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40 issued in accordance with, the Revolving Credit Agreement and any and all  
41 renewals, extensions or modifications thereof made in accordance with the terms  
42 set forth in the Revolving Credit Agreement.

43  
44 "Bonds" shall mean a series or issue of bonds, notes, or similar obligations  
45 (other than the Program Notes, the Bank Note or the Revolving Credit Agreement)  
46 issued or incurred by the City after the passage of the Ordinance, payable from and  
47 secured solely by a lien on and pledge of the Net Revenues of the Systems, equal  
48 or subordinate in rank and dignity to the lien and pledge securing the payment of  
49 the Priority Lien Obligations.

50  
51 "Business Day" shall mean any day (a) when (i) the office of the Bank is not  
52 authorized or required to be closed and (ii) banks are not authorized to be closed in  
53 the City and (b) when banks or the New York Stock Exchange are not authorized  
54 to be closed in New York, New York.

55  
56 "City" shall mean the City of Austin, Texas.

57  
58 "Code" shall mean the Internal Revenue Code of 1986.

59  
60 "Commercial Paper Notes" shall mean Program Notes issued as commercial  
61 paper notes pursuant to the terms of the Ordinance.

62  
63 "Commitment" shall mean \$108,876,713, the maximum amount available to  
64 be drawn under the Revolving Credit Agreement for the payment of the principal  
65 of and interest on the Commercial Paper Notes, as this amount may be reduced and  
66 reinstated from time to time as provided in the Revolving Credit Agreement.

67  
68 "Council" or "council" shall mean the governing body of the City.

69  
70 "Dealer" shall mean the entity designated in **Section 39(c)**.

71  
72 "Dealer Agreement" shall mean the agreement authorized to be entered into  
73 by **Section 39(c)**, as from time to time amended or supplemented.

74  
75 "Designated Office" means, with respect to the Commercial Paper Notes, the  
76 corporate trust office of the Paying Agent/Registrar designated as the place for  
77 payment, transfer and exchange of the Commercial Paper Notes, initially, the  
78 corporate trust office of the Paying Agent/Registrar in New York, New York; and,  
79 with respect to the Direct Purchase Notes, the corporate office of the Note Paying  
80 Agent designated as the place for payment, transfer and exchange of the Direct  
81 Purchase Notes, initially, the corporate trust office of the Note Paying Agent in  
82 Newark, Delaware.

83 "Direct Purchase Payment Fund" shall mean the account so designated in  
84 **Section 17.**

85 "Direct Purchase Notes" shall mean Program Notes issued as direct purchase  
86 notes pursuant to the terms of this Ordinance to be purchased by the Bank in  
87 accordance with the terms of the Note Purchase Agreement.

88  
89 "DTC" shall mean The Depository Trust Company, New York, New York.  
90

91 "DTC Participant" shall mean the securities brokers and dealers, banks, trust  
92 companies, clearing corporations and certain other organizations on whose behalf  
93 DTC was created to hold securities to facilitate the clearance and settlement of  
94 securities transactions among DTC Participants.

95  
96 "Electric Fund" shall mean the fund so designated in **Section 26.**  
97

98 "Electric Light and Power System" shall mean all properties, facilities and  
99 plants currently owned, operated and maintained by the City, wholly or partially in  
100 participation with others, for the generation, transmission, supply and distribution  
101 of electrical energy and power, together with all future extensions, improvements,  
102 replacements and additions to, and all replacements of, the properties, facilities and  
103 plants; provided that, notwithstanding the foregoing, and to the extent authorized  
104 or permitted by law, the term "Electric Light and Power System" shall not include  
105 facilities of any kind (including any electric power generating and transmission  
106 facilities) which are declared not to be a part of the Electric Light and Power  
107 System and which are acquired or constructed by the City, or in participation with  
108 others, with the proceeds from the issuance of "Special Facilities Bonds," which  
109 are defined as being special revenue obligations of the City which are not Priority  
110 Lien Obligations but which are payable from and secured by other liens on and  
111 pledges of any revenues, sources or payments not pledged to the payment of  
112 Priority Lien Obligations including, but not limited to, special contract revenues or  
113 payments received from any other legal entity in connection with the special  
114 facilities.  
115

116 "Eligible Investments" shall mean any or all of the authorized investments  
117 described in the Public Funds Investment Act, Chapter 2256, Texas Government  
118 Code, and the City's investment policy, in which the City may purchase, sell and  
119 invest its funds and funds under its control.  
120

121 "Eligible Project" shall mean the acquisition or construction of improvements,  
122 additions or extensions for the Systems, including capital assets and facilities  
123 incident and related to their operation, maintenance and administration, all as  
124 provided in the Act.

125  
126 "Fee Letter" shall mean the fee letter between the City and the Bank executed  
127 in connection with the Revolving Credit Agreement and the Note Purchase  
128 Agreement, as the same may be amended, restated, or otherwise modified in  
129 accordance with the terms thereof.

130 "Fiscal Year" shall mean the twelve month financial accounting period used  
131 by the City in connection with the operation of the Systems, which may be any  
132 twelve consecutive month period established by the City.

133  
134 "Gross Revenues of the Systems" and "Gross Revenues" shall mean, with  
135 respect to the Electric Light and Power System or the Waterworks and Sewer  
136 System, all income, receipts and revenues of every nature derived or received from  
137 the operation and ownership (excluding refundable meter deposits, restricted gifts  
138 and grants and proceeds derived from the sale or other disposition of all or part of  
139 the City's participating interest in the South Texas Project and revenues, sources or  
140 payment from facilities acquired or constructed with Special Facilities Bonds) of  
141 the respective System, including earnings and income derived from the investment  
142 or deposit of moneys in any special funds or accounts created and established by  
143 the City for the payment and security of the Priority Lien Obligations.

144  
145 "Holder" or "Noteholder" shall mean any person, firm, association, or  
146 corporation who is in possession of any Program Note drawn, issued or endorsed  
147 to that person, firm, association or corporation or to the order of that person, firm,  
148 association or corporation or to bearer or in blank, including, unless the context  
149 shall otherwise require, the Bank.

150  
151 "Issuing and Paying Agent," "Paying Agent/Registrar" or "Registrar" shall  
152 mean the agent appointed pursuant to **Section 3A**, or any successor to the agent.

153  
154 "Issuing and Paying Agent Agreement" shall mean the agreement authorized  
155 to be entered into by **Section 39(a)**, as from time to time amended or  
156 supplemented.

157  
158 "Maintenance and Operating Expenses" shall mean, with respect to the  
159 Electric Light and Power System or the Waterworks and Sewer System, all current  
160 expenses of operating and maintaining the respective system, including all salaries,  
161 labor, materials, repairs and extensions necessary to render efficient service;  
162 provided, however, that only repairs and extensions, as in the judgment of council,  
163 reasonably and fairly exercised, are necessary to maintain the operations and  
164 render adequate service to the City and its inhabitants, or as might be necessary to  
165 meet some physical accident or condition which would otherwise impair the  
166 Priority Lien Obligations shall be deducted in determining Net Revenues.

Depreciation shall never be considered as an expense of Maintenance and Operation. Maintenance and Operating Expenses shall include payment under contracts for the purchase of power and energy, water supply or other materials, goods or services for the Systems to the extent authorized by law and the provisions of the contract.

"Maximum Interest Rate" shall mean 12%.

"Maximum Maturity Date" shall mean September 30, 2044.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Net Revenues" and "Net Revenues of the Systems" shall mean, with respect to the Electric Light and Power System or the Waterworks and Sewer System, Gross Revenues of the respective System minus the respective System's Maintenance and Operating Expenses.

"Note Construction Account" shall mean the account so designated in **Section 18**.

"Note Paying Agent" shall mean, with respect to the Direct Purchase Notes, JP Morgan Chase Bank, National Association.

"Note Paying Agent Agreement" shall mean the agreement authorized to be entered into by **Section 39(b)**, as from time to time amended or supplemented.

"Note Payment Fund" shall mean the fund so designated in **Section 16**.

"Note Purchase Agreement" shall mean the Note Purchase Agreement between the City and the Bank, pursuant to which the purchase of Direct Purchase Notes shall be governed, and as from time to time amended, restated or supplemented in accordance with its terms.

"Ordinance" shall mean this ordinance.

"Outstanding Taxable Commercial Paper Notes" shall mean those commercial paper notes issued under authority of Ordinance No. 20200827-071 that are outstanding on the Business Day prior to the effective date of the Revolving Credit Agreement.

"Pledged Revenues" and "Pledged Revenues of the Systems" shall mean (i) the Net Revenues of the Systems, plus (ii) any additional revenues, income, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the City, be pledged to the payment of the Priority Lien

201 Obligations, the Program Notes and the Tax-Exempt Program Notes, the  
202 repayment of Advances and any other obligations of the City to the Bank under the  
203 Agreement, the Note Purchase Agreement and the Fee Letter, and the payment of  
204 Tax-Exempt Advances and any other obligations of the City to the Bank under the  
205 Tax-Exempt Fee Letter and the Tax-Exempt Agreement and the Tax-Exempt Note  
206 Purchase Agreement.

207 "Priority Lien Obligations" shall mean, collectively, the Subordinate Lien  
208 Bonds and the Separate Lien Obligations.

209 "Program Notes" shall mean the Commercial Paper Notes and the Direct  
210 Purchase Notes issued as notes pursuant to the terms of this Ordinance.

211 "Project Costs" shall mean all costs and expenses incurred in relation to  
212 Eligible Projects, including, without limitation, design, planning, engineering and  
213 legal costs, acquisition costs of land, interests in land, right-of-way and easements,  
214 construction costs, costs of machinery, equipment, and other capital assets incident  
215 and related to the operation, maintenance, and administration of an Eligible  
216 Project; financing costs, including interest during construction and thereafter,  
217 underwriter's discount and/or fees for legal, financial, and other professional  
218 services; and reimbursement for Project Costs attributable to Eligible Projects  
219 incurred prior to the issuance of any Program Notes.

220 "Regulations" shall mean all applicable temporary, proposed and final  
221 regulations and procedures promulgated under the Code or the Internal Revenue  
222 Code of 1954, to the extent applicable to the Code.

223 "Revolving Credit Agreement" shall mean the Agreement and any other  
224 agreement by and between the City and a liquidity provider executed and delivered  
225 in substitution for or replacement of the Agreement providing a credit or liquidity  
226 facility supporting the Commercial Paper Notes, including any Bank Notes to be  
227 issued and delivered under the agreement evidencing any loans made or to be made  
228 to the City, providing additional security and liquidity for the payment of the  
229 Commercial Paper Notes, and as from time to time the agreement may be  
230 amended, restated or supplemented.

231 "Separate Lien Obligations" shall mean those obligations (i) issued or incurred  
232 by the City payable solely from the Net Revenues of either the Electric Light and  
233 Power System or the Net Revenues of the Waterworks and Sewer System, but not  
234 both, (ii) incurred pursuant to express charter or statutory authority and (iii) which  
235 by the terms of the ordinance authorizing their issuance or the incurring of the  
236 obligations provide for payments to be made by the City for their retirement or  
237 payment to be secured solely by a lien on and pledge of the Net Revenues of the  
238 Electric Light and Power System or the Net Revenues of the Waterworks and

239 Sewer System, but not both, of equal dignity with the lien on and pledge of Net  
240 Revenues securing the payment of the Subordinate Lien Bonds.

241 "Similarly Secured Notes" shall mean the Program Notes, the Bank Note, the  
242 Tax-Exempt Program Notes and the Tax-Exempt Bank Note, payable from and  
243 secured by a parity lien on and pledge of Pledged Revenues.

244 "South Texas Project" shall mean the City's ownership interest in two nuclear  
245 steam electric generating units and related land and facilities, as more particularly  
246 defined in the South Texas Project Participation Agreement effective as of  
247 December 1, 1973, as amended.

248 "Subordinate Lien Bonds" shall mean: *City of Austin, Texas, Subordinate Lien*  
249 *Revenue Refunding Bonds, Series 1998, dated October 1, 1998.*

250 "Systems" shall mean, collectively, the Electric Light and Power System and  
251 the Waterworks and Sewer System.

252 "Tax-Exempt Advances" shall mean advances and bank loans made under the  
253 Tax-Exempt Agreement.

254 "Tax-Exempt Agreement" shall mean Tax-Exempt Revolving Credit  
255 Agreement dated as of June 18, 2024 by and between the City and the Bank, as  
256 amended and supplemented from time to time, in accordance with its terms,  
257 executed to provide liquidity for the Tax-Exempt Commercial Paper Notes.

258 "Tax-Exempt Bank Note" shall mean the bank note issued under the Tax-  
259 Exempt Agreement.

260 "Tax-Exempt Commercial Paper Notes" shall mean the "City of Austin, Texas  
261 Combined Utility Systems Commercial Paper Notes, Tax-Exempt Series"  
262 authorized by the Tax-Exempt Program Note Ordinance, and as from time to time  
263 amended or supplemented by council.

264 "Tax-Exempt Direct Purchase Notes" shall mean Tax-Exempt Program Notes  
265 issued as direct purchase notes pursuant to the terms of the Tax-Exempt Program  
266 Note Ordinance to be purchased by the Bank in accordance with the terms of the  
267 Tax-Exempt Note Purchase Agreement.

268 "Tax-Exempt Fee Letter" shall mean the fee letter between the City and the  
269 Bank executed in connection with the Tax-Exempt Agreement and the Tax-  
270 Exempt Note Purchase Agreement, as the same may be amended, restated, or  
271 otherwise modified in accordance with the terms thereof.

"Tax-Exempt Note Purchase Agreement" shall mean the Tax-Exempt Note Purchase Agreement between the City and the Bank, as amended and supplemented from time to time in accordance with its terms.

"Tax-Exempt Program Notes" shall mean the Tax-Exempt Commercial Paper Notes and the Tax-Exempt Direct Purchase Notes issued as notes pursuant to the terms of the Tax-Exempt Program Note Ordinance..

"Tax-Exempt Program Note Ordinance" shall mean Ordinance No. 20240502-\_\_\_ authorizing the Tax-Exempt Program Notes.

"Water and Sewer Fund" shall mean the fund so designated in **Section 26**.

"Waterworks and Sewer System" means all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water and the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions; provided, however, that notwithstanding the foregoing, and to the extent authorized or permitted by law, the term "Waterworks and Sewer System" shall not include facilities of any kind which are declared not to be a part of the Waterworks and Sewer System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of "Special Facilities Bonds," which are defined as being special revenue obligations of the City which are not Priority Lien Obligations but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of Priority Lien Obligations including, but not limited to, special contract revenues or payments received from any other legal entity in connection with the special facilities.

Terms not defined by, but used in, the Ordinance shall have the meanings given in the Agreement or the Note Purchase Agreement, as the context requires.

There are no obligations outstanding that were issued by the City secured by a lien on and pledge of Net Revenues superior to the lien on and pledge of Net Revenues securing the Subordinate Lien Bonds and the Separate Lien Obligations. The Subordinate Lien Bonds by their terms shall mature on May 15, 2025. Upon the final maturity of the Subordinate Lien Bonds, any reference in this Ordinance to Subordinate Lien Bonds shall be surplusage and of no force or effect

The authorized amount of Program Notes to be issued and sold shall be limited to \$100,000,000 at any one time outstanding.

In accordance with the provisions of the Act, council delegates to each Authorized Representative the authority to effect the issuance and sale of Program Notes, either in the form of Commercial Paper Notes or Direct Purchase Notes, all



within certain specified parameters set forth in the Ordinance. The sale of Commercial Paper Notes or Direct Purchase Notes on the terms determined by an Authorized Representative is in the best interests of the City.

If appropriate in the context of the Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders. Unless the context requires otherwise, all references in the Ordinance to designated Sections and other subdivisions are to the Sections and other subdivisions of the Ordinance. References to any named person means that party and its successors and assigns. References to officials and officers mean the person holding the position in a permanent, acting or interim capacity. References to any constitutional, statutory or regulatory provision means the provision as it exists on the date council passed the Ordinance and any future amendments to or successor provisions of the constitutional, statutory or regulatory provision.

This Ordinance amends and supersedes Ordinance No. 20200827-071.

**SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL AMOUNT - PURPOSE.** Acting under authority of the Act, council authorizes the issuance of Program Notes, designated the “**CITY OF AUSTIN, TEXAS COMBINED UTILITY SYSTEMS TAXABLE PROGRAM NOTES.**” The Program Notes may be issued in an aggregate principal amount not to exceed **ONE HUNDRED MILLION DOLLARS (\$100,000,000)** at any one time outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew or refund Program Notes issued under the Ordinance, Priority Lien Obligations and any other authorized obligations of the System issued for Eligible Projects.

Program Notes issued under authority of the Ordinance shall consist of (i) Commercial Paper Notes and (ii) Direct Purchase Notes. Commercial Paper Notes shall be designated as “**CITY OF AUSTIN, TEXAS COMBINED UTILITY SYSTEMS TAXABLE PROGRAM NOTES, COMMERCIAL PAPER SUB-SERIES.**” Direct Purchase Notes shall be designated as “**CITY OF AUSTIN, TEXAS COMBINED UTILITY SYSTEMS TAXABLE PROGRAM NOTES, DIRECT PURCHASE SUB-SERIES.**”

In connection with the issuance of Commercial Paper Notes and the execution of the Agreement, a Bank Note shall be issued and shall initially be issued in an amount equal to the Commitment, reflecting the maximum principal amount of Commercial Paper Notes that may be issued under this Ordinance, plus interest thereon, calculated on the basis of a 365-day year, for two hundred seventy (270) days at the Maximum Interest Rate, for the purpose of evidencing Advances to

348 retire maturing Commercial Paper Notes, any outstanding Bank Notes, and all  
349 other obligations of the City under the Agreement; all in accordance with and  
350 subject to the terms, conditions and limitations contained in the Ordinance and,  
351 with respect to the Bank Note, the Revolving Credit Agreement. Any portion of  
352 outstanding Commercial Paper Notes to be paid from money on deposit in the Note  
353 Payment Fund held by the Issuing and Paying Agent on the day of calculation and  
354 from the available proceeds of Commercial Paper Notes or Priority Lien  
355 Obligations or other obligations of the City issued on the day of calculation, the  
356 proceeds of which are deposited in the Note Payment Fund on the day of  
357 calculation, shall not be considered Outstanding. The authority to issue  
358 Commercial Paper Notes from time to time under the provisions of the Ordinance  
359 shall exist until the Maximum Maturity Date, regardless of whether prior to the  
360 Maximum Maturity Date there are at any time no outstanding Commercial Paper  
361 Notes.

362 In connection with the issuance of Direct Purchase Notes, the terms of the  
363 Note Purchase Agreement shall govern the conditions to their issuance. Any  
364 portion of outstanding Direct Purchase Notes to be paid from money on deposit in  
365 the Direct Purchase Payment Fund on the day of calculation and from the available  
366 proceeds of Direct Purchase Notes or Priority Lien Obligations or other obligations  
367 of the City issued on the day of calculation, the proceeds of which are deposited in  
368 the Direct Purchase Payment Fund on the day of calculation, shall not be  
369 considered Outstanding. The authority to issue Direct Purchase Notes from time to  
370 time under the provisions of the Ordinance shall exist until the Maximum Maturity  
371 Date, regardless of whether prior to the Maximum Maturity Date there are at any  
372 time no outstanding Direct Purchase Notes. Direct Purchase Notes shall not have a  
373 stated maturity in excess of three hundred sixty (360) days.

374 In connection with the refinancing or refunding of outstanding Program  
375 Notes, Priority Lien Obligations and any other authorized obligations of the  
376 Systems (including, without limitation, the Outstanding Taxable Commercial  
377 Paper Notes), including accrued interest, the Program Notes, Priority Lien  
378 Obligations and any other authorized obligations of the Systems shall qualify as  
379 "obligations", as defined in the Act, at the time any refinancing or refunding  
380 occurs. The refunding or refinancing, other than a simultaneous refunding, of  
381 Program Notes, Priority Lien Obligations and other obligations of the Systems  
382 (including, without limitation, the Outstanding Taxable Commercial Paper Notes),  
383 to the extent then required by applicable law, shall be by means of a gross  
384 defeasance established at the time of the issuance of the refunding Commercial  
385 Paper Notes or Direct Purchase Notes, and the selection of Program Notes, Priority  
386 Lien Obligations and any other authorized obligations of the Systems to be so  
387 refunded or refinanced shall be made in the manner council determines.

SECTION 3A: **TERMS APPLICABLE TO THE COMMERCIAL PAPER NOTES.** Subject to the limitations contained in the Ordinance, Program Notes issued as Commercial Paper Notes shall be dated on or before, and within thirty (30) days of, their date of issuance (Note Date), as determined by an Authorized Representative; shall bear interest at a fixed rate or rates per annum computed on the basis of actual days elapsed and a 365-day year (but in no event in any case to exceed the Maximum Interest Rate) as may be determined by an Authorized Representative or the Dealer acting at the request of an Authorized Representative; and all Commercial Paper Notes shall mature on or before the Maximum Maturity Date.

Subject to the Maximum Interest Rate limitation, Commercial Paper Notes may be issued without a fixed numerical rate of interest for their stated term to bear interest in accordance with any clearly stated formula or method of calculation set forth in the Commercial Paper Note as determined by an Authorized Representative.

Subject to applicable terms, limitations and procedures contained in the Ordinance, Commercial Paper Notes may be sold at public or private sale and at par or at a discount (within the interest rate restrictions provided in the Ordinance) as an Authorized Representative shall approve at the time of sale.

Council confirms that U.S. Bank Trust Company, National Association shall serve as Issuing and Paying Agent, Paying Agent/Registrar and Registrar for the Commercial Paper Notes, and the City covenants to keep and maintain with the Registrar at its Designated Office books and records (Registration Books) for the registration, payment, transfer and exchange of the Commercial Paper Notes, all as provided in the Ordinance and reasonable rules and regulations as the Registrar may prescribe. The City covenants to maintain and provide a Registrar at all times while the Commercial Paper Notes are outstanding, which shall be a national or state banking association or corporation or trust company organized and doing business under the laws of the United States of America or of any state and authorized under its laws to exercise trust powers. Should a change in the Paying Agent/Registrar for the Commercial Paper Notes occur, the City agrees to promptly cause a written notice to be (i) sent to the Bank, the Dealer and to each registered owner of the Commercial Paper Notes then Outstanding by United States mail, first-class postage prepaid, and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two calendar weeks; provided, however, publication of notice is not required if notice is sent to each Holder of the Commercial Paper Notes. The notice shall give the address of the successor Paying Agent/Registrar. Council may appoint a successor Paying Agent/Registrar without the consent of the Holders.

428 The Commercial Paper Notes shall be issued in registered form, without  
429 coupons; provided, however, Commercial Paper Notes may be registered to bearer.  
430 The principal of and interest on the Commercial Paper Notes shall be payable in  
431 lawful money of the United States of America, without exchange or collection  
432 charges to the Holder of the Commercial Paper Note; principal is to be payable  
433 upon presentation and surrender of the Commercial Paper Note at the Designated  
434 Office and interest is to be payable to the registered owner thereof (when registered  
435 other than to bearer) either (i) by check sent by United States mail, first-class  
436 postage prepaid, to the address of the registered owner appearing on the  
437 Registration Books of the City maintained by the Registrar or (ii) by any other  
438 method, acceptable to the Issuing and Paying Agent, requested by the Holder, but  
439 interest on a Commercial Paper Note registered to bearer shall be payable only  
440 upon presentation of the Commercial Paper Note at the Designated Office.

441 A copy of the Registration Books shall be provided to the City by the Paying  
442 Agent/Registrar, by means of telecommunications equipment or other means as are  
443 mutually agreed to, within two Business Days of either the opening of the  
444 Registration Books or any change in the Registration Books.

445 The City and the Paying Agent/Registrar may treat the bearer (in the case of  
446 Commercial Paper Notes so registered) or the registered payee as the absolute  
447 owner of any Commercial Paper Note for the purpose of receiving payment and for  
448 all purposes, and the City and the Paying Agent/Registrar shall not be affected by  
449 any notice or knowledge to the contrary.

450 If an Authorized Representative determines that it is possible and desirable to  
451 provide for a book-entry only system of Commercial Paper Note registration with  
452 DTC, the Authorized Representative, acting for and on behalf of the City, is  
453 authorized to approve, execute, and deliver a Letter of Representations to DTC and  
454 to enter into any other agreement and execute any instrument as is necessary to  
455 implement a book-entry only system, with approval to be conclusively evidenced  
456 by the execution by the Authorized Representative of the agreement or instrument.  
457 Under the initial book-entry only system with DTC, no physical Commercial Paper  
458 Note certificates will be delivered to DTC. The execution and delivery to the  
459 Issuing and Paying Agent, as custodian for DTC, of a master note (Master Note)  
460 with respect to the Commercial Paper Notes, is approved. The ownership of the  
461 Commercial Paper Notes held in the book-entry-only system shall be registered in  
462 the name of Cede & Co., as nominee of DTC, which will serve as the initial  
463 securities depository for the Commercial Paper Notes. Ownership of beneficial  
464 interests in the Commercial Paper Notes shall be shown by book-entry on the  
465 system maintained and operated by DTC and DTC Participants, and transfers of  
466 ownership of beneficial interests shall be made only by DTC and the DTC  
467 Participants by book-entry. The City and the Issuing and Paying Agent have no

responsibility for DTC's book-entry system. DTC will be required to maintain records of the positions of the DTC Participants in the Commercial Paper Notes, and the DTC Participants and persons acting through the DTC Participants will be required to maintain records of the purchasers of beneficial interests in the Commercial Paper Notes. During any period when a book-entry only system is in effect, except as provided above, the Commercial Paper Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

With respect to Commercial Paper Notes registered in the name of DTC or its nominee, neither the City nor the Issuing and Paying Agent shall have any responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Commercial Paper Notes. Without limiting the immediately preceding sentence, neither the City nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Commercial Paper Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown on the Registration Books, of any notice with respect to the Commercial Paper Notes, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown in the Registration Books, of any amount with respect to principal of or interest on the Commercial Paper Notes.

Whenever, during the term of the Commercial Paper Notes, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in the Ordinance of holding, registering, delivering, exchanging, or transferring the Commercial Paper Notes shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to holding, registering, delivering, exchanging, or transferring the book-entry to produce the same effect.

The City or DTC each may determine to discontinue the book-entry only system and, unless a new book-entry only system is put in place, physical certificates in the form set forth in **Exhibit A** shall be provided to the beneficial owners of the Commercial Paper Notes.

If at any time, DTC ceases to hold the Commercial Paper Notes, all references to DTC in the Ordinance shall be of no further force or effect.

Whenever the beneficial ownership of the Commercial Paper Notes is determined by a book-entry at DTC, delivery of Commercial Paper Notes for payment at maturity shall be made pursuant to DTC's payment procedures as are in effect from time to time and the DTC Participants shall transmit payment to beneficial owners whose Commercial Paper Notes have matured. The City and

each of the Issuing and Paying Agent, the Bank and the Dealer are not responsible for transfer of payment to the DTC Participants or beneficial owners.

**SECTION 3B: TERMS APPLICABLE TO THE DIRECT PURCHASE NOTES.** Subject to the limitations contained in the Ordinance and the Note Purchase Agreement, Program Notes issued as Direct Purchase Notes shall be dated on or before, and within thirty (30) days of, their date of issuance (Note Date), as determined by an Authorized Representative; shall bear interest and mature as set forth in the Note Purchase Agreement (but in no event in any case shall the interest payable on the Direct Purchase Notes exceed the amount determined at the Maximum Interest Rate); and all Direct Purchase Notes shall mature on or before the Maximum Maturity Date.

Direct Purchase Notes may be sold to the Bank at par or at a discount (within the interest rate restrictions provided in the Ordinance and the Note Purchase Agreement).

JPMorgan Chase Bank, National Association shall serve as Note Paying Agent for the Direct Purchase Notes, and the City covenants to keep and maintain with the Note Paying Agent at its Designated Office books and records (Registration Books) for the registration, payment, transfer and exchange of the Direct Purchase Notes, all as provided in the Ordinance and reasonable rules and regulations as the Note Paying Agent may prescribe. The City covenants to maintain and provide a Note Paying Agent at all times while the Direct Purchase Notes are outstanding, which shall be a national or state banking association or corporation or trust company organized and doing business under the laws of the United States of America or of any state and authorized under its laws to exercise trust powers. Should a change in the Note Paying Agent for the Direct Purchase Notes occur, the City agrees to promptly cause a written notice to be sent to the Bank by United States mail, first-class postage prepaid. The notice shall give the address of the successor Note Paying Agent. Council may not appoint a successor Note Paying Agent without the consent of the Bank.

The Direct Purchase Notes shall be issued to the Bank in registered form, without coupons. The principal of and interest on the Direct Purchase Notes shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder of the Direct Purchase Note; principal is to be payable upon presentation and surrender of the Direct Purchase Note at the Designated Office and interest is to be payable to the registered owner thereof either (i) by check sent by United States mail, first-class postage prepaid, to the address of the registered owner appearing on the Registration Books of the City maintained by the Note Paying Agent or (ii) by any other method, acceptable to the Note Paying Agent, requested by the Holder.

A copy of the Registration Books shall be provided to the City by the Note Paying Agent, by means of telecommunications equipment or other means as are mutually agreed to, within two Business Days of either the opening of the Registration Books or any change in the Registration Books.

The City and the Note Paying Agent may treat the registered payee as the absolute owner of any Direct Purchase Note for the purpose of receiving payment and for all purposes, and the City and the Note Paying Agent shall not be affected by any notice or knowledge to the contrary. Direct Purchase Notes will not be issued in book-entry form.

**SECTION 4: PROGRAM NOTES.** Commercial Paper Notes are authorized to be issued and sold and delivered from time to time in principal amounts as determined by an Authorized Representative in Authorized Denominations, numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on the dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature after the Maximum Maturity Date, (ii) have a term in excess of two hundred seventy (270) days or (iii) be issued in a manner that would cause the City to violate the covenants set forth in **Section 7**. Interest, if any, on Commercial Paper Notes shall be payable at maturity with principal.

Direct Purchase Notes are authorized to be issued and sold and delivered from time to time in principal amounts as determined by an Authorized Representative in Authorized Denominations, numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on the dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Direct Purchase Note shall (i) mature after the Maximum Maturity Date, (ii) have a term in excess of three hundred sixty (360) days or (iii) be issued in a manner that would cause the City to violate the covenants set forth in **Section 7**. Interest on Direct Purchase Notes shall be payable on the dates and in the manner set forth in the Note Purchase Agreement.

An Authorized Representative will notify the Bank and the Dealer of each new issuance of Program Notes and confirm that at the time of the new issuance (after giving effect to the new issuance), the aggregate principal amount of Program Notes and Advances outstanding does not exceed \$100,000,000.

#### **SECTION 5: ISSUANCE AND SALE OF PROGRAM NOTES.**

(a) *Completion of Commercial Paper Notes.* Commercial Paper Notes shall be completed and delivered by the Issuing and Paying Agent in accordance with telephonic, electronic or written instructions of the Authorized Representative

and the Issuing and Paying Agent Agreement. To the extent instructions are not written, they shall be confirmed in writing by the Authorized Representative within twenty-four (24) hours. The instructions shall specify the Commercial Paper Notes to be sold and the principal amounts, dates of issue, maturities, rates of discount or interest, or the formula or method of calculating interest and the basis upon which it is to be computed, and other terms and conditions which may be determined by the Authorized Representative at the time of sale of the Commercial Paper Notes. The instructions shall include the purchase price of the Commercial Paper Notes, and, if the Commercial Paper Notes are not held in accordance with a book-entry only system, a request that the Issuing and Paying Agent authenticate the Commercial Paper Notes by counter signature of its authorized officer or employee and deliver them to the named purchaser upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to the Commercial Paper Notes. The rules of the New York Clearinghouse shall apply. The instructions shall also contain provisions representing that all action on the part of the City necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, that all provisions of Texas and federal law necessary for the valid issuance of the Commercial Paper Notes have been complied with, if applicable, and that the Commercial Paper Notes in the hands of the Holders will be valid and enforceable obligations of the City according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent constitutionally applicable. The instructions shall also certify that:

(i) no Event of Default under **Section 31** has occurred and is continuing as of the date of the instructions and that the Issuing and Paying Agent has not received a Notice of No-Issuance (as defined in the Agreement);

(ii) the City has been advised by Bond Counsel that the projects to be financed with the proceeds of the Commercial Paper Notes will constitute Eligible Projects or that the obligations to be refunded were issued in connection with Eligible Projects;

(iii) the City is in compliance with the covenants set forth in **Sections 7, 22, 25, 26, and 28** as of the date of the instructions;

(iv) the sum of the interest payable on the Commercial Paper Note will not exceed a yield (calculated on the principal amount of the Commercial Paper Note on the basis of actual number of days elapsed, and a 365-day year) to the maturity date of the Commercial Paper Note in excess of the Maximum Interest Rate;



627 (v) all action on the part of the City necessary for the valid issuance of the  
628 Commercial Paper Notes then to be issued has been taken;

629  
630 (vi) all provisions of Texas and federal law necessary for the valid  
631 issuance of the Commercial Paper Notes have been complied with;

632  
633 (vii) the Commercial Paper Notes held by the Holders will be valid and  
634 enforceable obligations of the City according to their terms, subject to the exercise  
635 of judicial discretion in accordance with general principles of equity and  
636 bankruptcy, insolvency, reorganization, moratorium, and other similar laws  
637 affecting creditors' rights, to the extent constitutionally applicable; and

638  
639 (viii) any and all conditions to the issuance of Commercial Paper Notes  
640 under the Revolving Credit Agreement have been fully satisfied.

641  
642 (b) *Execution of Revolving Credit Agreement.* Upon its execution and  
643 delivery, the Revolving Credit Agreement is in full force and effect and loans may  
644 be made in accordance with the terms of the Revolving Credit Agreement.

645  
646 (c) *Completion of Direct Purchase Notes.* Direct Purchase Notes shall be  
647 completed and delivered by the Note Paying Agent in accordance with telephonic,  
648 electronic or written instructions of the Authorized Representative and the Note  
649 Paying Agent Agreement. To the extent instructions are not written, they shall be  
650 confirmed in writing by the Authorized Representative within twenty-four (24)  
651 hours. The instructions shall specify the Direct Purchase Notes to be sold and the  
652 principal amounts, dates of issue, maturities, and other terms and conditions which  
653 may be determined by the Authorized Representative at the time of sale of the  
654 Direct Purchase Notes. The Direct Purchase Notes will bear interest at the rates  
655 and in the manner set forth in the Note Purchase Agreement. The instructions shall  
656 include the purchase price of the Direct Purchase Notes, and a request that the Note  
657 Paying Agent authenticate the Direct Purchase Notes by counter signature of its  
658 authorized officer or employee and deliver them to the named purchaser upon  
659 receipt of payment. The instructions shall also contain provisions representing that  
660 all action on the part of the City necessary for the valid issuance of the Direct  
661 Purchase Notes then to be issued has been taken, that all provisions of Texas and  
662 federal law necessary for the valid issuance of the Direct Purchase Notes have been  
663 complied with, if applicable, and that the Direct Purchase Notes in the hands of the  
664 Bank will be valid and enforceable obligations of the City according to their terms,  
665 subject to the exercise of judicial discretion in accordance with general principles  
666 of equity and bankruptcy, insolvency, reorganization, moratorium and other similar  
667 laws affecting creditors' rights to the extent constitutionally applicable. The  
668 instructions shall also certify that:

(i) no Event of Default under **Section 31** has occurred and is continuing as of the date of the instructions;

(ii) the City has been advised by Bond Counsel that the projects to be financed with the proceeds of the Direct Purchase Notes will constitute Eligible Projects or that the obligations to be refunded were issued in connection with Eligible Projects;

(iii) the City is in compliance with the covenants set forth in **Sections 7, 25, 26, and 28** as of the date of the instructions;

(iv) any and all conditions to the issuance of Direct Purchase Notes under the Note Purchase Agreement have been fully satisfied;

(v) all action on the part of the City necessary for the valid issuance of the Direct Purchase Notes then to be issued has been taken;

(vi) all provisions of Texas and federal law necessary for the valid issuance of the Direct Purchase Notes have been complied with; and

(vii) the Direct Purchase Notes held by the Bank will be valid and enforceable obligations of the City according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights, to the extent constitutionally applicable.

(d) *Execution of Note Purchase Agreement.* Upon its execution and delivery, the Note Purchase Agreement is in full force.

#### SECTION 6: **PROCEEDS OF SALE OF PROGRAM NOTES.**

(a) *Commercial Paper Note Proceeds.* The proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by an Authorized Representative:

(i) Proceeds shall first be used for the payment of outstanding Commercial Paper Notes at or prior to maturity and the repayment in full of Advances and any other amounts due under the Revolving Credit Agreement shall be deposited to the Note Payment Fund;

(ii) Proceeds not retained in the Note Payment Fund as provided in subparagraph (i) above shall be transferred and deposited to the Note Construction Account and used and applied in accordance with the provisions of **Section 18**; and

(iii) Proceeds to be used for the payment of outstanding Priority Lien Obligations or Direct Purchase Notes shall be transferred to the appropriate account or fund established pursuant to the proceedings authorizing the issuance of the Priority Lien Obligations or outstanding Direct Purchase Notes, as applicable.

(b) *Direct Purchase Note Proceeds.* The proceeds of the sale of any Direct Purchase Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by an Authorized Representative:

(i) Proceeds shall first be used for the payment of outstanding Direct Purchase Notes at or prior to maturity and the payment in full of any amounts due under the Note Purchase Agreement shall be deposited to the Direct Purchase Payment Fund;

(ii) Proceeds not retained in the Direct Purchase Payment Fund as provided in subparagraph (i) above shall be transferred and deposited to the Note Construction Account and used and applied in accordance with the provisions of **Section 18**; and

(iii) Proceeds to be used for the payment of outstanding Priority Lien Obligations or Commercial Paper Notes shall be transferred to the appropriate account or fund established pursuant to the proceedings authorizing the issuance of the Priority Lien Obligations or outstanding Commercial Paper Notes, as applicable.

**SECTION 7: LIMITATION ON ISSUANCE.** Unless council amends the Ordinance in accordance with the provisions of **Section 35**, the City covenants that there will not be issued and outstanding at any time under the Ordinance more than \$100,000,000 in aggregate principal amount of Program Notes. For purposes of this **Section 7** any portion of outstanding Program Notes to be paid from money on deposit in the Note Payment Fund (in the case of Commercial Paper Notes) or the Direct Purchase Payment Fund (in the case of Direct Purchase Notes), and available proceeds of Program Notes or Bonds shall not be considered outstanding on that day. Any improvement or extension to the Systems to be funded with Program Notes must qualify as an Eligible Project, and the City shall not direct the Issuing and Paying Agent to issue Commercial Paper Notes that mature after the Maximum Maturity Date.

While the Revolving Credit Agreement is in effect and supports the payment of the principal amount of the Commercial Paper Notes, the City covenants and agrees that the total principal amount of all Commercial Paper Notes outstanding at

any one time and the total amount of interest accrued or to accrue on the Commercial Paper Notes shall not exceed the Commitment.

**SECTION 8: PUNCTUAL PAYMENT.** The City will punctually pay or cause to be paid the principal of and interest on the Program Notes and the Bank Note (but only from the sources pledged by the Ordinance), in conformity with the Program Notes, the Ordinance, the Revolving Credit Agreement or the Note Purchase Agreement, as applicable.

**SECTION 9: PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Whenever under the terms of the Ordinance or the Program Notes, the performance date of any of their provisions, including the payment of principal of or interest on the Program Notes, shall occur on a day other than a Business Day, then performance, including the payment of principal of and interest on the Program Notes, need not be made on that day but may be performed or paid on the next succeeding Business Day with the same force and effect as if made on that day.

**SECTION 10: FORM OF PROGRAM NOTES.**

(a) *Commercial Paper Notes.* The Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the form set forth in **Exhibit A**, with appropriate insertions, omissions, substitutions and other variations as are permitted or required by the Ordinance, and may have letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and legends and endorsements as may be approved by an Authorized Representative. The Commercial Paper Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

If Commercial Paper Notes are issued in book-entry only form pursuant to **Section 3A**, they shall be issued in the form of the Master Note approved by council pursuant to the Ordinance, to which there shall be attached the form of Commercial Paper Note as prescribed above, and council declares that the provisions of the Commercial Paper Note are incorporated into and shall be a part of the Master Note. Council declares that the Ordinance and the form of Commercial Paper Note shall constitute the "underlying records" referred to in the Master Note. Notwithstanding the provisions of **Section 11**, the Master Note may be executed on behalf of the City with the manual signature of the City Manager or the Chief Financial Officer of the City.

(b) *Direct Purchase Notes.* The Direct Purchase Notes and the Certificate of Authentication to appear on each of the Direct Purchase Notes shall be

797 substantially in the form set forth in Exhibit B, with appropriate insertions,  
798 omissions, substitutions and other variations as are permitted or required by the  
799 Ordinance, and may have letters, numbers or other marks of identification  
800 (including identifying numbers and letters of the Committee on Uniform Securities  
801 Identification Procedures of the American Bankers Association) and legends and  
802 endorsements as may be approved by an Authorized Representative. The Direct  
803 Purchase Notes shall be printed, lithographed, or engraved or produced in any  
804 other similar manner, or typewritten, all as determined and approved by an  
805 Authorized Representative.

806  
807 **SECTION 11: EXECUTION - AUTHENTICATION.** Under authority  
808 granted by Section 1371.055, Texas Government Code, the Program Notes shall be  
809 executed on behalf of the City by the Mayor, and attested by the City Clerk under  
810 its seal reproduced or impressed thereon, all as provided in **Section 10** (or in case  
811 of the Master Note and the Bank Note, executed on behalf of the City by the City  
812 Manager or the Chief Financial Officer of the City). The signatures appearing on  
813 the Program Notes (including the Master Note) may be manual or facsimile.  
814 Program Notes bearing the manual or facsimile signatures of individuals who are  
815 or were the proper officers of the City on the date of passage of the Ordinance are  
816 duly executed on behalf of the City, regardless of whether any individual ceases to  
817 hold office at the time of the initial sale and delivery of Program Notes or at the  
818 time Program Notes are delivered in future sales, exchanges and transfers, all as  
819 authorized and provided in Section 1371.055 and Chapter 1206, Texas  
820 Government Code.

821  
822 No Commercial Paper Note shall be entitled to any right or benefit under the  
823 Ordinance, or be valid or obligatory for any purpose, unless there appears on the  
824 Commercial Paper Note a certificate of authentication executed by the Paying  
825 Agent/Registrar by manual signature, or, in the case of the Master Note, the Paying  
826 Agent/Registrar has executed the Master Note, and the execution of any  
827 Commercial Paper Note by the Paying Agent/Registrar is the only evidence  
828 necessary for the Commercial Paper Note to be duly certified or registered and  
829 delivered.

830  
831 No Direct Purchase Note shall be entitled to any right or benefit under the  
832 Ordinance, or be valid or obligatory for any purpose, unless there appears on the  
833 Direct Purchase Note a certificate of authentication executed by the Note Paying  
834 Agent by manual signature, and the execution of any Direct Purchase Note by the  
835 Note Paying Agent is the only evidence necessary for the Direct Purchase Note to  
836 be duly certified or registered and delivered.

837  
838 **SECTION 12: NOTES MUTILATED, LOST, DESTROYED OR**  
839 **STOLEN.** If any Program Note shall become mutilated, the City, at the expense

of the Holder of the Program Note, shall execute and deliver a new Program Note of like tenor and number in exchange and substitution for the Program Note so mutilated, but only upon surrender to the City of the Program Note so mutilated. If any Program Note shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the City and, if evidence be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a new Program Note of like tenor in lieu of and in substitution for the lost, destroyed or stolen Program Note. Neither the City nor the Paying Agent/Registrar, in the case of a Commercial Paper Note, or the Note Paying Agent, in the case of a Direct Purchase Note, shall be required to treat both the original Program Note and any duplicate Program Note as being outstanding for the purpose of determining the principal amount of Program Notes which may be issued hereunder, but both the original and the duplicate Program Note shall be treated as one and the same.

**SECTION 13: NEGOTIABILITY, REGISTRATION AND EXCHANGEABILITY.** The obligations issued under the Ordinance, including the Bank Note, shall be, and shall have all of the qualities and incidents of, a negotiable instrument under the laws of the State of Texas, and each successive Holder, in accepting any obligation, agrees that the obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

The Registration Books relating to the registration, payment and transfer or exchange of the Commercial Paper Notes shall at all times be kept and maintained by the City at the Designated Office of the Registrar, and the Registrar shall obtain, record and maintain in the Registration Books the name and address of each registered owner of the Commercial Paper Notes, except for Commercial Paper Notes registered to bearer, issued under the Ordinance, and the Registrar shall provide the information to the City as described in **Section 3A**. Any Commercial Paper Note may, in accordance with its terms and the terms of the Ordinance, be transferred or exchanged for Commercial Paper Notes of like tenor and character and in Authorized Denominations upon the Registration Books by the Holder in person or by its duly authorized agent, upon surrender of the Commercial Paper Note to the Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by its duly authorized agent, in form satisfactory to the Registrar.

Upon surrender for transfer of any Commercial Paper Note at the Designated Office of the Registrar, the Registrar shall register and deliver, in the name of each designated transferee (or to bearer, as appropriate), one or more new Commercial Paper Notes executed on behalf of, and furnished by, the City of like tenor and character and in Authorized Denominations and having the same maturity, bearing

881 interest at the same rate or rates and of a like aggregate principal amount as the  
882 Commercial Paper Note or Commercial Paper Notes surrendered for transfer.

883  
884 Commercial Paper Notes may be exchanged for other Commercial Paper  
885 Notes of like tenor and character and of Authorized Denominations and having the  
886 same maturity, bearing the same rate or rates of interest and of like aggregate  
887 principal amount as the Commercial Paper Notes surrendered for exchange, upon  
888 surrender of the Commercial Paper Notes to be exchanged at the Designated Office  
889 of the Registrar. Whenever any Commercial Paper Notes is surrendered for  
890 exchange, the Registrar shall register and deliver new Commercial Paper Notes of  
891 like tenor and character as the Commercial Paper Notes exchanged, executed on  
892 behalf of, and furnished by, the City to the Holder requesting the exchange.

893  
894 The City and the Registrar may charge the Noteholder a sum sufficient to  
895 reimburse them for any expenses incurred in making any exchange or transfer after  
896 the first exchange or transfer. The Registrar or the City may also require payment  
897 from the Holder of a sum sufficient to cover any tax, fee or other governmental  
898 charge that may be imposed in relation thereto. These charges and expenses shall  
899 be paid before a new Commercial Paper Note shall be delivered.

900  
901 New Commercial Paper Notes delivered upon any transfer or exchange shall  
902 be valid obligations of the City, evidencing the same debt as the Commercial Paper  
903 Notes surrendered, shall be secured by the Ordinance and shall be entitled to all of  
904 the security and benefits of the Ordinance to the same extent as the Commercial  
905 Paper Notes surrendered.

906  
907 The City reserves the right to change the registration and transferability  
908 provisions of the Commercial Paper Notes at any time on or prior to the delivery of  
909 Commercial Paper Notes in order to comply with applicable laws and regulations  
910 of the United States in effect at the time of their issuance.

911  
912 The Note Paying Agent shall maintain the Registration Books for the Direct  
913 Purchase Notes in the manner provided in the Note Paying Agent Agreement.

914  
915 **SECTION 14: CANCELLATION.** All Commercial Paper Notes which at  
916 maturity are surrendered to the Paying Agent/Registrar for the collection of the  
917 principal and interest due and payable or are surrendered for transfer or exchange  
918 pursuant to the provisions of the Ordinance shall be cancelled by the Paying  
919 Agent/Registrar, and the Paying Agent/Registrar shall transmit to the City a  
920 certificate identifying the Commercial Paper Notes that have been duly cancelled  
921 and destroyed.

923 All Direct Purchase Notes which at maturity are surrendered to the Note  
924 Paying Agent for the collection of the principal and interest due and payable or are  
925 surrendered for transfer or exchange pursuant to the provisions of the Ordinance  
926 shall, upon payment or issuance of new Direct Purchase Notes, be cancelled by the  
927 Note Paying Agent, and the Note Paying Agent shall transmit to the City a  
928 certificate identifying the Direct Purchase Notes that have been duly cancelled and  
929 destroyed.

930  
931 **SECTION 15: FISCAL AND OTHER AGENTS.** The City may from time  
932 to time appoint and provide for the payment of additional fiscal, paying or other  
933 agents and trustees as council determines are necessary or appropriate in  
934 connection with the Program Notes.

935 **SECTION 16: NOTE PAYMENT FUND.** The creation, establishment and  
936 maintenance of a separate and special fund designated as the "**City of Austin,**  
937 **Texas Combined Utility Systems Taxable Program Notes, Commercial Paper**  
938 **Sub-Series Note Payment Fund**" (Note Payment Fund) with the Issuing and  
939 Paying Agent is confirmed. Moneys on deposit in the Note Payment Fund shall be  
940 used to pay principal of and interest on Commercial Paper Notes as the same shall  
941 become due and payable as provided in the Ordinance and to repay any Advances  
942 and any other obligations of the City to the Bank under the Revolving Credit  
943 Agreement (evidenced by the Bank Note). Amounts remaining in the Note  
944 Payment Fund not then necessary for the payment of Commercial Paper Notes or  
945 the repayment of Advances may be transferred to the Note Construction Account  
946 (created pursuant to **Section 18**) at the request of an Authorized Representative;  
947 provided, that if any amount is due and payable under the Bank Note or the  
948 Revolving Credit Agreement, no amounts shall be transferred to the Note  
949 Construction Account without the prior written consent of the Bank.

950 Additionally all proceeds of Advances shall be deposited into the Note  
951 Payment Fund and used to pay the principal of and interest on the Commercial  
952 Paper Notes.

953  
954 Pending the expenditure of moneys in the Note Payment Fund for authorized  
955 purposes, moneys deposited therein may be invested at the direction of the City  
956 Treasurer or the designee thereof in Eligible Investments; provided, that moneys  
957 received by the City under the terms of the Revolving Credit Agreement and  
958 moneys received in connection with a rollover of Commercial Paper Notes shall  
959 remain uninvested.

960  
961 **SECTION 17: DIRECT PURCHASE PAYMENT FUND.** The creation,  
962 establishment and maintenance on the records of the City of a separate and special  
963 fund designated as the "**City of Austin, Texas Combined Utility Systems**



**Taxable Program Notes, Direct Purchase Sub-Series Payment Fund"** (Direct Purchase Payment Fund) is confirmed. Moneys on deposit in the Direct Purchase Payment Fund shall be used to pay principal of and interest on Direct Purchase Notes as the same shall become due and payable as provided in the Ordinance and the Note Purchase Agreement. The City agrees that it will timely transfer funds to the Note Paying Agent in amounts sufficient to pay the interest on and principal of the Direct Purchase Notes when due, no later than the date payment of principal and interest is due and payable. Amounts remaining in the Direct Purchase Payment Fund not then necessary for the payment of Direct Purchase Notes may be transferred to the Note Construction Account at the request of an Authorized Representative.

Pending the expenditure of moneys in the Direct Purchase Payment Fund for authorized purposes, moneys deposited therein may be invested at the direction of the City Treasurer or the designee thereof in Eligible Investments.

**SECTION 18: NOTE CONSTRUCTION ACCOUNT.** The creation, establishment and maintenance of a separate account designated as the "**City of Austin, Texas Combined Utility Systems Taxable Program Notes Note Construction Account**" (Note Construction Account) is confirmed. The Note Construction Account shall be held by the City with the City's depository bank, currently JPMorgan Chase Bank, National Association. The City shall account for moneys deposited into the Note Construction Account from Commercial Paper Notes and Direct Purchase Notes issued. Moneys deposited in the Note Construction Account shall be expended to pay for Project Costs, and to refund Priority Lien Obligations or Program Notes issued in connection with Eligible Projects, and shall not be used for any other purpose, except as provided below, and pending their expenditure, moneys therein may be invested at the direction of the City Treasurer of the City or her designee in Eligible Investments. Any investment income received shall be deposited, as received, into the Electric Fund or the Water and Sewer Fund established by ordinances authorizing the issuance of the Subordinate Lien Bonds and shall not be considered an amount held in the Note Construction Account.

Amounts on deposit in the Note Construction Account funded with proceeds of Commercial Paper Notes and designated by an Authorized Representative as eligible to pay interest during construction and up to one year after construction is completed may be transferred from time to time at the direction of an Authorized Representative to the credit of the Note Payment Fund for use in accordance with the terms of **Section 16**. Any amounts that were funded with the proceeds of Commercial Paper Notes remaining in the Note Construction Account after the payment of all Project Costs shall be paid into the Note Payment Fund and used either for the payment of the maturities of the Commercial Paper Notes coming

1004 due as may be selected by an Authorized Representative or for the payment of  
1005 Advances or other amounts owing under the Agreement. In the event no  
1006 Commercial Paper Notes are Outstanding and there are no outstanding Advances  
1007 or other amounts owing under the Agreement, any amounts in the Note  
1008 Construction Account that were originally provided from the proceeds of  
1009 Commercial Paper Notes not anticipated to be needed to pay Project Costs shall be  
1010 transferred to the debt service fund established for the payment of the Bonds, when  
1011 issued.

1012 Amounts on deposit in the Note Construction Account funded with proceeds  
1013 of Direct Purchase Notes and designated by an Authorized Representative as  
1014 eligible to pay interest during construction and up to one year after construction is  
1015 completed may be transferred from time to time at the direction of an Authorized  
1016 Representative to the credit of the Direct Purchase Payment Fund for use in  
1017 accordance with the terms of **Section 17**. Any amounts that were funded with the  
1018 proceeds of Direct Purchase Notes remaining in the Note Construction Account  
1019 after the payment of all Project Costs shall be paid into the Direct Purchase  
1020 Payment Fund and used for the payment of the maturities of the Direct Purchase  
1021 Notes coming due as may be selected by an Authorized Representative. In the  
1022 event no Direct Purchase Notes are Outstanding, any amounts in the Note  
1023 Construction Account that were originally funded from the proceeds of Direct  
1024 Purchase Notes not anticipated to be needed to pay Project Costs shall be  
1025 transferred to the debt service fund established for the payment of the Bonds, when  
1026 issued.

1027 **SECTION 19: PLEDGE; PAYMENTS.** The Program Notes and any  
1028 obligations of the City to the Bank under the Revolving Credit Agreement (including  
1029 the Bank Note), the Note Purchase Agreement and the Fee Letter are obligations of  
1030 the City payable from and secured solely by the pledged funds pursuant to the  
1031 Ordinance. The City agrees to make payments into the Note Payment Fund and the  
1032 Direct Purchase Payment Fund at the times and in the amounts as are necessary to  
1033 provide for the full payment of the principal of and the interest on the Commercial  
1034 Paper Notes and the Direct Purchase Notes, as the case may be, when due, and the  
1035 repayment of Advances made under and pursuant to the Revolving Credit  
1036 Agreement and any obligations of the City to the Bank under the Revolving Credit  
1037 Agreement, the Note Purchase Agreement and the Fee Letter.

1038  
1039 To provide security for the payment of the principal of and interest on the  
1040 Commercial Paper Notes as the same shall become due and payable, the City grants  
1041 a lien on, charge and pledge of, subject only to the provisions of the Ordinance  
1042 permitting the application of the sources listed for purposes and on the terms and  
1043 conditions set forth in the Ordinance, (i) the proceeds from (a) the sale of bonds  
1044 issued and to be used to pay outstanding Commercial Paper Notes and (b) the sale of

1045 Commercial Paper Notes issued pursuant to the Ordinance and to be used to refund  
1046 outstanding Commercial Paper Notes, (ii) Advances, (iii) the amounts held in the  
1047 Note Payment Fund until those amounts are used for authorized purposes, (iv) the  
1048 Pledged Revenues of the Systems, however, (a) on a parity with the lien and pledge  
1049 securing the payment of the Direct Purchase Notes, the Tax-Exempt Program Notes  
1050 and the Tax-Exempt Advances and the lien and pledge securing the payment of  
1051 Advances made under and pursuant to the Revolving Credit Agreement and all other  
1052 amounts payable by the City under the Revolving Credit Agreement (including the  
1053 Bank Note), and (b) subordinate to the lien on and pledge securing the payment of  
1054 Priority Lien Obligations, and (v) the amounts remaining on deposit in the Note  
1055 Construction Account after the payment of all Project Costs. Council declares that  
1056 the principal of and interest on the Commercial Paper Notes, the Bank Note and any  
1057 other amounts due under the Revolving Credit Agreement shall be and are hereby  
1058 equally and ratably secured by and payable from a lien on, charge and pledge of the  
1059 sources identified in clauses (i), (ii), (iii), (iv) and (v) subject and subordinate only to  
1060 the exceptions noted above.

1061  
1062 To provide security for the payment of the principal of and interest on  
1063 Advances and any other amounts payable under the Revolving Credit Agreement  
1064 and the Fee Letter as the same shall become due and payable, the City grants a lien  
1065 on and pledge of the Pledged Revenues, subject only to the provisions of the  
1066 Ordinance permitting the application of Pledged Revenues for purposes and on the  
1067 terms and conditions set forth in the Ordinance; however, this lien on and pledge of  
1068 the Pledged Revenues, and the lien and pledge securing the Program Notes, the  
1069 Tax-Exempt Program Notes and the Tax-Exempt Advances is subordinate only to  
1070 the lien on, charge and pledge of the Pledged Revenues securing the payment of  
1071 Priority Lien Obligations and the debt service and reserve funds relating to the  
1072 Priority Lien Obligations, and being on a parity and of equal dignity with the lien  
1073 and pledge securing the payment of the Program Notes, the Tax-Exempt Program  
1074 Notes and the Tax-Exempt Advances. It is ordained that the payment obligations  
1075 under the Bank Note are secured by a lien on, charge and pledge of Pledged  
1076 Revenues, and as provided in Chapter 1208, Texas Government Code, the lien is  
1077 valid, binding and fully perfected on the passage of the Ordinance without physical  
1078 delivery or transfer of control of the Pledged Revenues, the filing of the Ordinance  
1079 or any other act.

1080  
1081 To provide security for the payment of the principal of and interest on the  
1082 Direct Purchase Notes as the same shall become due and payable, the City grants a  
1083 lien on, charge and pledge of, subject only to the provisions of the Ordinance  
1084 permitting the application of the sources listed for purposes and on the terms and  
1085 conditions set forth in the Ordinance, (i) the proceeds from (a) the sale of bonds  
1086 issued and to be used to pay outstanding Direct Purchase Notes and (b) the sale of  
1087 Direct Purchase Notes issued pursuant to the Ordinance and to be used to refund

1088 outstanding Direct Purchase Notes, (ii) the amounts held in the Direct Purchase  
1089 Payment Fund until those amounts are used for authorized purposes, (iii) the  
1090 Pledged Revenues of the Systems, however, (a) on a parity with the lien and  
1091 pledge securing the payment of the Commercial Paper Notes, the Taxable Program  
1092 Notes and the Taxable Advances and the lien and pledge securing the payment of  
1093 Advances made under and pursuant to the Revolving Credit Agreement and all  
1094 other amounts payable by the City under the Revolving Credit Agreement, and (b)  
1095 subordinate to the lien on, charge and pledge securing the payment of Priority Lien  
1096 Obligations, and (iv) the amounts remaining on deposit in the Note Construction  
1097 Account after the payment of all Project Costs. Council declares that the principal  
1098 of and interest on the Direct Purchase Notes shall be and are hereby equally and  
1099 ratably secured by and payable from a lien on and pledge of the sources identified  
1100 in clauses (i), (ii), (iii) and (iv) subject and subordinate only to the exceptions  
1101 noted above.

1102  
1103 Consistent with the provisions of **Section 27**, the City intends to refinance  
1104 Program Notes issued from time to time pursuant to the terms of the Ordinance  
1105 through the issuance of refunding bonds issued under authority of Chapter 1207,  
1106 Texas Government Code, and the Program Notes so refunded shall be treated as  
1107 having the intended terms and payment schedule of the refunding bonds issued  
1108 under Chapter 1207, Texas Government Code, as provided in Section 1371.057(c),  
1109 Texas Government Code.

1110  
1111 Chapter 1208, Texas Government Code, applies to the issuance of the  
1112 Program Notes and the pledge of the Pledged Revenues granted by the City, and the  
1113 pledge is valid, effective and perfected. If Texas law is amended at any time while  
1114 the Program Notes or the Bank Note are outstanding or any amount is owing under  
1115 the Revolving Credit Agreement, the Note Purchase Agreement or the Fee Letter  
1116 such that the pledge of the Pledged Revenues granted by the City is to be subject to  
1117 the filing requirements of Chapter 9, Texas Business & Commerce Code, then to  
1118 preserve to the Noteholders and the Bank the perfection of the security interest in  
1119 the pledge, the City agrees to take measures as it determines are reasonable and  
1120 necessary under Texas law to comply with the applicable provisions of Chapter 9,  
1121 Texas Business & Commerce Code, and enable a filing to perfect the security  
1122 interest in the pledge to occur.

1123  
1124 **SECTION 20: FUNDS SECURED.** Moneys in all funds and accounts, to  
1125 the extent not invested, shall be secured in the manner prescribed by law for  
1126 securing moneys of the City.

1127  
1128 **SECTION 21: REVOLVING CREDIT AGREEMENT.** The Revolving  
1129 Credit Agreement and the Fee Letter, substantially in the forms on file with the  
1130 City, are approved, and shall be entered into with the Bank. Upon the approval by

the City Attorney, evidenced by executing the Revolving Credit Agreement, the City Manager is authorized to execute and deliver the Revolving Credit Agreement, the Fee Letter and the Related Documents (as defined in the Revolving Credit Agreement), and the City Clerk or Deputy City Clerk is authorized to place the City seal on these instruments.

The City reserves the right to issue Commercial Paper Notes without credit or liquidity support, as provided in **Section 22(b)**.

**SECTION 22: MAINTENANCE OF AVAILABLE CREDIT AND LIQUIDITY FACILITIES REQUIREMENT.** (a) Except as provided in **Section 22(b)**, the City covenants that at all times up to and including the Maximum Maturity Date, unless the Commercial Paper Notes are no longer outstanding, it will maintain credit or liquidity facilities with banks, assuming that all then outstanding Commercial Paper Notes were to become due and payable immediately, in amounts available for borrowing under the credit or liquidity facilities sufficient at that time to pay principal of and interest on all Commercial Paper Notes, as and when due. No Commercial Paper Note shall be issued if after giving effect to its issuance and, if applicable, the immediate application of its proceeds to retire other Commercial Paper Notes secured by the credit or liquidity facility, the aggregate principal amount of all Commercial Paper Notes secured by the credit or liquidity facility would exceed the amount of the Commitment under the related credit or liquidity facility. The availability for borrowing of amounts under the credit or liquidity facilities may be subject to reasonable conditions precedent, including, but not limited to, bankruptcy of the City. In furtherance of this covenant, the City agrees that it will not issue any Commercial Paper Notes or make any borrowings which will result in a violation of the covenant, will not amend the Revolving Credit Agreement in a manner which will cause a violation of this covenant and, if and to the extent necessary to maintain compliance with this covenant, will arrange for new credit or liquidity facilities.

(b) The provisions of **Section 22(a)** notwithstanding, council may amend the Ordinance, in accordance with the provisions of **Section 35**, to provide that Commercial Paper Notes issued under authority of the Ordinance may be issued without support of liquidity and/or credit facilities. To exercise the authority reserved by this **Section 22(b)**, the City shall provide written notice to the Dealer, the Issuing and Paying Agent and the Rating Agencies (as defined in the Issuing and Paying Agent Agreement) of council's determination to amend the Ordinance to permit Commercial Paper Notes to be issued without liquidity and/or credit support. This notice shall be provided no later than ninety (90) days prior to the proposed date council is to consider for adoption an ordinance amending the Ordinance for the purpose described in this **Section 22(b)**. The City shall cause written notice to be provided to the Noteholders no less than fifteen (15) days prior

to the date council enacts the amendatory ordinance. No amendatory ordinance shall be adopted if, on or before the date council considers the amendatory ordinance, the ratings to be assigned to the Commercial Paper Notes not being supported by a liquidity and/or credit facility are lower than A-1 or its equivalent. Commercial Paper Notes issued under the Ordinance with liquidity and/or credit facility support shall be retired in full either through the issuance of Bonds or with the proceeds of Commercial Paper Notes issued without the support of a liquidity and/or credit facility.

**SECTION 23: EQUAL SECURITY.** The pledge made in the Ordinance by the City and the covenants and agreements set forth in the Ordinance to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Holders of the Program Notes and the Bank (with respect to the Bank Note), without preference, priority or distinction as to security or otherwise of any of the Program Notes or the Bank Note authorized by the Ordinance over any of the others by reason of time of issuance, sale or maturity or otherwise for any cause, except as expressly provided in or permitted by the Ordinance or, with respect to Advances, the Revolving Credit Agreement.

**SECTION 24: APPLICATION OF PRIOR COVENANTS.** The covenants and agreements (to the extent the same do not conflict with the covenants and agreements in the Ordinance) contained in the ordinances authorizing the issuance of the Priority Lien Obligations are incorporated by reference into the Ordinance and are for the benefit and protection of the Bank and its rights under and pursuant to the Revolving Credit Agreement and the Note Purchase Agreement in like manner as applicable to the Priority Lien Obligations; provided, however, in the event of any conflict between the terms, covenants and agreements contained in the Ordinance and the terms, covenants and agreements contained in the ordinances authorizing the issuance of the Priority Lien Obligations, the provisions of the ordinances authorizing the issuance of the Priority Lien Obligations shall control.

**SECTION 25: RATES AND CHARGES.** The City hereby agrees and reaffirms its covenants to the holders of the Priority Lien Obligations and covenants to the Bank that it will at all times maintain rates and charges for the services furnished, provided, and supplied by the Electric Light and Power System and the Waterworks and Sewer System which shall comply with the provisions of ordinances authorizing the issuance of the Priority Lien Obligations, be reasonable and non-discriminatory and produce Gross Revenues in each Fiscal Year from each of the Systems sufficient:

- (1) To pay the respective system's Maintenance and Operating Expenses,

1215 (2) To produce Net Revenues of the Systems, collectively or individually,  
1216 as the case may be, sufficient (i) to pay the amounts required to be deposited in any  
1217 reserve or contingency fund and interest and sinking fund maintained for the  
1218 payment and security of the Priority Lien Obligations and (ii) to satisfy any annual  
1219 debt service coverage requirement specified in the ordinances authorizing the  
1220 issuance of Priority Lien Obligations.

1221  
1222 (3) To comply with any provisions contained in the Revolving Credit  
1223 Agreement and the Note Purchase Agreement and to the extent the same are  
1224 incurred or reasonably anticipated to be paid with Pledged Revenues, to pay the  
1225 interest on and principal of the Similarly Secured Notes or the repayment of  
1226 Advances or the Bank Note or the Direct Purchase Notes and any other amounts  
1227 payable to the Bank under the Revolving Credit Agreement, the Note Purchase  
1228 Agreement and the Fee Letter as and when the same shall become due; and

1229  
1230 (4) any other legal debt or obligation of the Systems, either or both, as  
1231 and when the same shall become due.

1232 **SECTION 26: SYSTEM FUNDS.** The City reaffirms its covenants to the  
1233 holders of the Priority Lien Obligations, and covenants to the Holders of the  
1234 Program Notes and to the Bank, as follows:

1235  
1236 (a) Gross Revenues of the Electric Light and Power System shall be, as  
1237 collected, deposited into a separate account maintained with a depository bank of  
1238 the City and known as the "Electric Light and Power System Fund" (Electric Fund)  
1239 and Gross Revenues of the Electric Light and Power System shall be kept separate  
1240 and apart from all other funds of the City. All revenues deposited in the Electric  
1241 Fund shall be pledged and appropriated to the extent required for the following  
1242 uses and order of priority:

1243  
1244 **FIRST:** To the payment of all necessary and reasonable Maintenance and  
1245 Operating Expenses of the Electric Light and Power System, and expenses  
1246 required by statute to be a first charge on and claim against its Gross Revenues.

1247  
1248 **SECOND:** To the payment of the amounts required to be deposited in the  
1249 special funds or accounts created for the payment and security of the Priority Lien  
1250 Obligations in accordance with the provisions of the ordinances authorizing the  
1251 issuance of the Priority Lien Obligations.

1252  
1253 **THIRD:** On a pro rata basis, to the payment of the amounts required to be  
1254 deposited in the Note Payment Fund, the Direct Purchase Payment Fund and the  
1255 debt service payment funds established for the Tax-Exempt Program Notes, to the  
1256 extent the principal of and interest on the Commercial Paper Notes, as the same

becomes due and payable, are not paid with Advances, and for the payment of the principal of and interest on Advances, if any.

(b) Gross Revenues of the Waterworks and Sewer System shall be, as collected, deposited into a separate account maintained with a depository bank of the City and known as the "Water and Sewer System Fund" (Water and Sewer Fund) and Gross Revenues of the Waterworks and Sewer System shall be kept separate and apart from all other funds of the City. All revenues deposited in the Water and Sewer Fund shall be pledged and appropriated to the extent required for the following uses and order of priority:

FIRST: To the payment of all necessary and reasonable Maintenance and Operating Expenses of the Waterworks and Sewer System, and expenses required by statute to be a first charge on and claim against its Gross Revenues.

SECOND: To the payment of the amounts required to be deposited in the special funds or accounts created for the payment and security of the Priority Lien Obligations in accordance with the provisions of the ordinances authorizing the issuance of the Priority Lien Obligations.

THIRD: On a pro rata basis, to the payment of the amounts required to be deposited in the Note Payment Fund, the Direct Purchase Payment Fund and the debt service payment funds established for the Tax-Exempt Program Notes, to the extent, with respect to amounts required to be deposited in the Note Payment Fund, the principal of and interest on the Commercial Paper Notes, as the same becomes due and payable, are not paid with Advances, and for the payment of the principal of and interest on Advances, if any.

(c) Any Net Revenues remaining in the Electric Fund or the Water and Sewer Fund after satisfying the priority payments, or making adequate and sufficient provision for their payment, and after paying all other amounts due under the Revolving Credit Agreement, the Note Purchase Agreement and the Fee Letter, may be appropriated and used for any other City purpose permitted by law.

**SECTION 27: BONDS.** The City hereby acknowledges that the Program Notes are being issued as bond anticipation notes, and the City in good faith shall endeavor to sell a sufficient principal amount of Bonds in order to have funds available, together with other available moneys, to pay the principal and interest on the Program Notes, or any renewals of the Program Notes (including the Bank Note), as the same shall become due, and any other amounts due under the Agreement, the Note Purchase Agreement and the Fee Letter. The City does not



reasonably expect to pay the principal and interest on the Program Notes (including the Bank Note) with Pledged Revenues.

**SECTION 28: COMPLIANCE WITH PRIORITY LIEN OBLIGATION ORDINANCES AND OTHER DOCUMENTS.** The City will comply with the terms and provisions of the ordinances authorizing the Priority Lien Obligations, and any other ordinance or contract to which the City is a party, the non-compliance with which would materially adversely affect the ability of the City to make payments on the Program Notes and the Bank Note when due.

**SECTION 29: PROGRAM NOTES NOT TAX EXEMPT.** The Program Notes are not obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation.

**SECTION 30: ONGOING CONTINUING DISCLOSURE COVENANT.** To the extent required by the provisions of Rule 15c2-12 (Rule) promulgated by the U.S. Securities and Exchange Commission, the City agrees to enter into an agreement to file financial information and operating data with respect to the Commercial Paper Notes with the Electronic Municipal Marketplace Access (EMMA) system administered by the MSRB. The City agrees to provide the Bank a written copy of the City's continuing disclosure undertaking filings in connection with its Separate Lien Obligations that it files with the MSRB.

**SECTION 31: EVENTS OF DEFAULT.** If one or more of the following events shall occur:

(a) if default in the due and punctual payment of any installment of principal of and interest on any Program Note occurs, when and as the same shall become due and payable, whether at maturity or otherwise;

(b) an "Event of Default" shall have occurred and be continuing under the Revolving Credit Agreement;

(c) (i) an "Event of Default" as defined in the Tax-Exempt Agreement shall have occurred and be continuing under the Tax-Exempt Agreement; or (ii) an "Event of Default" as defined in the Tax-Exempt Note Purchase Agreement shall have occurred and be continuing under the Tax-Exempt Note Purchase Agreement;

(d) an "Event of Default" shall have occurred and be continuing under the Note Purchase Agreement and notice, if required under the terms of the Note Purchase Agreement, of the event shall have been furnished to the City by the Bank;

1342  
1343 (e) if default by the City in the performance or observance of any other of  
1344 the covenants, agreements or conditions on its part in the Ordinance or in the  
1345 Commercial Paper Notes occurs, and the default shall continue for a period of sixty  
1346 (60) days after written notice has been received by the City from the Bank, a  
1347 Holder of the Program Notes, the Dealer or the Issuing and Paying Agent;  
1348 provided, however, if the default cannot be cured within the sixty (60) day period  
1349 but corrective action to cure the default is commenced and diligently pursued by  
1350 the City until the default is corrected, the default shall not be an Event of Default;  
1351 and provided, further, that so long as the Agreement is in effect and the Bank has  
1352 not failed to honor a properly presented and conforming request for an Advance  
1353 under the Agreement, no Event of Default shall be deemed to have occurred under  
1354 this clause (d) unless the notice provided above to the City has been consented to  
1355 in writing by the Bank;

1356  
1357 (f) if there shall occur the dissolution (without a successor being named  
1358 to assume the rights and obligations) or liquidation of the City or the filing by the  
1359 City of a voluntary petition in bankruptcy, or adjudication of the City as a  
1360 bankrupt, or assignment by the City for the benefit of its creditors, or the entry by  
1361 the City into an agreement of composition with its creditors, or the approval by a  
1362 court of competent jurisdiction of a petition applicable to the City in any  
1363 proceeding for the adjustment of its debts instituted under the provisions of the  
1364 Bankruptcy Code, as amended, or under any similar act in any jurisdiction which  
1365 may is in effect or enacted; or

1366  
1367 (g) if an order or decree shall be entered, with the consent or  
1368 acquiescence of the City, appointing a receiver or receivers of the Systems, or any  
1369 part of the Systems, or of the rents, fees, charges or other revenues of the Systems,  
1370 or if an order or decree, having been entered without the consent or acquiescence  
1371 of the City shall not be vacated or discharged or stayed within ninety (90) days of  
1372 its entry;

1373  
1374 then any event described above is an "Event of Default" under the Ordinance.

1375  
1376 **SECTION 32: SUITS AT LAW OR IN EQUITY AND MANDAMUS.**  
1377 In case any Event of Default occurs, then the Bank and the Holder of any Program  
1378 Note at the time outstanding is entitled to proceed to protect and enforce its rights  
1379 by appropriate judicial proceeding as the Holder or the Bank, respectively,  
1380 determines most effectual to protect and enforce its rights, either by suit in equity  
1381 or by action at law, whether for the specific performance of any covenant or  
1382 agreement contained in the Ordinance, or in aid of the exercise of any power  
1383 granted in the Ordinance, or to enforce any other legal or equitable right vested in  
1384 the Holders of any Program Notes by the Ordinance or the Program Notes or by

law. The duties of the City shall be enforceable by any Noteholder or the Bank, respectively, by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

**SECTION 33: REMEDIES NOT EXCLUSIVE.** No remedy conferred upon or reserved to the Bank or the Holders of Program Notes by the Ordinance is intended to be exclusive of any other remedy, and every remedy shall be cumulative, and may be exercised at any time or from time to time, and as often as may be necessary, by the Bank or the Holder of any one or more of the Program Notes.

**SECTION 34: SUPPLEMENTAL ORDINANCES.** Except as permitted by the Ordinance, including **Section 28**, with respect to the issuance or incurrence of additional obligations of the City secured by the Pledged Revenues, the City will not adopt any supplemental ordinances with respect to the Pledged Revenues, pursuant to the ordinances authorizing the issuance of Priority Lien Obligations or otherwise, without the prior written consent of the Bank.

**SECTION 35: AMENDMENTS OR MODIFICATIONS WITHOUT CONSENT OF HOLDERS OF PROGRAM NOTES.** The Ordinance and the rights and obligations of the City and of the Holders of Program Notes may be modified or amended at any time by a supplemental ordinance, subject to the provisions of the Revolving Credit Agreement and the Note Purchase Agreement, without notice to or the consent of any Holders, but only to the extent permitted by law, and, subject to the rights of the Bank and the Holders of the Program Notes:

(1) to add to the covenants and agreements of the City in the Ordinance, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City by the Ordinance;

(2) to increase the principal amount of Similarly Secured Notes that may be outstanding at any one time under the terms of the ordinances authorizing the issuance of Similarly Secured Notes, or to issue additional commercial paper notes under the Act; provided that, with respect to the Commercial Paper Notes, the City satisfies either (i) the requirements of **Section 22(a)** in providing liquidity or credit support with respect to the increased principal amount of Commercial Paper Notes authorized to be outstanding at any one time or (ii) the requirements of **Section 22(b)** to issue the increased principal amount of Commercial Paper Notes without liquidity and/or credit support;

(3) to cure any ambiguity or inconsistency, or to cure or correct any defective provision contained in the Ordinance, upon receipt by the City of an

1427 approving opinion of Bond Counsel, that the amendment is necessary or advisable,  
1428 and will more clearly express the intent of the Ordinance;

1429  
1430 (4) to effect changes council determines are necessary or advisable in  
1431 connection with exercising the authority reserved to the City in **Section 22(b)**; or

1432  
1433 (5) to supplement the security for the Program Notes, replace or provide  
1434 additional credit or liquidity facilities, make changes, modifications or  
1435 amendments as may be necessary or desirable in order to obtain the approval of the  
1436 Ordinance by the Attorney General of Texas, as required by **Section 43**, or to  
1437 obtain or maintain the granting of a rating on the Program Notes by a nationally  
1438 recognized municipal bond rating agency, or change the form of the Program  
1439 Notes, or make any other changes in the provisions that are necessary or desirable  
1440 and which shall not materially adversely affect the security, rights or interests of  
1441 the Bank or the Holders of the Program Notes;

1442  
1443 provided, however, that no amendment to the Ordinance or of the Program Notes is  
1444 permitted to:

1445 (A) Make any change in the maturity of any outstanding Program Notes or  
1446 the Bank Note;

1447  
1448 (B) Reduce the rate of interest borne by any outstanding Program Notes or  
1449 the Bank Note;

1450 (C) Reduce the amount of the principal payable on any outstanding  
1451 Program Notes or the Bank Note;

1452  
1453 (D) Modify the terms of payment of principal of or interest on the  
1454 outstanding Program Notes or the Bank Note, or impose any  
1455 conditions with respect to their payment;

1456  
1457 (E) Affect the security, rights or interests of the Bank or the Holders of  
1458 less than all of the outstanding Program Notes; or

1459  
1460 (F) Reduce or restrict the pledge made pursuant to **Section 19** for  
1461 payment of the Program Notes or the Bank Note;

1462  
1463 and provided, further, that no change, modification or amendment shall be made in  
1464 the Ordinance or become valid and effective (i) without the approval of the change,  
1465 modification or amendment by the Attorney General of the State of Texas, to the  
1466 extent required by the Act, and (ii) without the prior written consent of the Bank  
1467 (which, in the case of an amendment authorizing an increase in the principal

amount of Program Notes at any one time outstanding, shall mean the written consent of the Bank providing, as of the effective date of the authority to issue additional Program Notes in excess of the maximum principal amount of Program Notes then authorized at any one time to be outstanding, the liquidity or credit support, if any, required by **Section 22(a)**).

**SECTION 36: ADDITIONAL ACTIONS.** Any Authorized Representative, the Mayor, the City Clerk, and the other officers of the City, each are authorized, jointly and severally, to do any and all things and to execute and deliver any and all certificates, instruments and other documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Program Notes and to effectuate the purposes of the Ordinance, the Revolving Credit Agreement, the Fee Letter, the Dealer Agreement, the Issuing and Paying Agent Agreement, the Note Purchase Agreement, the Note Paying Agent Agreement and the Offering Memorandum. By passing the Ordinance, council authorizes the payment of the fees and expenses incurred and to be paid by the City in connection with the issuance, sale and delivery of the Program Notes and the execution and delivery of the Revolving Credit Agreement, the Fee Letter, the Dealer Agreement, the Note Purchase Agreement, the Note Paying Agent Agreement and the Issuing and Paying Agent Agreement, including, without limitation, fees of Rating Agencies.

**SECTION 37: LIMITATION OF BENEFITS WITH RESPECT TO THE ORDINANCE.** With the exception of the rights or benefits expressly conferred by the Ordinance, nothing expressed or contained in, or implied from the provisions of, the Ordinance or the Program Notes is intended or should be construed to confer upon or give to any person other than the City, the Holders of the Program Notes, the Bank, the Issuing and Paying Agent, and the parties to the Dealer Agreement and the Revolving Credit Agreement, any legal or equitable right, remedy or claim under or by reason of or in respect to the Ordinance or any of its covenants, conditions, stipulations, promises, agreements or provisions. The Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders of the Program Notes, the Issuing and Paying Agent, and the parties to the Dealer Agreement and the Revolving Credit Agreement.

**SECTION 38: [INTENTIONALLY OMITTED].**

**SECTION 39: ISSUING AND PAYING AGENT AGREEMENT; NOTE PAYING AGENT AGREEMENT; DEALER AGREEMENT; NOTE PURCHASE AGREEMENT.** (a) *Issuing and Paying Agent Agreement.* The Issuing and Paying Agent Agreement by and between the City and U.S. Bank Trust

Company, National Association, relating to the Commercial Paper Notes, substantially in the form on file with the City, is approved as to form and content, and, upon the approval of the City Attorney, whose approval shall be evidenced by executing the Issuing and Paying Agent Agreement, the City Manager is authorized to execute the Issuing and Paying Agent Agreement for and on behalf of the City, and the City Clerk or Deputy City Clerk is authorized to place the City seal on the Issuing and Paying Agent Agreement. Any Authorized Representative is hereby authorized to enter into any supplemental agreement with the Issuing and Paying Agent or with any successor Issuing and Paying Agent in order to implement the functions of the Issuing and Paying Agent or Registrar with respect to the Commercial Paper Notes. Any successor Issuing and Paying Agent shall be a financial institution of recognized national standing organized and existing under the laws of the United States of America or the State of Texas and which has trust powers. The successor Issuing and Paying Agent shall have assumed the duties of the Issuing and Paying Agent to be replaced before it shall be relieved of the obligation to perform the duties as Issuing and Paying Agent, and the successor Issuing and Paying Agent shall have executed an agreement substantially in the same form and substance as the Issuing and Paying Agent Agreement approved by the Ordinance.

(b) *Note Paying Agent Agreement.* The Note Paying Agent Agreement by and between the City and JPMorgan Chase Bank, National Association, relating to the Direct Purchase Notes, substantially in the form on file with the City, is approved as to form and content, and, upon the approval of the City Attorney, whose approval shall be evidenced by executing the Note Paying Agent Agreement, the City Manager is authorized to execute the Note Paying Agent Agreement for and on behalf of the City, and the City Clerk or Deputy City Clerk is authorized to place the City seal on the Note Paying Agent Agreement. Any Authorized Representative is hereby authorized to enter into any supplemental agreement with the Note Paying Agent or with any successor Note Paying Agent in order to implement the functions of the Note Paying Agent with respect to the Direct Purchase Notes. Any successor Note Paying Agent shall be a financial institution of recognized national standing organized and existing under the laws of the United States of America or the State of Texas and which has trust powers. The successor Note Paying Agent shall have assumed the duties of the Note Paying Agent to be replaced before it shall be relieved of the obligation to perform the duties as Note Paying Agent, and the successor Note Paying Agent shall have executed an agreement substantially in the same form and substance as the Note Paying Agent Agreement approved by the Ordinance.

(c) *Dealer Agreement.* Council confirms the appointment of J.P. Morgan Securities LLC to serve as the dealer for the Commercial Paper Notes (Dealer). The Dealer Agreement by and between the City and the Dealer pertaining to the

sale, from time to time, of Commercial Paper Notes or the purchase of Commercial Paper Notes from the City, at a fee as set forth in the Dealer Agreement, substantially in the form on file with the City, is approved as to form and content, and, upon the approval of the Dealer Agreement by the City Attorney, whose approval shall be evidenced by executing the Dealer Agreement, the City Manager is authorized to execute and deliver the Dealer Agreement for and on behalf of the City, and the City Clerk or Deputy City Clerk is authorized to place the City seal on the Dealer Agreement. Any Authorized Representative is hereby authorized to enter into any supplemental agreement with the Dealer or with any successor Dealer in order to implement the functions of the Dealer with respect to the Commercial Paper Notes.

(d) *Note Purchase Agreement.* The Note Purchase Agreement by and between the City and the Bank, relating to the sale and purchase of Direct Purchase Notes, substantially in the form on file with the City, is approved as to form and content, and, upon the approval of the City Attorney, whose approval shall be evidenced by executing the Note Purchase Agreement, the City Manager is authorized to execute the Note Purchase Agreement for and on behalf of the City, and the City Clerk or Deputy City Clerk is authorized to place the City seal on the Note Purchase Agreement. Any Authorized Representative is hereby authorized to enter into any supplemental agreement with the Bank or with any successor to the Bank in order to implement the functions of the Bank with respect to the purchase and sale of Direct Purchase Notes.

**SECTION 40: SECTION 2252.908, TEXAS GOVERNMENT CODE.** The City shall not execute the Revolving Credit Agreement, the Note Purchase Agreement, the Issuing and Paying Agent Agreement or the Note Paying Agent Agreement unless each of the parties has confirmed to an Authorized Representative that either it (i) has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code or (ii) is exempt from making filings under Section 2252.908(c)(4), Texas Government Code. If clause (i) of this **Section 40** applies to any party, within 30 days of receipt of any such disclosure filing the filing will be acknowledged by the City in accordance with the rules of the Texas Ethics Commission.

**SECTION 41: OPINION OF BOND COUNSEL.** The City shall cause the legal opinion of Bond Counsel as to the validity of the Program Notes to be furnished to any Holder without cost. In connection with the annual updating of the Offering Memorandum (as provided in accordance with **Section 42**) if required by the Dealer Agreement, an annual updated opinion of Bond Counsel shall be furnished, at the cost of the City or the Dealer, as may be requested by either the City or the Dealer.

1595           **SECTION 42: USE OF OFFERING MEMORANDUM.** The use by the  
1596 Dealer of the Offering Memorandum, prepared by the Dealer in consultation with  
1597 Authorized Representatives, in connection with the sale of Commercial Paper  
1598 Notes, and the distribution of the Offering Memorandum by the Dealer, is  
1599 approved. Any Authorized Representative is hereby authorized to provide to the  
1600 Dealer information as may be necessary, in the reasonable judgment of the Dealer,  
1601 to prepare and update, on an annual basis, the Offering Memorandum.

1602  
1603           **SECTION 43: APPROVAL OF ATTORNEY GENERAL.** The  
1604 Authorized Representative shall submit the Ordinance and a transcript of  
1605 proceedings to the Attorney General of the State of Texas for approval, as required  
1606 by the Act. No Program Notes shall be sold or delivered by an Authorized  
1607 Representative until the Attorney General of the State of Texas shall have  
1608 approved the Ordinance, the Agreement, the Note Purchase Agreement and other  
1609 agreements and proceedings as may be required by the Act. Council authorizes the  
1610 payment of the fee of the Office of the Attorney General of the State of Texas for  
1611 the examination of the proceedings relating to the issuance of the Program Notes,  
1612 in the amount determined in accordance with the provisions of Section 1202.004,  
1613 Texas Government Code.

1614  
1615           **SECTION 44: SEVERABILITY.** If any one or more of the covenants,  
1616 agreements or provisions contained in the Ordinance shall be held contrary to any  
1617 express provisions of law or contrary to the policy of express law, though not  
1618 expressly prohibited, or against public policy, or shall for any reason be held  
1619 invalid, then those covenants, agreements or provisions shall be null and void and  
1620 shall be separable from the remaining covenants, agreements or provisions and  
1621 shall in no way affect the validity of any of the other provisions of, or of the  
1622 Program Notes issued under, the Ordinance.

1623  
1624           **SECTION 45: EXPIRATION OF AUTHORITY UNDER**  
1625 **ORDINANCE NO. 20200827-071.** Upon the effective date of the Revolving  
1626 Credit Agreement, the authority of the City to issue notes under Ordinance No.  
1627 20200827-071 shall expire.

1628  
1629           **SECTION 46: EFFECTIVE DATE.** The Ordinance is passed on one  
1630 reading as authorized by Section 1201.028, Texas Government Code, and is  
1631 effective immediately upon its passage.  
1632



**PASSED AND APPROVED**  
May 2, 2024

**CITY OF AUSTIN, TEXAS**

§  
§  
§

\_\_\_\_\_  
**KIRK WATSON**  
Mayor

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
**ANNE L. MORGAN**  
City Attorney

\_\_\_\_\_  
**MYRNA RIOS**  
City Clerk

(City Seal)

## **EXHIBIT A**

Form of Commercial Paper Note:

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

No.: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_  
Interest to Maturity: \_\_\_\_\_  
Due at Maturity: \_\_\_\_\_  
Note Date: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Number of Days: \_\_\_\_\_  
Interest Rate (%): \_\_\_\_\_  
Owner: \_\_\_\_\_

The City of Austin (the "City"), in Travis, Williamson and Hays Counties, State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of the party specified above on the maturity date specified above, the principal sum specified above and to pay interest, if any, on said principal amount at said maturity date, from the above specified note date to said maturity date at the per annum interest rate shown above (computed on the basis of actual days elapsed and a 365-day year); both principal and interest on this Note being payable in lawful money of the United States of America at the designated corporate trust office of the Issuing and Paying Agent executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor. No interest will accrue on the principal amount hereof after the maturity date hereof. Defined terms used herein shall have the same meaning given to said terms in the hereinafter defined Ordinance, unless the context of the use of such term indicates otherwise. The interest rate borne by this Note shall not exceed the Maximum Interest Rate.

This Note is one of an issue of commercial paper notes (the "Commercial Paper Notes" or the "Notes") which has been duly authorized and issued in accordance with the provisions of an ordinance (the "Ordinance") passed by the City Council of the City for the purpose of financing Project Costs of Eligible Projects for the City's Electric Light and Power System and the City's Waterworks and Sewer System (collectively, the "Systems"); to refund obligations issued in

connection with an Eligible Project; and to refinance, renew or refund Program Notes or Priority Lien Obligations and any other authorized obligations of the Systems, including interest thereon, issued for Eligible Projects; all in accordance in strict conformity with the provisions of the laws of the State of Texas, including the Act.

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

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

It is hereby certified and recited that all acts, conditions and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Commercial Paper Notes, is not in excess of the principal amount of Commercial Paper Notes permitted to be issued under the Ordinance.

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

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

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

\*\*\*\*\*  
\_\_\_\_\_  
City Clerk, City of Austin, Texas

(SEAL)

\*\*\*\*\*  
\_\_\_\_\_  
Mayor, City of Austin, Texas

**ISSUING AND PAYING AGENT'S  
CERTIFICATE OF AUTHENTICATION**

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Ordinance.

\_\_\_\_\_,  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

## **EXHIBIT B**

Form of Direct Purchase Note:

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

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

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

The City of Austin (the "City"), in Travis, Williamson and Hays Counties, State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of the party specified above on the maturity date specified above, the principal sum specified above and to pay interest, if any, on said principal amount on \_\_\_\_\_, 20\_\_, and on each \_\_\_\_\_ thereafter until the maturity date, from the above specified note date to said maturity date at the rate set forth in and determined in accordance with the terms of the Note Purchase Agreement pursuant to which this Note was purchased; both principal and interest on this Note being payable in lawful money of the United States of America at the designated corporate trust office of the Issuing and Paying Agent executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor. No interest will accrue on the principal amount hereof after the maturity date hereof. Defined terms used herein shall have the same meaning given to said terms in the hereinafter defined Ordinance, unless the context of the use of such term indicates otherwise. The interest rate borne by this Note shall not exceed the Maximum Interest Rate.

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

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

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

It is hereby certified and recited that all acts, conditions and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Direct Purchase Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by law and that the issuance of this Direct Purchase Note, together with all other Direct Purchase Notes, is not in excess of the principal amount of Direct Purchase Notes permitted to be issued under the Ordinance.

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

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

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

\*\*\*\*\*  
\_\_\_\_\_  
City Clerk, City of Austin, Texas

(SEAL)

\*\*\*\*\*  
\_\_\_\_\_  
Mayor, City of Austin, Texas

**ISSUING AND PAYING AGENT'S  
CERTIFICATE OF AUTHENTICATION**

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

\_\_\_\_\_,  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Signatory