

1                                   **ORDINANCE NO. 20201210-\_\_\_**

2                   **AN ORDINANCE AUTHORIZING THE ISSUANCE AND**  
3                   **SALE OF CITY OF AUSTIN, TEXAS, WATER AND**  
4                   **WASTEWATER SYSTEM REVENUE BONDS, SERIES 2021B**

5                   **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF**  
6                   **AUSTIN:**

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

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

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

13                   “Board Resolution” means Resolution No. 19-097 adopted by the Texas  
14 Water Development Board on October 3, 2019, approving the purchase of the  
15 Bonds from the City.

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

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

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

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

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

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

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

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

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

30                   “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 2021A”  
4 authorized for issuance by the Thirty-Sixth Supplement.

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

15 “State” means the State of Texas.

16 “Thirty-Seventh Supplement” means this Ordinance No. 20201210-\_\_\_\_  
17 authorizing the issuance of the Bonds.

18 “Thirty-Sixth Supplement” means Ordinance No. 20201210-\_\_\_\_authorizing  
19 the issuance of the Concurrent Bonds.

20 The terms used in the Thirty-Seventh 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 \$9,400,000 and designated the  
32 “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM  
33 REVENUE BONDS, SERIES 2021B” (the “Bonds”), for the purpose of improving  
34 and extending the Water/Wastewater System by financing projects that are part of  
35 the City’s water system, and paying costs of issuance, in conformity with the  
36 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-Seventh 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-Seventh  
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-Seventh Supplement, shall contain a description of the  
37 Bonds to be redeemed, including the complete name of the Bonds, the series, the  
38 date of issue, the interest rate, the maturity date, the CUSIP number, if any, the  
39 amounts called for redemption, the publication and mailing date for the notice, the  
40 date of redemption, the redemption price, the name of the Paying Agent/Registrar

1 and the address at which the Bond may be redeemed including a contact person  
2 and telephone number. All redemption payments made by the Paying  
3 Agent/Registrar to the registered owners of the Bonds shall include a CUSIP  
4 number relating to 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-Seventh 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-Seventh Supplement.  
27 Any Bond may, in accordance with its terms and the terms of the Thirty-Seventh  
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-Seventh 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-Seventh 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-Seventh  
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-Seventh 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-Seventh Supplement are defined to be "Predecessor Bonds," evidencing  
24 all 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-Seventh 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-Seventh 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-Seventh Supplement relating to the payment, and transfer/exchange  
12 of 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-Seventh 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-Seventh  
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 Seventh Supplement, with appropriate insertions, omissions, substitutions, and  
35 other variations as are permitted or required by the Thirty-Seventh Supplement,  
36 and may have such letters, numbers, or other marks of identification (including  
37 identifying numbers and letters of the Committee on Uniform Securities  
38 Identification Procedures (CUSIP) of the American Bankers Association) and any  
39 other legends and endorsements (including insurance legends in the event the  
40 Bonds, or any maturities of the Bonds, are purchased with insurance and any

1 reproduction of an opinion of counsel) as may be established by the City or  
2 determined by the officers executing the Bonds as evidenced by their execution of  
3 the Bonds. Any portion of the text of any Bond may be set forth on the reverse of  
4 the Bond, with an 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-Seventh Supplement  
14 provides for the authorization, issuance, sale, delivery, form, characteristics,  
15 provisions of payment, and security of the Bonds which are Parity  
16 Water/Wastewater Obligations. The Master Ordinance is incorporated by  
17 reference and made a part of the Thirty-Seventh Supplement for all purposes,  
18 except to the extent modified and supplemented by the Prior Supplements and the  
19 Thirty-Seventh Supplement, and the Bonds are declared to be Parity  
20 Water/Wastewater Obligations under the Master Ordinance and Prior Supplements.  
21 The City determines that it will have sufficient funds to meet the financial  
22 obligations of the Water/Wastewater System, including sufficient Net Revenues to  
23 pay the Annual Debt Service Requirements of the Bonds and the Previously Issued  
24 Parity Water/Wastewater Obligations and to meet all financial obligations of the  
25 City relating to the Water/Wastewater System.

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

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

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

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

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

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

38 **SECTION 14: RESERVE FUND.** In accordance with the provisions of the  
39 Prior Supplements authorizing the issuance of certain of the Previously Issued

1 Water/Wastewater Obligations, the Required Reserve Amount is funded with cash  
2 and Credit Facilities originally issued by Ambac Assurance Corporation and XL  
3 Capital Assurance Inc.

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

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

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

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

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

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

1 private business use, do not, under the terms of this Thirty-Seventh Supplement or  
2 any underlying arrangement, directly or indirectly, secure or provide for the  
3 payment of more than 10 percent of the debt service on the Bonds, in contravention  
4 of section 141(b)(2) of the Code;

5 (b) to take any action to assure that in the event that the "private business  
6 use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the  
7 Bonds or the projects financed therewith (less amounts deposited into a reserve  
8 fund, if any) then the amount in excess of 5 percent is used for a "private business  
9 use" which is "related" and not "disproportionate", within the meaning of section  
10 141(b)(3) of the Code, to the governmental use;

11 (c) to take any action to assure that no amount which is greater than the  
12 lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts  
13 deposited into a reserve fund, if any), is directly or indirectly used to finance loans  
14 to persons, other than state or local governmental units, in contravention of section  
15 141(c) of the Code;

16 (d) to refrain from taking any action which would otherwise result in the  
17 Bonds being treated as "private activity bonds" within the meaning of section  
18 141(a) of the Code;

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

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

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

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

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

34 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts  
35 treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not

1 otherwise contravene the requirements of section 148 of the Code (relating to  
2 arbitrage);

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

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

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

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

1 registered owners of the Bonds. The Rebate Fund is established for the additional  
2 purpose of compliance with section 148 of the Code.

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

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

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

33  
34       **SECTION 17: AMENDMENT                   OF           THIRTY-SEVENTH**  
35 **SUPPLEMENT.**

36  
37       (a) Required Owner Consent for Amendments. The owners of a majority  
38 in Outstanding Principal Amount of the Bonds shall have the right from time to  
39 time to approve any amendment to the Thirty-Seventh Supplement which may be  
40 deemed necessary or desirable by the City; provided, however, nothing contained

1 in the Thirty-Seventh Supplement shall permit or be construed to permit the  
2 amendment of the terms and conditions in the Thirty-Seventh Supplement so as to:

- 3 (1) Make any change in the maturity of any of the Outstanding Bonds;
- 4 (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- 5 (3) Reduce the amount of the principal payable on the Bonds;
- 6 (4) Modify the terms of payment of principal of, premium, if any, or  
7 interest on the Outstanding Bonds or impose any conditions with  
8 respect to such payment;
- 9 (5) Affect the rights of the owners of less than all of the Bonds then  
10 Outstanding;
- 11 (6) Amend this subsection (a) of this Section; or
- 12 (7) Change the minimum percentage of the principal amount of Bonds  
13 necessary for consent to any amendment;
- 14

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

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

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

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



1 measuring the one year period to obtain consents noted in paragraph (c) above,  
2 consent may be revoked by the owner who gave the consent, or by a successor in  
3 title, by filing written notice with the Paying Agent/Registrar for the Bonds and the  
4 City, but revocation shall not be effective if the owners of at least a majority in  
5 Outstanding Principal Amount of the then Outstanding Bonds as determined in  
6 accordance with this Section have, prior to the attempted revocation, consented to  
7 and approved the amendment.

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

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

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

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

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

35 (4) To make amendments to the Thirty-Seventh Supplement as  
36 may be required, in the opinion of Bond Counsel, to ensure  
37 compliance with sections 103 and 141 through 150 of the Code and

1 the regulations promulgated under and applicable to those sections  
2 and regulations;

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

10 (6) To make amendments to the Thirty-Seventh Supplement as  
11 permitted by Section 21(e) of the Thirty-Seventh Supplement;

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

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

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

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

1           **SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.**

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

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

31           Notwithstanding any other provisions of the Thirty-Seventh Supplement, all  
32 money or Government Obligations set aside and held in trust pursuant to the  
33 provisions of this Section for the payment of the Bonds, the redemption premium,  
34 if any, and interest on the Bonds, shall be applied to and used for the payment of  
35 the Bonds, the redemption premium, if any, and interest on the Bonds and the  
36 income on the money or Government Obligations shall not be considered to be  
37 “Gross Revenues” under the Thirty-Seventh Supplement.

38           **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**  
39 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,  
40 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be

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

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

36 **SECTION 20: THIRTY-SEVENTH SUPPLEMENT TO**  
37 **CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the  
38 acceptance of the Bonds by the Holders from time to time, the Thirty-Seventh  
39 Supplement shall be deemed to be and shall constitute a contract between the City  
40 and the Holders from time to time of the Bonds and the pledge made in the Thirty-  
41 Seventh Supplement by the City and the covenants and agreements set forth in the

1 Thirty-Seventh Supplement to be performed by the City shall be for the equal and  
2 proportionate benefit, security, and protection of all Holders, without preference,  
3 priority, or distinction as to security or otherwise of any of the Bonds authorized  
4 under the Thirty-Seventh Supplement over any of the others by reason of time of  
5 issuance, sale, or maturity or otherwise for any cause whatsoever, except as  
6 expressly provided in or permitted by the Thirty-Seventh Supplement.

## 7 SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.

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

10 “MSRB” means the Municipal Securities Rulemaking Board.

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

13 “SEC” means the United States Securities and Exchange  
14 Commission.

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

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

36 The financial information and operating data to be provided pursuant to this  
37 Section may be set forth in full in one or more documents or may be included by

specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

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

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

1 (16) Default, event of acceleration, termination event, modification of  
2 terms, or other similar event under the terms of a Financial Obligation  
3 of the Obligated Person, and which reflect financial difficulties.

4  
5 The City shall notify the MSRB, in a timely manner, of any failure by the City to  
6 provide financial information or operating data in accordance with this Section by  
7 the time required by this Section.

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

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

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

39 (e) Limitations, Disclaimers, and Amendments. The City shall be  
40 obligated to observe and perform the covenants specified in this Section with

1 respect to the City and the Bonds while, but only while, the City remains an  
2 “obligated person” with respect to the Bonds within the meaning of the Rule,  
3 except that the City in any event will give the notice required by subsection (c) of  
4 this Section of any Bond calls and defeasance that cause the City to be no longer  
5 such an “obligated person.”

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

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

27 No default by the City in observing or performing its obligations under this  
28 Section shall constitute a breach of or default under the Thirty-Seventh Supplement  
29 for purposes of any other provision of the Thirty-Seventh Supplement.

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

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

35 Notwithstanding any provisions in the Thirty-Seventh Supplement to the  
36 contrary, the provisions of this Section may be amended by the City from time to  
37 time to adapt to changed circumstances resulting from a change in legal  
38 requirements, a change in law, or a change in the identity, nature, status, or type of



1 operations of the City, but only if (1) the provisions of this Section, as so amended,  
2 would have permitted an underwriter to purchase or sell Bonds in the primary  
3 offering of the Bonds in compliance with the Rule, taking into account any  
4 amendments or interpretations of the Rule to the date of the amendment, as well as  
5 the changed circumstances, and (2) either (a) the Holders of a majority in  
6 aggregate principal amount (or any greater amount required by any other provision  
7 of the Thirty-Seventh Supplement that authorizes the amendment) of the  
8 Outstanding Bonds consent to the amendment or (b) a Person that is unaffiliated  
9 with the City and the State (such as nationally recognized bond counsel)  
10 determines that the amendment will not materially impair the interests of the  
11 Holders and beneficial owners of the Bonds. The provisions of this Section may  
12 also be amended from time to time or repealed by the City if the SEC amends or  
13 repeals the applicable provisions of the Rule or a court of final jurisdiction  
14 determines that the provisions are invalid, but only if and to the extent that  
15 reservation of the City's right to do so would not prevent underwriters of the initial  
16 public offering of the Bonds from lawfully purchasing or selling Bonds in the  
17 offering. If the City so amends the provisions of this Section, it shall include with  
18 any amended financial information or operating data next provided in accordance  
19 with subsection (b) an explanation, in narrative form, of the reasons for the  
20 amendment and of the impact of any change in the type of financial information or  
21 operating data so provided.

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

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

1        **SECTION 23: SALE OF BONDS.** The Bonds are to be sold by the City to  
2 the Purchaser for the price of par. The Bonds have been purchased by the  
3 Purchaser pursuant to the Board Resolution. The Initial Bond shall be registered in  
4 the name of the Texas Water Development Board. The Private Placement  
5 Memorandum prepared in connection with the sale of the Bonds to the Purchaser,  
6 in substantially the form attached to the Thirty-Seventh Supplement, is approved.  
7 The City has determined, based upon the advice provided by its financial advisor,  
8 that acceptance of the purchase price for the Bonds is on terms advantageous to,  
9 and in the best interests of, the City.

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

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

16  
17        By agreeing to the purchase the Bonds, the TWDB agrees that the bond  
18 proceeds shall be deposited into the escrow fund established in the Escrow  
19 Agreement between the City and UMB Bank, N.A., and that the procedures set  
20 forth in Sections 5 and 6 of the Thirty-Seventh Supplement satisfy the Board  
21 Resolution.

22  
23        Proceeds from the sale of the Bonds shall be held at a designated state  
24 depository or other properly chartered and authorized institution in accordance  
25 with Chapter 2256 and Chapter 2257.

26  
27        **SECTION 24: ADDITIONAL COVENANTS.** In connection with the sale  
28 of the Bonds to the TWDB, the City covenants as follows:

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

33        (b) Audits. For so long as the State owns any Bond, the City shall mail a  
34 copy of the audit required by the Master Ordinance to the TWDB. The audit shall  
35 be performed by an independent certified public accountant, a firm of independent  
36 certified public accountants, or a licensed professional auditor, in accordance with  
37 generally accepted accounting principles applicable to governmental entities such  
38 as the City. In addition, monthly operating statements for the Water/Wastewater  
39 System shall be maintained by the City and made available, on request, to the  
40 TWDB as long as the State owns any Bond, and the monthly operating statement

1 shall be in such detail as requested by the Development Fund Manager of the  
2 TWDB until the Development Fund Manager of the TWDB waives this  
3 requirement.

4 (c) Final Accounting. The City shall render, and submit within 60 days  
5 of the completion of the project, a final accounting to the TWDB in reference to  
6 the total cost incurred by the City for improvements and extensions to the  
7 Water/Wastewater System which were financed by the issuance of the Bonds,  
8 together with a copy of "as built" plans of the improvements and extensions upon  
9 completion.

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

13  
14 (e) Segregation of Funds. The City covenants that proceeds of the Bonds  
15 shall remain separate and distinct from other sources of funding from the date of  
16 the TWDB commitment through costing and final disbursement.

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

28  
29 (g) Environmental Determination. In connection with the project  
30 financed with the Bonds, the City agrees to implement any environmental  
31 determination issued by the Executive Administrator of TWDB to satisfy the  
32 environmental review requirements set forth in 31 Texas Administrative Code 371.

33  
34 (h) Insurance. The City agrees that it will maintain insurance on the  
35 Water/Wastewater System in an amount sufficient to protect TWDB's interest in  
36 the project financed with the proceeds of the Bonds. The City may self-insure in  
37 respect to satisfying this covenant.

38  
39 (i) Water Conservation Program. The City has implemented or will  
40 implement an approved water conservation program in compliance with 31 Texas  
41 Administrative Code 371.71(a)(2)(F).

1  
2 (j) City will not Purchase TWDB Bonds. The City agrees that it or any  
3 related party to the City will not purchase, as an investment or otherwise, bonds  
4 issued by TWDB including, without limitation, bonds issued by TWDB, the  
5 proceeds of which were used by TWDB to purchase the Bonds.  
6

7 (k) Compliance with Federal Contracting Law. The City acknowledges  
8 that it has a legal obligation to comply with any applicable requirements of federal  
9 law relating to contracting with disadvantaged business enterprises, and the City  
10 shall report to the TWDB the amount of Bond proceeds, if any, that were used to  
11 compensate historically underutilized businesses that worked on the project, in  
12 accordance with 31 TAC § 363.1312.  
13

14 (l) Compliance with State Contracting Law. The City acknowledges that  
15 it has a legal obligation to comply with any applicable requirements of State law  
16 relating to contracting with historically underutilized businesses.  
17

18 (m) Compliance with Davis-Bacon Act. The City acknowledges that all  
19 laborers and mechanics employed by contractors and subcontracts for Projects  
20 shall be paid at rates not less than those prevailing on projects of a similar  
21 character in the City in accordance with the Davis-Bacon Act, and the U.S.  
22 Department of Labor's implementing regulations; the City, all contractors, and all  
23 sub-contractors shall ensure that all Project contracts mandate compliance with the  
24 Davis-Bacon Act; and all contracts and subcontracts for the construction of the  
25 Project carried on in whole or in part with financial assistance provided by the  
26 Board shall insert in full in any contract in excess of \$2,000 the contract clauses as  
27 provided by the Board.  
28

29 (n) Compliance with Federal Funding Accountability and Transparency  
30 Act. The City acknowledges that the City shall provide the Board with all  
31 information required to be reported in accordance with the Federal Funding  
32 Accountability and Transparency Act of 2006, Pub.L.109-282, as amended by Pub.  
33 L. 110-252; and the City shall obtain a Data Universal Numbering System (DUNS)  
34 Number and shall register with System for Award Management (SAM), and  
35 maintain current registration at all times while the Bonds are Outstanding.  
36

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

41 (p) Use of Iron and Steel Products. The City agrees that it will abide by  
42 all applicable construction contract requirements related to the use of iron and steel

1 products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C.  
2 § 1388, and related State Revolving Fund Policy Guidelines.

3  
4 (q) Maintenance of Project Accounts. The City acknowledges that it will  
5 comply with the requirements set forth in 33 U.S.C. § 1382 *et seq.* relating to  
6 maintaining project accounts containing financial assistance for planning, design,  
7 acquisition, or construction, as applicable, in accordance with general accepted  
8 accounting principles (which shall apply also to the reporting of underlying  
9 infrastructure assets).

10  
11 **SECTION 25: CONTROL AND CUSTODY OF BONDS.** The City  
12 Manager of the City shall be and is authorized to take and have charge of all  
13 necessary orders and records pending the sale of the Bonds, and shall take and  
14 have charge and control of the Initial Bond pending the approval thereof by the  
15 Attorney General, the registration thereof by the Comptroller of Public Accounts  
16 and the delivery thereof to the Purchaser.

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

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

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

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

1        **SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS**  
2 **DAYS.** Whenever under the terms of the Thirty-Seventh Supplement or the  
3 Bonds, the performance date of any provision of the Thirty-Seventh Supplement or  
4 the Bonds, including the payment of principal of or interest on the Bonds, shall  
5 occur on a day other than a Business Day, then performance, including the  
6 payment of principal of and interest on the Bonds, need not be made on that day  
7 but may be performed or paid, as the case may be, on the next succeeding Business  
8 Day with the same force and effect as if made on the date of performance or  
9 payment.

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

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

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

1           SECTION 32: **GOVERNING LAW.** The Thirty-Seventh Supplement  
2 shall be construed and enforced in accordance with the laws of the State and the  
3 United States of America.

4           SECTION 33: **EFFECT OF HEADINGS.** The Section headings in the  
5 Thirty-Seventh Supplement are for convenience of reference only and shall not  
6 affect the construction of the Thirty-Seventh Supplement.

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

19           SECTION 35: **SEVERABILITY.** If any provision of the Thirty-Seventh  
20 Supplement or its application to any circumstance shall be held to be invalid, the  
21 remainder of the Thirty-Seventh Supplement and its application to other  
22 circumstances shall nevertheless be valid, and council declares that the Thirty-  
23 Seventh Supplement would have been enacted without such invalid provision.

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

28           The proceeds of the Bonds shall be deposited into the Construction Fund and  
29 used by the City for payment of the costs of funding projects that are part of the  
30 City's water system to extend and improve the Water/Wastewater System,  
31 including any costs for engineering, financing, financial consultation,  
32 administrative, auditing and legal expenses. Amounts in the Construction Fund  
33 shall be used to pay costs timely, in compliance with applicable federal and State  
34 law.

35           Any surplus proceeds, including the investment earnings derived from the  
36 investment of monies on deposit in the Construction Fund, from the Bonds  
37 remaining on deposit in the Construction Fund after completing the improvements  
38 and extensions to the System and upon the completion of the final accounting as

1 described in Section 24 of the Thirty-Seventh Supplement, shall be transferred to  
2 the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by  
3 TWDB, unless the Executive Administrator of TWDB approves the use of the  
4 surplus proceeds to pay eligible costs of improving or extending the System by  
5 funding projects that are consistent with the Board Resolution.

6  
7 **SECTION 37: COMPLIANCE WITH CITY HUB REQUIREMENTS.**

8 The City acknowledges and confirms that it is in compliance with any and all  
9 requirements of its ordinances for the use of historically underutilized businesses.

10 **SECTION 38: PUBLIC MEETING.** It is officially found that the meeting  
11 at which the Thirty-Seventh Supplement is adopted was open to the public and  
12 public notice of the time, place, and subject matter of the public business to be  
13 considered at such meeting, including the Thirty-Seventh Supplement, was given;  
14 all as required by Chapter 551.

15 **SECTION 39: EFFECTIVE DATE.** This Thirty-Seventh Supplement is  
16 passed on one reading as authorized by Chapter 1201 (specifically Section  
17 1201.028), and shall be effective immediately upon its passage and adoption.

18 **SECTION 40: CONCURRENT BONDS.** Concurrently with the adoption  
19 of this Thirty-Seventh Supplement, Council adopted the Thirty-Sixth Supplement  
20 authorizing the sale of the Concurrent Bonds to TWDB. Should the Concurrent  
21 Bonds not be purchased by TWDB, any reference to Concurrent Bonds in this  
22 Thirty-Seventh Supplement shall be of no effect.

23  
24  
25 *[Execution page follows]*  
26



**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)

## 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		

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 2021B

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-Seventh Supplemental Ordinance to the Master Ordinance (the "Thirty-Seventh Supplement")) whose

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

This Bond is one of the series specified in its title dated September 25, 2020, issued in the aggregate principal amount of \$9,400,000 (the "Bonds") for the purpose of (i) extending and improving the City's combined water and wastewater system through the financing of projects that are part of the City's water system, (ii) funding a reserve fund for the Bonds, and (iii) paying the costs of issuance associated with the Bonds. The Bonds shall be issued in any denomination or denominations in any integral multiple of \$5,000 within a maturity (an "Authorized Denomination"). All capitalized terms not defined herein shall have the same meaning as given said terms in the Master Ordinance or the Thirty-Seventh Supplement.

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

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

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

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

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

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

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

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

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

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

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

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

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



# REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS

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.

Comptroller of Public Accounts  
of the State of Texas

A-7

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

UMB Bank, N.A.,  
as Paying Agent/Registrar

Registration date:

\_\_\_\_\_

By: \_\_\_\_\_

Authorized Signature

FORM OF ASSIGNMENT.

ASSIGNMENT

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

---

Social Security or other identifying number  
(

---

) the within Bond  
and all rights under this Bond, and irrevocably constitutes and appoints

---

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

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: Nine 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		

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

DRAFT

## **Exhibit B**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 21 of the Thirty-Seventh 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

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

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

### **Accounting Principles**

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