER SYSTEM – Projected Water Pumpage," (3) "WATER SYSTEM – Information Concerning Water Sales," (4) "WATER SYSTEM – Large Water Customers," (5) "WASTEWATER SYSTEM – Historical Wastewater Flows," (6) "WASTEWATER SYSTEM – Projected Wastewater Flows," (7) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION– Water Service Rates," (8) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Wastewater Service Rates," (9) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Analysis of Water Bills," (10) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Analysis of Wastewater Bills," (11) "ELECTRIC UTILITY SYSTEM – Generation Facilities," (12) "AUSTIN ENERGY'S CUSTOMER STATISTICS – Five Year Electric Customer Statistics," (13) "AUSTIN ENERGY'S CUSTOMER STATISTICS – Generation and Use Data," (14) "DISCUSSION OF OPERATING STATEMENT – The Electric Utility System and Water and Wastewater System," (15) "ELECTRIC UTILITY SYSTEM – Customer Base–Average Monthly Number of Customers," (16) "ELECTRIC UTILITY SYSTEM – Fuel Supply," (17) "AUSTIN ENERGY'S CUSTOMER RATES – Typical Monthly Residential Electric Bills of Large Texas Cities," (18) Austin Energy's approved rate schedules incorporated into this document by reference as described in the applicable Pricing Certificate and "AUSTIN ENERGY'S CUSTOMER STATISTICS – Electric Rates," (19) "AUSTIN ENERGY'S CUSTOMER STATISTICS – GreenChoice® Energy Rider," (20) "COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM OPERATIONS," (21) "OPERATING STATEMENT ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM," (22) The table of annual results of the City's

1 annexations in “THE CITY – Annexation Program,” and (23) “INVESTMENTS –
2 Current Investments.”

3
4 The financial statements of the City appended to the Official Statement as
5 Appendix B, but for the most recently concluded fiscal year.

6 7 **Accounting Principles**

8
9 The accounting principles referred to in Section 21 are the accounting
10 principles described in the notes to the financial statements referred to in the third
11 paragraph under the heading "Annual Financial Statements and Operating Data"
12 above.