

1 **ORDINANCE NO. 20071108-_____**

2 **AN ORDINANCE AUTHORIZING THE ISSUANCE AND**
3 **SALE OF "CITY OF AUSTIN, TEXAS, WATER AND**
4 **WASTEWATER SYSTEM REVENUE REFUNDING BONDS,**
5 **SERIES 2007"; PRESCRIBING THE TERMS, FEATURES**
6 **AND SPECIFICATIONS OF SAID BONDS; PLEDGING THE**
7 **NET REVENUES OF THE CITY'S WATER AND**
8 **WASTEWATER SYSTEM TO THE PAYMENT OF**
9 **PRINCIPAL OF AND INTEREST ON SAID BONDS;**
10 **ENACTING OTHER PROVISIONS INCIDENT AND**
11 **RELATED TO THE ISSUANCE, PAYMENT, SALE AND**
12 **DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL**
13 **AND EXECUTION OF A PAYING AGENT/REGISTRAR**
14 **AGREEMENT AND THE APPROVAL AND DISTRIBUTION**
15 **OF AN OFFICIAL STATEMENT PERTAINING THERETO;**
16 **AND PROVIDING AN EFFECTIVE DATE.**

17 WHEREAS, in accordance with the provisions of V.T.C.A., Government
18 Code, Chapter 1371, the City of Austin, Texas (the "City") has authorized by
19 ordinance and provided for the issuance and sale of "CITY OF AUSTIN, TEXAS
20 COMBINED UTILITY SYSTEMS COMMERCIAL PAPER NOTES, SERIES A"
21 (the "Series A Notes") up to an aggregate principal amount of \$350,000,000 to
22 finance the costs of additions, improvements and extensions to the City's Water
23 and Wastewater System and the City's Electric Light and Power System; and

24 WHEREAS, the City Council hereby finds and determines that
25 \$135,000,000 in principal amount of the Series A Notes should be refunded and
26 refinanced into long term obligations at this time (such Series A Notes being
27 hereinafter collectively referred to as the "Refunded Obligations") to enable the
28 City's Water and Wastewater Department to continue utilizing its allocated share
29 of such commercial paper program notwithstanding that the aggregate amount of
30 payments to be made on the refunding bonds herein authorized exceeds the
31 aggregate amount of payments that would have been made on the Refunded
32 Obligations had the refunding not occurred, that the issuance of the bonds herein
33 authorized is in the best interests of the City and that the manner in which the
34 refunding is being executed does not make it practicable to make the determination
35 required by V.T.C.A., Government Code, Section 1207.008(a)(2); and

36 WHEREAS, the City Council further finds and determines the bonds herein
37 authorized to be issued to refund the Refunded Obligations can and shall be on a

1 parity with the outstanding "Parity Water/Wastewater Obligations" issued in
2 accordance with and under the terms and provisions of Ordinance No. 000608-56A
3 (the "Master Ordinance") and the Prior Supplements; now, therefore,

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

5 **SECTION 1: DEFINITIONS.** In addition to the definitions set forth in the
6 preamble of this Ordinance (hereinafter referred to as the "Thirteenth
7 Supplement"), the terms used herein and not otherwise defined shall have the
8 meanings given in the Master Ordinance and the Prior Supplements or in
9 **Exhibit A** to this Thirteenth Supplement.

10 **SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL**
11 **AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are hereby
12 authorized to be issued in the aggregate principal amount of ONE HUNDRED
13 THIRTY-FIVE MILLION DOLLARS (\$135,000,000) to be designated and bear
14 the title "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM
15 REVENUE REFUNDING BONDS, SERIES 2007" (hereinafter referred to as the
16 "Bonds"), for the purpose of refinancing and refunding the Refunded Obligations
17 (identified and defined in the preamble hereof), and paying costs of issuance in
18 conformity with the Constitution and laws of the State of Texas, including
19 V.T.C.A., Government Code, Chapters 1207 and 1371, as amended.

20 **SECTION 3: FULLY REGISTERED OBLIGATIONS - AUTHORIZED**
21 **DENOMINATIONS – STATED MATURITIES - DATE.** The Bonds shall be
22 issued as fully registered obligations, without coupons, shall be dated
23 November 15, 2007 (the "Bond Date") and, other than the single fully registered
24 Initial Bond referenced in Section 9 hereof, shall be in denominations of \$5,000 or
25 any integral multiple thereof (within a Stated Maturity), shall be numbered
26 consecutively from One (1) upward and shall become due and payable on May 15
27 and/or November 15 and in principal amounts (the "Stated Maturities") in
28 accordance with the following schedule:

Stated Maturity	Principal Amount (\$)	Interest Rate(s)	Stated Maturity	Principal Amount (\$)	Interest Rate(s)
11-15-2008			11-15-2014		
11-15-2009			11-15-2015		
11-15-2010			11-15-2017		
11-15-2011			11-15-2018		
11-15-2012			11-15-2019		

11-15-2013
05-15-2014

11-15-2020

1 The Bonds shall bear interest on the unpaid principal amounts from the
2 Bond Date or the most recent interest payment date to which interest has been paid
3 or duly provided for, at the rate(s) per annum shown in the above schedule
4 (calculated on the basis of a 360-day year of twelve 30-day months). Interest on
5 the Bonds shall be payable on May 15 and November 15 in each year,
6 commencing May 15, 2008, until maturity or prior redemption.

7 **SECTION 4: TERMS OF PAYMENT - PAYING AGENT/REGISTRAR.**

8 The principal of, premium, if any, and the interest on the Bonds, due and payable
9 by reason of maturity, redemption or otherwise, shall be payable only to the
10 registered owners or holders of the Bonds (hereinafter called the "Holders")
11 appearing on the registration and transfer books maintained by the Paying
12 Agent/Registrar and the payment thereof shall be in any coin or currency of the
13 United States of America, which at the time of payment is legal tender for the
14 payment of public and private debts, and shall be without exchange or collection
15 charges to the Holders.

16 The selection and appointment of U. S. Bank National Association, Houston,
17 Texas to serve as Paying Agent/Registrar for the Bonds is hereby approved and
18 confirmed. Books and records relating to the registration, payment, transfer and
19 exchange of the Bonds (the "Security Register") shall at all times be kept and
20 maintained on behalf of the City by the Paying Agent/Registrar as provided herein
21 and in accordance with the terms and provisions of a "Paying Agent/Registrar
22 Agreement", substantially in the form attached hereto as **Exhibit B**, and such
23 reasonable rules and regulations as the Paying Agent/Registrar and the City may
24 prescribe. The Mayor and City Clerk are authorized to execute and deliver such
25 Paying Agent/Registrar Agreement. The City covenants to maintain and provide a
26 Paying Agent/Registrar at all times until the Bonds are paid and discharged, and
27 any successor Paying Agent/Registrar shall be a bank, trust company, financial
28 institution or other entity qualified and authorized to serve in such capacity and
29 perform the duties and services of Paying Agent/Registrar. Upon any change in
30 the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a
31 written notice thereof to be sent to each Holder by United States Mail, first class
32 postage prepaid, which notice shall also give the address of the new Paying
33 Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date), and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more maturities on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 5: REDEMPTION. (a) Optional Redemption. The Bonds having Stated Maturities on and after November 15, 2018, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/ Registrar), on November 15, 2017 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be

1 satisfactory to the Paying Agent/Registrar), the City shall notify the Paying
2 Agent/Registrar of the decision to redeem Bonds, the principal amount of each
3 Stated Maturity to be redeemed, and the date of redemption therefor. The decision
4 of the City to exercise the right to redeem Bonds shall be entered in the minutes of
5 the governing body of the City.

6 (c) Selection of Bonds for Redemption. If less than all Outstanding
7 Bonds of the same Stated Maturity are to be redeemed on a redemption date, the
8 Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds
9 Outstanding which is obtained by dividing the principal amount of such Bonds by
10 \$5,000 and shall select the Bonds to be redeemed within such Stated Maturity by
11 lot.

12 (d) Notice of Redemption. Not less than thirty (30) days prior to a
13 redemption date for the Bonds, a notice of redemption shall be sent by United
14 States Mail, first class postage prepaid, in the name of the City and at the City's
15 expense, to each Holder of a Bond to be redeemed in whole or in part at the
16 address of the Holder appearing on the Security Register at the close of business on
17 the business day next preceding the date of mailing such notice, and any notice of
18 redemption so mailed shall be conclusively presumed to have been duly given
19 irrespective of whether received by the Holder.

20 All notices of redemption shall (i) specify the date of redemption for the
21 Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the
22 principal amount to be redeemed, the principal amount thereof to be redeemed, (iii)
23 state the redemption price, (iv) state that the Bonds, or the portion of the principal
24 amount thereof to be redeemed, shall become due and payable on the redemption
25 date specified, and the interest thereon, or on the portion of the principal amount
26 thereof to be redeemed, shall cease to accrue from and after the redemption date,
27 and (v) specify that payment of the redemption price for the Bonds, or the principal
28 amount thereof to be redeemed, shall be made at the Designated Payment/Transfer
29 Office of the Paying Agent/ Registrar only upon presentation and surrender thereof
30 by the Holder. If a Bond is subject by its terms to prior redemption and has been
31 called for redemption and notice of redemption thereof has been duly given or
32 waived as herein provided, such Bond (or the principal amount thereof to be
33 redeemed) shall become due and payable, and interest thereon shall cease to accrue
34 from and after the redemption date therefor, provided moneys sufficient for the
35 payment of such Bonds (or of the principal amount thereof to be redeemed) at the
36 then applicable redemption price are held for the purpose of such payment by the
37 Paying Agent/Registrar.

1 **SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS-**
2 **PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and
3 maintain in the Security Register the name and address of each registered owner of
4 the Bonds issued under and pursuant to the provisions of this Thirteenth
5 Supplement. Any Bond may, in accordance with its terms and the terms hereof, be
6 transferred or exchanged for Bonds of other authorized denominations upon the
7 Security Register by the Holder, in person or by his duly authorized agent, upon
8 surrender of such Bond to the Paying Agent/Registrar for cancellation,
9 accompanied by a written instrument of transfer or request for exchange duly
10 executed by the Holder or by his duly authorized agent, in form satisfactory to the
11 Paying Agent/ Registrar.

12 Upon surrender for transfer of any Bond (other than the Initial Bonds
13 authorized in Section 9 hereof) at the Designated Payment/Transfer Office of the
14 Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in
15 the name of the designated transferee or transferees, one or more new Bonds
16 executed on behalf of, and furnished by, the City of authorized denominations and
17 having the same Stated Maturity and of a like aggregate principal amount as the
18 Bond or Bonds surrendered for transfer.

19 At the option of the Holder, Bonds (other than the Initial Bonds authorized
20 in Section 9 hereof) may be exchanged for other Bonds of authorized
21 denominations and having the same Stated Maturity, bearing the same rate of
22 interest and of like aggregate principal amount as the Bonds surrendered for
23 exchange, upon surrender of the Bonds to be exchanged at the Designated
24 Payment/Transfer Office of the Paying Agent/ Registrar. Whenever any Bonds are
25 surrendered for exchange, the Paying Agent/Registrar shall register and deliver
26 new Bonds, executed on behalf of, and furnished by, the City, to the Holder
27 requesting the exchange.

28 All Bonds issued upon any transfer or exchange of Bonds shall be delivered
29 at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent
30 by United States Mail, first class postage prepaid, to the Holder and, upon the
31 delivery thereof, the same shall be valid obligations of the City, evidencing the
32 same obligation to pay, and entitled to the same benefits under this Thirteenth
33 Supplement, as the Bonds surrendered in such transfer or exchange.

34 All transfers or exchanges of Bonds pursuant to this Section shall be made
35 without expense or service charge to the Holder, except as otherwise herein
36 provided, and except that the Paying Agent/Registrar shall require payment by the

1 Holder requesting such transfer or exchange of any tax or other governmental
2 charges required to be paid with respect to such transfer or exchange.

3 Bonds canceled by reason of an exchange or transfer pursuant to the
4 provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or
5 a portion, as the case may be, of the same obligation to pay evidenced by the Bond
6 or Bonds registered and delivered in the exchange or transfer therefor.
7 Additionally, the term "Predecessor Bonds" shall include any mutilated, lost,
8 destroyed, or stolen Bond for which a replacement Bond has been issued,
9 registered and delivered in lieu thereof pursuant to Section 19 hereof and such new
10 replacement Bond shall be deemed to evidence the same obligation as the
11 mutilated, lost, destroyed, or stolen Bond.

12 Neither the City nor the Paying Agent/Registrar shall be required to transfer
13 or exchange any Bond called for redemption, in whole or in part, within 45 days of
14 the date fixed for redemption of such Bond; provided, however, such limitation of
15 transfer shall not be applicable to an exchange by the Holder of the unredeemed
16 balance of a Bond called for redemption in part.

17 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND**
18 **TRANSACTIONS.** Notwithstanding the provisions contained in Sections 4, 5
19 and 6 hereof relating to the payment, and transfer/exchange of the Bonds, the City
20 hereby approves and authorizes the use of the "Book-Entry-Only" securities
21 clearance, settlement and transfer system provided by The Depository Trust
22 Company ("DTC"), a limited purpose trust company organized under the laws of
23 the State of New York, in accordance with the operational arrangements referenced
24 in the Blanket Issuer Letter of Representation, by and between the City and DTC
25 (the "Depository Agreement").

26 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall
27 be deposited with DTC, who shall hold said Bonds for its participants (the "DTC
28 Participants"). While the Bonds are held by DTC under the Depository
29 Agreement, the Holder of the Bonds on the Security Register for all purposes,
30 including payment and notices, shall be Cede & Co., as nominee of DTC,
31 notwithstanding the ownership of each actual purchaser or owner of each Bond
32 (the "Beneficial Owners") being recorded in the records of DTC and DTC
33 Participants.

34 In the event DTC determines to discontinue serving as securities depository
35 for the Bonds or otherwise ceases to provide book-entry clearance and settlement
36 of securities transactions in general or the City determines that DTC is incapable of

1 properly discharging its duties as securities depository for the Bonds, the City
2 covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in
3 definitive form and provide for the Bond certificates to be issued and delivered to
4 DTC Participants and Beneficial Owners, as the case may be. Thereafter, the
5 Bonds in definitive form shall be assigned, transferred and exchanged on the
6 Security Register maintained by the Paying Agent/Registrar and payment of such
7 Bonds shall be made in accordance with the provisions of Sections 4, 5 and 6
8 hereof.

9 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be
10 executed on behalf of the City by the Mayor under its seal reproduced or impressed
11 thereon and countersigned by the City Clerk. The signature of said officers on the
12 Bonds may be manual or facsimile. Bonds bearing the manual or facsimile
13 signatures of individuals who are or were the proper officers of the City on the
14 Bond Date shall be deemed to be duly executed on behalf of the City,
15 notwithstanding that such individuals or either of them shall cease to hold such
16 offices at the time of delivery of the Bonds to the initial purchaser(s) and with
17 respect to Bonds delivered in subsequent exchanges and transfers, all as authorized
18 and provided in V.T.C.A., Government Code, Chapter 1201, as amended.

19 No Bond shall be entitled to any right or benefit under this Thirteenth
20 Supplement, or be valid or obligatory for any purpose, unless there appears on such
21 Bond either a certificate of registration substantially in the form provided in
22 Section 10C, manually executed by the Comptroller of Public Accounts of the
23 State of Texas or his or her duly authorized agent, or a certificate of registration
24 substantially in the form provided in Section 10D, manually executed by an
25 authorized officer, employee or representative of the Paying Agent/ Registrar, and
26 either such certificate upon any Bond duly signed shall be conclusive evidence,
27 and the only evidence, that such Bond has been duly certified, registered and
28 delivered.

29 **SECTION 9: INITIAL BONDS.** The Bonds herein authorized shall be
30 initially issued either (i) as a single fully registered bond in the total principal
31 amount referenced in Section 2 hereof with principal installments to become due
32 and payable as provided in Section 3 hereof and numbered T-1, or (ii) as multiple
33 fully registered bonds, being one bond for each stated maturity in the applicable
34 principal amount and denomination and to be numbered consecutively from T-1
35 and upward (hereinafter called the "Initial Bonds"). In either case, the Initial
36 Bonds shall be registered in the name of the initial purchaser(s) or the designee
37 thereof. The Initial Bonds shall be the Bonds submitted to the Office of the
38 Attorney General of the State of Texas for approval, certified and registered by the

Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bonds, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bonds delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 10: FORMS. A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Thirteenth Supplement and may have such 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 such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

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

B. Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BOND,
SERIES 2007

Bond Date: November 15, 2007 Interest Rate: _____ Stated Maturity: _____ CUSIP NO: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

1 The City of Austin (hereinafter referred to as the "City"), a body corporate
2 and municipal corporation in the Counties of Travis and Williamson, State of
3 Texas, for value received, hereby promises to pay to the Registered Owner named
4 above, or the registered assigns thereof, solely from the revenues hereinafter
5 identified, on the Stated Maturity date specified above the Principal Amount stated
6 above (or so much thereof as shall not have been paid upon prior redemption), and
7 to pay interest (computed on the basis of a 360-day year of twelve 30-day months)
8 on the unpaid Principal Amount hereof from the interest payment date next
9 preceding the "Registration Date" of this Bond appearing below (unless this Bond
10 bears a "Registration Date" as of an interest payment date, in which case it shall
11 bear interest from such date, or unless the "Registration Date" of this Bond is prior
12 to the initial interest payment date in which case it shall bear interest from the
13 Bond Date) at the per annum rate of interest specified above; such interest being
14 payable on May 15, 2008 and on each November 15 and May 15 thereafter until
15 maturity or prior redemption. Principal of this Bond is payable at its Stated
16 Maturity or redemption to the registered owner hereof, upon presentation and
17 surrender, at the Designated Payment/Transfer Office of the Paying
18 Agent/Registrar executing the registration certificate appearing hereon, or its
19 successor; provided, however, while this Bond is registered to Cede & Co., the
20 payment of principal upon a partial redemption of the principal amount hereof may
21 be accomplished without presentation and surrender of this Bond. Interest is
22 payable to the registered owner of this Bond (or one or more Predecessor Bonds, as
23 defined in the Thirteenth Supplement hereinafter referenced) whose name appears
24 on the "Security Register" maintained by the Paying Agent/Registrar at the close of
25 business on the "Record Date", which is the last business day of the month next
26 preceding each interest payment date and interest shall be paid by the Paying
27 Agent/Registrar by check sent United States Mail, first class postage prepaid, to
28 the address of the registered owner recorded in the Security Register or by such
29 other method, acceptable to the Paying Agent/Registrar, requested by, and at the
30 risk and expense of, the registered owner. If the date for the payment of the
31 principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday,
32 or a day when banking institutions in the city where the Designated
33 Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized

1 by law or executive order to close, then the date for such payment shall be the next
2 succeeding day which is not such a Saturday, Sunday, legal holiday, or day when
3 banking institutions are authorized to close; and payment on such date shall have
4 the same force and effect as if made on the original date payment was due. All
5 payments of principal of, premium, if any, and interest on this Bond shall be
6 without exchange or collection charges to the owner hereof and in any coin or
7 currency of the United States of America which at the time of payment is legal
8 tender for the payment of public and private debts.

9 This Bond is one of the series specified in its title issued in the aggregate
10 principal amount of \$135,000,000 (herein referred to as the "Bonds") for the
11 purpose of refinancing and refunding the Refunded Obligations (identified and
12 defined in the Thirteenth Supplement hereinafter referenced), in conformity with
13 the Constitution and laws of the State of Texas, including V.T.C.A., Government
14 Code, Chapters 1207 and 1371, as amended, and pursuant to a Master Ordinance
15 and Thirteenth Supplement adopted by the City Council of the City (herein
16 collectively referred to as the "Ordinances").

17 The Bonds maturing on and after November 15, 2018, may be redeemed
18 prior to their Stated Maturities, at the option of the City, in whole or in part in
19 principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated
20 Maturity by lot by the Paying Agent/Registrar), on November 15, 2017 or on any
21 date thereafter at the redemption price of par plus accrued interest thereon to the
22 redemption date.

23 Not less than thirty (30) days prior to a redemption date, the City shall cause
24 a written notice of such redemption to be sent by United States Mail, first class
25 postage prepaid, to the registered owners of each Bond to be redeemed at the
26 address shown on the Security Register and subject to the terms and provisions
27 relating thereto contained in the Ordinances. If a Bond (or any portion of its
28 principal sum) shall have been duly called for redemption and notice of such
29 redemption duly given, then upon such redemption date such Bond (or the portion
30 of its principal sum to be redeemed) shall become due and payable, and interest
31 thereon shall cease to accrue from and after the redemption date therefor, provided
32 moneys for the payment of the redemption price and the interest on the principal
33 amount to be redeemed to the date of redemption are held for the purpose of such
34 payment by the Paying Agent/Registrar.

35 In the event a portion of the principal amount of a Bond is to be redeemed
36 and the registered owner is someone other than Cede & Co., payment of the
37 redemption price of such principal amount shall be made to the registered owner

1 only upon presentation and surrender of such Bond to the Designated
2 Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds
3 of like maturity and interest rate in any authorized denominations provided by the
4 Ordinances for the then unredeemed balance of the principal sum thereof will be
5 issued to the registered owner, without charge. If a Bond is selected for
6 redemption, in whole or in part, the City and the Paying Agent/Registrar shall not
7 be required to transfer such Bond to an assignee of the registered owner within
8 forty-five (45) days of the redemption date therefor; provided, however, such
9 limitation on transferability shall not be applicable to an exchange by the registered
10 owner of the unredeemed balance of a Bond redeemed in part.

11 The Bonds are special obligations of the City payable solely from and,
12 together with the Prior Subordinate Lien Obligations, the Previously Issued
13 Separate Lien Obligations, and Previously Issued Parity Water/Wastewater
14 Obligations currently Outstanding, equally and ratably secured by a parity lien on
15 and pledge of, the Net Revenues of the Water/Wastewater System in the manner
16 provided in the Ordinances. Additionally, the Bonds and Previously Issued Parity
17 Water/Wastewater Obligations referenced above shall be equally and ratably
18 secured by a parity lien on the funds, if any, deposited to the credit of the Debt
19 Service Fund and the Reserve Fund in accordance with the terms of the
20 Ordinances. The Bonds do not constitute a legal or equitable pledge, charge, lien
21 or encumbrance upon any property of the City or the Water/Wastewater System,
22 except with respect to the Net Revenues. The holder hereof shall never have the
23 right to demand payment of this obligation out of any funds raised or to be raised
24 by taxation.

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

30 Reference is hereby made to the Ordinances, copies of which are on file with
31 the Paying Agent/Registrar, and to all of the provisions of which the Holder by the
32 acceptance hereof hereby assents, for definitions of terms; the description of and
33 the nature and extent of the security for the Bonds; the properties constituting the
34 Water/Wastewater System; the Net Revenues pledged to the payment of the
35 principal of and interest on the Bonds; the nature and extent and manner of
36 enforcement of the lien and pledge securing the payment of the Bonds; the terms
37 and conditions for the issuance of additional revenue obligations; the terms and
38 conditions relating to the transfer or exchange of this Bond; the conditions upon

1 which the Ordinances may be amended or supplemented with or without the
2 consent of the Holders; the rights, duties, and obligations of the City and the
3 Paying Agent/Registrar; the terms and provisions upon which the liens, pledges,
4 charges and covenants made therein may be discharged at or prior to the maturity
5 of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and
6 for the other terms and provisions contained therein. Capitalized terms used herein
7 have the same meanings assigned in the Ordinances.

8 This Bond, subject to certain limitations contained in the Ordinances, may
9 be transferred on the Security Register only upon its presentation and surrender at
10 the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the
11 Assignment hereon duly endorsed by, or accompanied by a written instrument of
12 transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the
13 registered owner hereof, or his duly authorized agent. When a transfer on the
14 Security Register occurs, one or more new fully registered Bonds of the same
15 Stated Maturity, of authorized denominations, bearing the same rate of interest,
16 and of the same aggregate principal amount will be issued by the Paying
17 Agent/Registrar to the designated transferee or transferees.

18 The City and the Paying Agent/Registrar, and any agent of either, may treat
19 the registered owner hereof whose name appears on the Security Register (i) on the
20 Record Date as the owner entitled to payment of interest hereon, (ii) on the date of
21 surrender of this Bond as the owner entitled to payment of principal hereof at its
22 Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as
23 the owner for all other purposes, and neither the City nor the Paying
24 Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.
25 In the event of non-payment of interest on a scheduled payment date and for thirty
26 (30) days thereafter, a new record date for such interest payment (a "Special
27 Record Date") will be established by the Paying Agent/Registrar, if and when
28 funds for the payment of such interest have been received from the City. Notice of
29 the Special Record Date and of the scheduled payment date of the past due interest
30 (which shall be fifteen (15) days after the Special Record Date) shall be sent at
31 least five (5) business days prior to the Special Record Date by United States Mail,
32 first class postage prepaid, to the address of each Holder appearing on the Security
33 Register at the close of business on the last business day next preceding the date of
34 mailing of such notice.

35 It is hereby certified, recited, represented and covenanted that the City is a
36 duly organized and legally existing municipal corporation under and by virtue of
37 the Constitution and laws of the State of Texas; that the issuance of the Bonds is
38 duly authorized by law; that all acts, conditions and things required to exist and be

1 done precedent to and in the issuance of the Bonds to render the same lawful and
2 valid obligations of the City have been properly done, have happened and have
3 been performed in regular and due time, form and manner as required by the
4 Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do
5 not exceed any constitutional or statutory limitation; and that due provision has
6 been made for the payment of the principal of and interest on the Bonds by a
7 pledge of the Net Revenues of the Water/Wastewater System as aforestated. In
8 case any provision in this Bond or any application thereof shall be invalid, illegal,
9 or unenforceable, the validity, legality, and enforceability of the remaining
10 provisions and applications shall not in any way be affected or impaired thereby.
11 The terms and provisions of this Bond and the Ordinances shall be construed in
12 accordance with and shall be governed by the laws of the State of Texas.

13 IN WITNESS WHEREOF, the City Council of the City has caused this
14 Bond to be duly executed under the official seal of the City as of the Bond Date.

15 CITY OF AUSTIN, TEXAS
16
17

18 _____
19 Mayor

20 COUNTERSIGNED:
21
22

23 _____
24 City Clerk
25

26 (SEAL)
27

1 C. Form of Registration Certificate of Comptroller of Public Accounts to
2 Appear on Initial Bond(s) only.

3 REGISTRATION CERTIFICATE OF
4 COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE)
COMPTROLLER

)
OF PUBLIC ACCOUNTS)

)
THE STATE OF TEXAS)

REGISTER NO. _____

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

8 WITNESS my signature and seal of office this _____.

9 _____
10 Comptroller of Public Accounts
11 of the State of Texas

12 (SEAL)
13

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

3 REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

10 The designated office of the Paying Agent/Registrar in St. Paul, Minnesota
11 is the Designated Payment/Transfer Office for this Bond.

12 U. S. BANK NATIONAL
13 ASSOCIATION,
14 Houston, Texas,
15 as Paying Agent/Registrar

16 Registration date:

17 _____
18 By _____

Authorized Signature

19 E. Form of Assignment.

20 ASSIGNMENT

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

23 _____
24 _____

25 (Social Security or other identifying number - _____) the
26 within Bond and all rights thereunder, and hereby irrevocably constitutes and
27 appoints _____ attorney to transfer the within
28 Bond on the books kept for registration thereof, with full power of substitution in
29 the premises.

DATED:

Signature guaranteed:

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

1
2 F. The Initial Bond(s) shall be in the form set forth in paragraph B of this
3 Section, except that the form of a single fully registered Initial Bond shall be
4 modified as follows:

REGISTERED
NO. T-1

REGISTERED
\$135,000,000

5 UNITED STATES OF AMERICA
6 STATE OF TEXAS
7 CITY OF AUSTIN, TEXAS,
8 WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BOND,
9 SERIES 2007

Bond Date: November 15, 2007

Registered Owner:

Principal Amount: One Hundred Thirty-Five Million Dollars

10 The City of Austin (hereinafter referred to as the "City"), a body corporate
11 and municipal corporation in the Counties of Travis and Williamson, State of
12 Texas, for value received, hereby promises to pay to the Registered Owner named
13 above, or the registered assigns thereof, solely from the revenues hereinafter
14 identified, the Principal Amount hereinabove stated on May 15 and/or November
15 15 in each of the years and in principal installments in accordance with the
16 following schedule:

STATED
MATURITY

PRINCIPAL
INSTALLMENTS

INTEREST
RATE

(Information to be inserted from schedule in Section 3 hereof).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest, computed on the basis of a 360-day year of twelve 30-day months, on the unpaid principal amounts hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the Bond Date) at the per annum rates of interest specified above; such interest being payable on May 15, 2008 and on each November 15 and May 15 thereafter until maturity or prior redemption. Principal installments of this Bond are payable to the registered owner hereof by U.S. Bank, National Association, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 11: CRITERIA FOR ISSUANCE OF PARITY WATER/WASTEWATER OBLIGATIONS. The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Water/Wastewater Obligations of the Water/Wastewater System pursuant to the Master Ordinance and Prior Supplements. This Thirteenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment, and security of the Bonds which are Parity

1 Water/Wastewater Obligations. The Master Ordinance is incorporated herein by
2 reference and made a part hereof for all purposes, except to the extent modified
3 and supplemented hereby, and the Bonds are hereby declared to be Parity
4 Water/Wastewater Obligations under the Master Ordinance and Prior Supplements.
5 The City hereby determines that it will have sufficient funds to meet the financial
6 obligations of the Water/Wastewater System, including sufficient Net Revenues to
7 pay the Annual Debt Service Requirements of the Bonds and the Previously Issued
8 Parity Water/Wastewater Obligations and to meet all financial obligations of the
9 City relating to the Water/Wastewater System.

10 SECTION 12: **PLEDGE.** Subject to the prior claim and lien on the Net
11 Revenues of the Water/Wastewater System to the payment and security of the
12 Prior First Lien Obligations currently Outstanding, including the funding and
13 maintenance of the special funds established and maintained for the payment and
14 security of such Prior First Lien Obligations, the Net Revenues of the
15 Water/Wastewater System are hereby pledged to the payment of the Bonds, and
16 the Bonds, together with the Prior Subordinate Lien Obligations, the Previously
17 Issued Separate Lien Obligations and the Previously Issued Parity
18 Water/Wastewater Obligations currently Outstanding, shall be equally and ratably
19 secured by a parity lien on and pledge of the Net Revenues of the
20 Water/Wastewater System in accordance with the terms of the Master Ordinance
21 and this Thirteenth Supplement. Additionally, the Bonds and the Previously Issued
22 Parity Water/Wastewater Obligations shall be equally and ratably secured by a lien
23 on the funds, if any, deposited to the credit of the Debt Service Fund and Reserve
24 Fund in accordance with the terms of the Master Ordinance, the Prior Supplements
25 and this Thirteenth Supplement. It is hereby ordained that the Parity
26 Water/Wastewater Obligations, and the interest thereon, shall constitute a lien on
27 the Net Revenues of the Water/Wastewater System and be valid and binding and
28 fully perfected from and after the date of adoption of this Thirteenth Supplement
29 without physical delivery or transfer or transfer of control of the Net Revenues, the
30 filing of this Thirteenth Supplement or any other act, all as provided in Chapter
31 1208 of the Texas Government Code, as amended. The owners of the Parity
32 Water/Wastewater Obligations shall never have the right to demand payment out
33 of funds raised or to be raised by taxation, or from any source other than specified
34 in the Master Ordinance, the Prior Supplements and this Thirteenth Supplement.

35 Section 1208, Government Code, as amended, applies to the issuance of the
36 Bonds and the pledge of the Net Revenues of the Water/Wastewater System
37 granted by the City under this Section 12, and such pledge is therefore valid,
38 effective and perfected. If Texas law is amended at any time while the Bonds are

1 Outstanding such that the pledge of the Net Revenues of the Water/Wastewater
2 System granted by the City under this Section 12 is to be subject to the filing
3 requirements of Chapter 9, Business & Commerce Code, then in order to preserve
4 to the registered owners of the Bonds the perfection of the security interest in said
5 pledge, the City agrees to take such measures as it determines are reasonable and
6 necessary under Texas law to comply with the applicable provisions of Chapter 9,
7 Business & Commerce Code, as amended, and enable a filing to perfect the
8 security interest in said pledge to occur.

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

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

27 Accrued interest received from the initial purchaser(s) of the Bonds shall be
28 deposited in the Debt Service Fund, and shall be taken into consideration and
29 reduce the amount of the monthly deposits that would otherwise be required to be
30 deposited to the credit of such Debt Service Fund from the Net Revenues of the
31 Water/Wastewater System.

32 **SECTION 14: RESERVE FUND.** In accordance with the provisions of the
33 Prior Supplements authorizing the issuance of the Previously Issued
34 Water/Wastewater Obligations, the Required Reserve Amount is currently on
35 deposit to the credit of the Reserve Fund is funded in full with surety bonds issued
36 by MBIA Insurance Corporation, Financial Security Assurance Inc., and Ambac
37 Assurance Corporation. By reason of the issuance of the Bonds, the Required

1 Reserve Amount shall be and is hereby recalculated and determined to be
2 \$ _____. Upon the issuance of the Bonds, a surety bond (the
3 "Reserve Fund Policy") in an amount equal to not less than 50% of the average
4 Annual Debt Service Requirements of the Bonds issued by _____
5 shall be deposited to the credit of the Reserve Fund to fully fund the Required
6 Reserve Amount. The City Council hereby finds that with respect to the Bonds,
7 the acquisition of the Reserve Fund Policy will result in the Reserve Fund being
8 fully funded. Any draws on the surety bonds or other credit agreements funding
9 the Required Reserve Amount on which there is available coverage shall be made
10 on a pro rata basis (calculated by reference to coverage then available under each
11 such surety bond or credit agreement) after applying available cash and
12 investments in the Reserve Fund.

13 The Insurance Agreement (the "Insurance Agreement") by and between the
14 City and _____ attached hereto as **Exhibit C** and
15 incorporated herein by reference as a part of this Thirteenth Supplement for all
16 purposes as if all the provisions thereof were restated in full as part of this Section,
17 is hereby approved as to form and content, and such Insurance Agreement in
18 substantially the form and substance attached hereto, together with such changes or
19 revisions as may be necessary to comply with Texas law, is hereby authorized to
20 be executed by the City Treasurer for and on behalf of the City and as the act and
21 deed of this governing body; and such Insurance Agreement as executed by said
22 official shall be deemed approved by the City Council and constitute the Insurance
23 Agreement herein approved.

24 The provisions of Section 8 of the Master Ordinance relating to the Reserve
25 Fund, particularly paragraphs (b), (c) and (d) thereof, are hereby incorporated by
26 reference and made a part hereof as if the same were restated in full in this Section,
27 and to the extent of any conflict between the provisions of said Section 8 and the
28 provisions hereof with respect to draws on any Credit Agreement and the
29 reinstatement of the full amount afforded by Credit Agreement, the provisions of
30 the Prior Supplements with respect to such Credit Agreement and such Credit
31 Agreement shall govern. Furthermore, in accordance with Section 10(d) of the
32 Master Ordinance, the City Council hereby finds that the Gross Revenues will be
33 sufficient to meet the obligations of the Water/Wastewater System, including
34 sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity
35 Water Wastewater Obligations currently Outstanding and the financial obligations
36 of the City under any Credit Agreement entered into with the above-named surety
37 bond providers.

1 SECTION 15: **PAYMENT OF BONDS.** On or before the first scheduled
2 interest payment date, and on or before each interest payment date and principal
3 payment date thereafter while any of the Bonds are Outstanding, the City shall
4 cause an amount to be transferred to the Paying Agent/Registrar in immediately
5 available funds from the Debt Service Fund and Reserve Fund, if necessary,
6 sufficient to pay such interest on and such principal amount of the Bonds, as shall
7 become due on such dates, respectively, at maturity or by redemption prior to
8 maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the
9 City with an appropriate certificate of cancellation or destruction.

10 SECTION 16: **COVENANTS TO MAINTAIN TAX-EXEMPT STATUS.**

11 (a) Definitions. When used in this Section 16, the following terms have
12 the following meanings:

13 *"Closing Date"* means the date on which the Bonds are first
14 authenticated and delivered to the Underwriters against payment
15 therefor.

16 *"Code"* means the Internal Revenue Code of 1986, as amended
17 by all legislation, if any, effective on or before the Closing Date.

18 *"Computation Date"* has the meaning set forth in Section
19 1.148-1(b) of the Regulations.

20 *"Gross Proceeds"* means any proceeds as defined in Section
21 1.148-1(b) of the Regulations, and any replacement proceeds as
22 defined in Section 1.148-1(c) of the Regulations, of the Bonds.

23 *"Investment"* has the meaning set forth in Section 1.148-1(b) of
24 the Regulations.

25 *"Nonpurpose Investment"* means any investment property, as
26 defined in section 148(b) of the Code, in which Gross Proceeds of the
27 Bonds are invested and which is not acquired to carry out the
28 governmental purposes of the Bonds.

29 *"Rebate Amount"* has the meaning set forth in Section
30 1.148-1(b) of the Regulations.

31 *"Regulations"* means any proposed, temporary, or final Income
32 Tax Regulations issued pursuant to Sections 103 and 141 through 150

1 of the Code, and 103 of the Internal Revenue Code of 1986, which are
2 applicable to the Bonds. Any reference to any specific Regulation
3 shall also mean, as appropriate, any proposed, temporary or final
4 Income Tax Regulation designed to supplement, amend or replace the
5 specific Regulation referenced.

6 "Yield" of (1) any Investment has the meaning set forth in
7 Section 1.148-5 of the Regulations and (2) the Bonds has the
8 meaning set forth in Section 1.148-4 of the Regulations.

9 (b) Not to Cause Interest to Become Taxable. The City shall not use,
10 permit the use of, or omit to use Gross Proceeds or any other amounts (or any
11 property the acquisition, construction or improvement of which is to be financed
12 directly or indirectly with Gross Proceeds) in a manner which if made or omitted,
13 respectively, would cause the interest on any Bond to become includable in the
14 gross income, as defined in section 61 of the Code, of the owner thereof for federal
15 income tax purposes. Without limiting the generality of the foregoing, unless and
16 until the City receives a written opinion of counsel nationally recognized in the
17 field of municipal bond law to the effect that failure to comply with such covenant
18 will not adversely affect the exemption from federal income tax of the interest on
19 any Bond, the City shall comply with each of the specific covenants in this
20 Section.

21 (c) No Private Use or Private Payments. Except as permitted by section
22 141 of the Code and the Regulations and rulings thereunder, the City shall at all
23 times prior to the last Stated Maturity of Bonds:

24 (1) exclusively own, operate and possess all property the
25 acquisition, construction or improvement of which is to be financed or
26 refinanced directly or indirectly with Gross Proceeds of the Bonds
27 (including property financed with Gross Proceeds of the Refunded
28 Obligations), and not use or permit the use of such Gross Proceeds
29 (including all contractual arrangements with terms different than those
30 applicable to the general public) or any property acquired, constructed
31 or improved with such Gross Proceeds in any activity carried on by
32 any person or entity (including the United States or any agency,
33 department and instrumentality thereof) other than a state or local
34 government, unless such use is solely as a member of the general
35 public; and

1 (2) not directly or indirectly impose or accept any charge or
2 other payment by any person or entity who is treated as using Gross
3 Proceeds of the Bonds or any property the acquisition, construction or
4 improvement of which is to be financed or refinanced directly or
5 indirectly with such Gross Proceeds (including property financed with
6 Gross Proceeds of the Refunded Obligations), other than taxes of
7 general application within the City or interest earned on investments
8 acquired with such Gross Proceeds pending application for their
9 intended purposes.

10 (d) No Private Loan. Except to the extent permitted by section 141 of the
11 Code and the Regulations and rulings thereunder, the City shall not use Gross
12 Proceeds of the Bonds to make or finance loans to any person or entity other than a
13 state or local government. For purposes of the foregoing covenant, such Gross
14 Proceeds are considered to be "loaned" to a person or entity if: (1) property
15 acquired, constructed or improved with such Gross Proceeds is sold or leased to
16 such person or entity in a transaction which creates a debt for federal income tax
17 purposes; (2) capacity in or service from such property is committed to such person
18 or entity under a take-or-pay, output or similar contract or arrangement; or (3)
19 indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or
20 any property acquired, constructed or improved with such Gross Proceeds are
21 otherwise transferred in a transaction which is the economic equivalent of a loan.

22 (e) Not to Invest at Higher Yield. Except to the extent permitted by
23 section 148 of the Code and the Regulations and rulings thereunder, the City shall
24 not at any time prior to the final Stated Maturity of the Bonds directly or indirectly
25 invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money
26 so invested), if as a result of such investment the Yield from the Closing Date of all
27 Investments acquired with Gross Proceeds (or with money replaced thereby),
28 whether then held or previously disposed of, exceeds the Yield of the Bonds.

29 (f) Not Federally Guaranteed. Except to the extent permitted by section
30 149(b) of the Code and the Regulations and rulings thereunder, the City shall not
31 take or omit to take any action which would cause the Bonds to be federally
32 guaranteed within the meaning of section 149(b) of the Code and the Regulations
33 and rulings thereunder.

34 (g) Information Report. The City shall timely file the information
35 required by section 149(e) of the Code with the Secretary of the Treasury on
36 Form 8038-G or such other form and in such place as the Secretary may prescribe.

1 (h) Rebate of Arbitrage Profits. Except to the extent otherwise provided
2 in section 148(f) of the Code and the Regulations and rulings thereunder:

3 (1) The City shall account for all Gross Proceeds (including all
4 receipts, expenditures and investments thereof) on its books of
5 account separately and apart from all other funds (and receipts,
6 expenditures and investments thereof) and shall retain all records of
7 accounting for at least six years after the day on which the last
8 Outstanding Bond is discharged. However, to the extent permitted by
9 law, the City may commingle Gross Proceeds of the Bonds with other
10 money of the City, provided that the City separately accounts for each
11 receipt and expenditure of Gross Proceeds and the obligations
12 acquired therewith.

13 (2) Not less frequently than each Computation Date, the City
14 shall calculate the Rebate Amount in accordance with rules set forth
15 in section 148(f) of the Code and the Regulations and rulings
16 thereunder. The City shall maintain such calculations with its official
17 transcript of proceedings relating to the issuance of the Bonds until six
18 years after the final Computation Date.

19 (3) As additional consideration for the purchase of the Bonds
20 by the Underwriters and the loan of the money represented thereby
21 and in order to induce such purchase by measures designed to insure
22 the excludability of the interest thereon from the gross income of the
23 owners thereof for federal income tax purposes, the City shall pay to
24 the United States out of the Debt Service Fund or its general fund, as
25 permitted by applicable Texas statute, regulation or opinion of the
26 Attorney General of the State of Texas, the amount that when added
27 to the future value of previous rebate payments made for the Bonds
28 equals (i) in the case of a Final Computation Date as defined in
29 Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%)
30 of the Rebate Amount on such date; and (ii) in the case of any other
31 Computation Date, ninety percent (90%) of the Rebate Amount on
32 such date. In all cases, the rebate payments shall be made at the
33 times, in the installments, to the place and in the manner as is or may
34 be required by section 148(f) of the Code and the Regulations and
35 rulings thereunder, and shall be accompanied by Form 8038-T or such
36 other forms and information as is or may be required by Section
37 148(f) of the Code and the Regulations and rulings thereunder.

1 (4) The City shall exercise reasonable diligence to assure that
2 no errors are made in the calculations and payments required by
3 paragraphs (2) and (3), and if an error is made, to discover and
4 promptly correct such error within a reasonable amount of time
5 thereafter (and in all events within one hundred eighty (180) days
6 after discovery of the error), including payment to the United States of
7 any additional Rebate Amount owed to it, interest thereon, and any
8 penalty imposed under Section 1.148-3(h) of the Regulations.

9 (i) Not to Divert Arbitrage Profits. Except to the extent permitted by
10 section 148 of the Code and the Regulations and rulings thereunder, the City shall
11 not, at any time prior to the earlier of the Stated Maturity or final payment of the
12 Bonds, enter into any transaction that reduces the amount required to be paid to the
13 United States pursuant to Subsection (h) of this Section because such transaction
14 results in a smaller profit or a larger loss than would have resulted if the transaction
15 had been at arm's length and had the Yield of the Bonds not been relevant to either
16 party.

17 (j) Elections. The City hereby directs and authorizes the Mayor, City
18 Manager, Chief Financial Officer, Deputy Chief Financial Officer or City
19 Treasurer, individually or jointly, to make elections permitted or required pursuant
20 to the provisions of the Code or the Regulations, as they deem necessary or
21 appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or
22 similar or other appropriate certificate, form or document.

23 (k) Bonds Not Hedge Bonds. (1) At the time the original obligations
24 refunded by the Bonds were issued, the City reasonably expected to spend at least
25 85% of the spendable proceeds of such original obligations within three years after
26 such obligations were issued and (2) not more than 50% of the proceeds of the
27 original obligations refunded by the Bonds were invested in Nonpurpose
28 Investments having a substantially guaranteed Yield for a period of 4 years or
29 more.

30 (l) Current Refunding. The Refunded Obligations being refunded by the
31 Bonds constitute a current refunding as the payment of such Refunded Obligations
32 will occur within 90 days of the delivery of the Bonds.

33 SECTION 17: AMENDMENT OF THIRTEENTH SUPPLEMENT.

34 (a) Required Owner Consent for Amendments. The owners of a majority
35 in Outstanding Principal Amount of the Bonds shall have the right from time to

1 time to approve any amendment to this Thirteenth Supplement which may be
2 deemed necessary or desirable by the City; provided, however, nothing contained
3 herein shall permit or be construed to permit the amendment of the terms and
4 conditions in this Thirteenth Supplement so as to:

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

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

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

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

1 (d) Revocation of Consent. Any consent given by the owner of a Bond
2 pursuant to the provisions of this Section shall be irrevocable for a period of six
3 months from the date for measuring the one year period to obtain consents noted in
4 paragraph (c) above, and shall be conclusive and binding upon all future owners of
5 the same Bonds during such period. At any time after six months from the date for
6 measuring the one year period to obtain consents noted in paragraph (c) above,
7 such consent may be revoked by the owner who gave such consent, or by a
8 successor in title, by filing written notice thereof with the Paying Agent for such
9 Bonds and the City, but such revocation shall not be effective if the owners of at
10 least a majority in Outstanding Principal Amount of the then Outstanding Bonds as
11 determined in accordance with this Section have, prior to the attempted revocation,
12 consented to and approved the amendment.

13 (e) Implementation of Amendment. Upon the passage of any amendatory
14 ordinance pursuant to the provisions of this Section, this Thirteenth Supplement
15 shall be deemed to be amended, and the respective rights, duties and obligations of
16 the City under this Thirteenth Supplement and all the owners of then Outstanding
17 Bonds shall thereafter be determined, exercised and enforced hereunder, subject in
18 all respects to such amendment.

19 (f) Amendment without Consent. The foregoing provisions of this
20 Section notwithstanding, the City by action of its governing body may amend this
21 Thirteenth Supplement for any one or more of the following purposes:

22 (1) To add to the covenants and agreements of the City
23 contained in this Thirteenth Supplement, other covenants and
24 agreements thereafter to be observed, grant additional rights or
25 remedies to the owners of the Bonds or to surrender, restrict or limit
26 any right or power herein reserved to or conferred upon the City;

27 (2) To make such provisions for the purpose of curing any
28 ambiguity, or curing, correcting or supplementing any defective
29 provision contained in this Thirteenth Supplement, or in regard to
30 clarifying matters or questions arising under this Thirteenth
31 Supplement, as are necessary or desirable and not contrary to or
32 inconsistent with this Thirteenth Supplement and which shall not
33 adversely affect the interests of the owners of the Bonds then
34 Outstanding;

35 (3) To modify any of the provisions of this Thirteenth
36 Supplement in any other respect whatever, provided that such

1 modification shall be, and be expressed to be, effective only after all
2 the Bonds outstanding at the date of the adoption of such modification
3 shall cease to be outstanding;

4 (4) To make such amendments to this Thirteenth Supplement as
5 may be required, in the opinion of Bond Counsel, to ensure
6 compliance with sections 103 and 141 through 150 of the Code and
7 the regulations promulgated thereunder and applicable thereto;

8 (5) To make such changes, modifications or amendments as
9 may be necessary or desirable in order to allow the owners of the
10 Bonds to thereafter avail themselves of a book-entry system for
11 payments, transfers and other matters relating to the Bonds, which
12 changes, modifications or amendments are not contrary to or
13 inconsistent with other provisions of this Thirteenth Supplement and
14 which shall not adversely affect the interests of the owners of the
15 Bonds;

16 (6) To make such changes, modifications or amendments as
17 may be necessary or desirable in order to obtain or maintain the
18 granting of a rating on the Bonds by a Rating Agency or to obtain or
19 maintain a Credit Agreement or a Credit Facility; and

20 (7) To make such changes, modifications or amendments as
21 may be necessary or desirable, which shall not adversely affect the
22 interests of the owners of the Bonds, in order, to the extent permitted
23 by law, to facilitate the economic and practical utilization of interest
24 rate swap agreements, foreign currency exchange agreements, or
25 similar types of agreements with respect to the Bonds. Notice of any
26 such amendment may be published by the City in the manner
27 described in clause (b) of this Section; provided, however, that the
28 publication of such notice shall not constitute a condition precedent to
29 the adoption of such amendatory ordinance and the failure to publish
30 such notice shall not adversely affect the implementation of such
31 amendment as adopted pursuant to such amendatory ordinance.

32 (g) Ownership. For the purpose of this Section, the ownership and other
33 matters relating to all Bonds shall be established by the Security Register
34 maintained by the Paying Agent. Furthermore, the owner of any Bonds insured as
35 to the payment of principal of and interest thereon shall be deemed to be the
36 insurance company providing the insurance coverage on such Bonds; provided

1 such amendment to this Thirteenth Supplement is an amendment that can be made
2 with the consent of a majority in Outstanding Principal Amount of the Bonds and
3 such insurance company is not in default with respect to its obligations under its
4 insurance policy.

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

26 Any moneys so deposited with the Paying Agent/Registrar, or an authorized
27 escrow agent, may at the direction of the City also be invested in Government
28 Obligations, maturing in the amounts and at the times as hereinbefore set forth, and
29 all income from all Government Obligations not required for the payment of the
30 Bonds, the redemption premium, if any, and interest thereon, with respect to which
31 such money has been so deposited, shall be turned over to the City or deposited as
32 directed by the City. The City covenants that no deposit will be made or accepted
33 under clause (ii) of this Section and no use made of any such deposit which would
34 cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148
35 of the Internal Revenue Code of 1986, as amended.

36 Notwithstanding any other provisions of this Thirteenth Supplement, all
37 money or Government Obligations set aside and held in trust pursuant to the
38 provisions of this Section for the payment of the Bonds, the redemption premium,

1 if any, and interest thereon, shall be applied to and used for the payment of such
2 Bonds, the redemption premium, if any, and interest thereon and the income on
3 such money or Government Obligations shall not be considered to be "Gross
4 Revenues" under this Thirteenth Supplement.

5 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
6 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,
7 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be
8 printed, executed, and delivered, a new bond of the same principal amount,
9 maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed
10 Bond, in replacement for such Bond in the manner hereinafter provided. An
11 application for the replacement of damaged, mutilated, lost, stolen, or destroyed
12 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or
13 destruction of a Bond, the applicant for a replacement bond shall furnish to the
14 City and to the Paying Agent/Registrar such security or indemnity as may be
15 required by them to save each of them harmless from any loss or damage with
16 respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the
17 applicant shall furnish to the City and to the Paying Agent/Registrar evidence to
18 their satisfaction of the loss, theft, or destruction of such Bond, as the case may be.
19 In every case of damage or mutilation of a Bond, the applicant shall surrender to
20 the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.
21 Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall
22 charge the owner of such Bond with all legal, printing, and other expenses in
23 connection therewith. Every replacement bond issued pursuant to the provisions of
24 this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall
25 constitute a contractual obligation of the City whether or not the lost, stolen, or
26 destroyed Bond shall be found at any time, or be enforceable by anyone, and shall
27 be entitled to all the benefits of this Thirteenth Supplement equally and
28 proportionately with any and all other Bonds duly issued under this Thirteenth
29 Supplement.

30 Notwithstanding the foregoing provisions of this Section, in the event any
31 such Bond shall have matured, and no default has occurred which is then
32 continuing in the payment of the principal of, redemption premium, if any, or
33 interest on the Bond, the City may authorize the payment of the same (without
34 surrender thereof except in the case of a damaged or mutilated Bond) instead of
35 issuing a replacement Bond, provided security or indemnity is furnished as above
36 provided in this Section. Furthermore, in accordance with V.T.C.A., Government
37 Code, Section 1206.022, this Section shall constitute authority for the issuance of
38 any such replacement bond without necessity of further action by the governing

body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 6 of this Thirteenth Supplement for Bonds issued in exchange for other Bonds.

SECTION 20: THIRTEENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Thirteenth Supplement shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds and the pledge made in this Thirteenth Supplement by the City and the covenants and agreements set forth in this Thirteenth Supplement to be performed by the City shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Thirteenth Supplement.

SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.

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

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

1 (b) Annual Reports. The City shall provide annually to each NRMSIR
2 and any SID, within six months after the end of each fiscal year (beginning with
3 the fiscal year ending September 30, 2007) financial information and operating
4 data with respect to the City of the general type included in the final Official
5 Statement approved by Section 23 of this Thirteenth Supplement, being the
6 information described in **Exhibit D** hereto. Financial statements to be provided
7 shall be (1) prepared in accordance with the accounting principles described in
8 **Exhibit D** hereto and (2) audited, if the City commissions an audit of such
9 statements and the audit is completed within the period during which they must be
10 provided. If audited financial statements are not available at the time the financial
11 information and operating data must be provided, then the City shall provide
12 unaudited financial statements for the applicable fiscal year to each NRMSIR and
13 any SID with the financial information and operating data and will file the annual
14 audit report when and if the same becomes available.

15 If the City changes its fiscal year, it will notify each NRMSIR and any SID
16 of the change (and of the date of the new fiscal year end) prior to the next date by
17 which the City otherwise would be required to provide financial information and
18 operating data pursuant to this Section.

19 The financial information and operating data to be provided pursuant to this
20 Section may be set forth in full in one or more documents or may be included by
21 specific reference to any document (including an official statement or other
22 offering document, if it is available from the MSRB) that theretofore has been
23 provided to each NRMSIR and any SID or filed with the SEC.

24 (c) Material Event Notices. The City shall notify any SID and either each
25 NRMSIR or the MSRB, in a timely manner, of any of the following events with
26 respect to the Bonds, if such event is material within the meaning of the federal
27 securities laws:

- 28 (1) Principal and interest payment delinquencies;
- 29 (2) Non-payment related defaults;
- 30 (3) Unscheduled draws on debt service reserves reflecting financial
31 difficulties;
- 32 (4) Unscheduled draws on credit enhancements reflecting financial
33 difficulties;
- 34 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 35 (6) Adverse tax opinions or events affecting the tax-exempt status of the
36 Bonds;
- 37 (7) Modifications to rights of holders of the Bonds;

- 1 (8) Bond calls;
2 (9) Defeasances;
3 (10) Release, substitution, or sale of property securing repayment of the
4 Bonds; and
5 (11) Rating changes.

6 The City shall notify any SID and either each NRMSIR or the MSRB, in a
7 timely manner, of any failure by the City to provide financial information or
8 operating data in accordance with subsection (b) of this Section by the time
9 required by such Section.

10 (d) Limitations, Disclaimers, and Amendments. The City shall be
11 obligated to observe and perform the covenants specified in this Section while, but
12 only while, the City remains an "obligated person" with respect to the Bonds
13 within the meaning of the Rule, except that the City in any event will give the
14 notice required by subsection (c) hereof of any Bond calls and defeasance that
15 cause the City to be no longer such an "obligated person."

16 The provisions of this Section are for the sole benefit of the Holders and
17 beneficial owners of the Bonds, and nothing in this Section, express or implied,
18 shall give any benefit or any legal or equitable right, remedy, or claim hereunder to
19 any other person. The City undertakes to provide only the financial information,
20 operating data, financial statements, and notices which it has expressly agreed to
21 provide pursuant to this Section and does not hereby undertake to provide any
22 other information that may be relevant or material to a complete presentation of the
23 City's financial results, condition, or prospects or hereby undertake to update any
24 information provided in accordance with this Section or otherwise, except as
25 expressly provided herein. The City does not make any representation or warranty
26 concerning such information or its usefulness to a decision to invest in or sell
27 Bonds at any future date.

28 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO
29 THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER
30 PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN
31 WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER
32 NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT
33 SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY
34 SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY
35 SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR
36 SPECIFIC PERFORMANCE.

1 No default by the City in observing or performing its obligations under this
2 Section shall constitute a breach of or default under this Thirteenth Supplement for
3 purposes of any other provision of this Thirteenth Supplement.

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

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

30 **SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all
31 rights and remedies provided by the laws of the State of Texas, the City covenants
32 and agrees particularly that in the event the City (a) defaults in payments to be
33 made to the Debt Service Fund or Reserve Fund as required by this Thirteenth
34 Supplement or the Master Ordinance, (b) defaults in the observance or
35 performance of any other of the covenants, conditions or obligations set forth in
36 this Thirteenth Supplement or the Master Ordinance or (c) the City declares
37 bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of
38 mandamus issued by a court of proper jurisdiction, compelling and requiring the

1 City and its officers to observe and perform any covenant, condition or obligation
2 prescribed in this Thirteenth Supplement or the Master Ordinance. No delay or
3 omission to exercise any right or power accruing upon any default shall impair any
4 such right or power, or shall be construed to be a waiver of any such default or
5 acquiescence therein, and every such right and power may be exercised from time
6 to time and as often as may be deemed expedient.

7 The specific remedy herein provided shall be cumulative of all other existing
8 remedies and the specification of such remedy shall not be deemed to be exclusive.

9 **SECTION 23: SALE OF BONDS - OFFICIAL STATEMENT**
10 **APPROVAL.** Pursuant to a public sale for the Bonds, the bid submitted by
11 _____ (herein referred to as the "Underwriters") is declared to
12 be the best bid received producing the lowest true interest cost rate to the City;
13 such bid is hereby accepted and incorporated herein by reference as a part of this
14 Thirteenth Supplement for all purposes and the sale of the Bonds to said
15 Underwriters at the price of par and accrued interest to the date of delivery, plus a
16 premium of \$_____, is hereby approved and confirmed. Delivery of the
17 Bonds to the Underwriters shall occur as soon as possible upon payment being
18 made therefor in accordance with the terms of sale.

19 Furthermore, the use of the Preliminary Official Statement, dated November
20 1, 2007, in the offering and sale of the Bonds is hereby ratified, confirmed and
21 approved in all respects, and the City Council hereby finds that the information and
22 data contained in said Preliminary Official Statement pertaining to the City and its
23 financial affairs is true and correct in all material respects and no material facts
24 have been omitted therefrom which are necessary to make the statements therein,
25 in light of the circumstances under which they were made, not misleading. The
26 final Official Statement, which reflects the terms of sale (together with such
27 changes approved by the Mayor, City Manager, Chief Financial Officer, Deputy
28 Chief Financial Officer or City Treasurer, one or more of said officials), shall be
29 and is hereby in all respects approved and the Underwriters are hereby authorized
30 to use and distribute said final Official Statement, dated November 8, 2007, in the
31 offering, sale and delivery of the Bonds to the public.

32 **SECTION 24: CONTROL AND CUSTODY OF BONDS.** The City
33 Manager of the City shall be and is hereby authorized to take and have charge of
34 all necessary orders and records pending the sale of the Bonds, and shall take and
35 have charge and control of the Initial Bonds pending the approval thereof by the
36 Attorney General, the registration thereof by the Comptroller of Public Accounts
37 and the delivery thereof to the Underwriters.

1 Furthermore, the Mayor, City Manager, Chief Financial Officer, Deputy
2 Chief Financial Officer, City Clerk, City Treasurer and City Attorney, any one or
3 more of said officials, are hereby authorized and directed to furnish and execute
4 such documents relating to the City and its financial affairs as may be necessary
5 for the sale of the Bonds, the approval of the Attorney General and registration by
6 the Comptroller of Public Accounts and, together with the City's financial advisor,
7 bond counsel and the Paying Agent/Registrar, make the necessary arrangements
8 for their delivery to the Underwriters following such sale.

9 **SECTION 25: PROCEEDS OF SALE.** Immediately following the delivery
10 of the Bonds, the proceeds of sale of the Bonds in an amount sufficient to pay and
11 defease the Refunded Obligations shall be deposited with the US Bank, National
12 Association (the paying agent for the Refunded Obligations and hereinafter called
13 the "Deposit Agent") for the payment and discharge of the Refunded Obligations
14 and the balance of such proceeds shall be used for the payment of costs of
15 issuance, including amounts to pay municipal bond insurance and amounts to pay
16 the surety bond premium, if any, all in accordance with written instructions to the
17 Paying Agent/Registrar. Accrued interest received from the Underwriters shall be
18 deposited to the credit of the Debt Service Fund. Premium, if any, received from
19 the Underwriters shall either be deposited to the credit of the Debt Service Fund or
20 used for the payment of the costs of issuance or deposited with the Deposit Agent
21 and applied to the defeasance of the Refunded Obligations.

22 Furthermore, appropriate officials of the City in cooperation with the
23 Deposit Agent are hereby authorized and directed to make the necessary
24 arrangements for the deposit of funds with the Deposit Agent for the payment of
25 the Refunded Obligations; all as contemplated and provided in V.T.C.A.,
26 Government Code, Chapter 1207, as amended, and this Thirteenth Supplement.

27 **SECTION 26: LEGAL OPINION.** The obligation of the Underwriters to
28 accept delivery of the Bonds is subject to being furnished a final opinion of
29 Fulbright & Jaworski L.L.P., Attorneys, Dallas, Texas, approving such Bonds as to
30 their validity, said opinion to be dated and delivered as of the date of delivery and
31 payment for such Bonds. A true and correct reproduction of said opinion is hereby
32 authorized to be printed on the definitive Bonds or an executed counterpart thereof
33 shall accompany the global Bonds deposited with The Depository Trust Company.

34 **SECTION 27: CUSIP NUMBERS.** CUSIP numbers may be printed or
35 typed on the definitive Bonds. It is expressly provided, however, that the presence
36 or absence of CUSIP numbers on the definitive Bonds shall be of no significance
37 or effect as regards the legality thereof and neither the City nor attorneys approving

1 said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly
2 printed or typed on the definitive Bonds.

3 **SECTION 28: PAYMENT AND PERFORMANCE ON BUSINESS**
4 **DAYS.** Whenever under the terms of this Thirteenth Supplement or the Bonds, the
5 performance date of any provision hereof or thereof, including the payment of
6 principal of or interest on the Bonds, shall occur on a day other than a Business
7 Day, then the performance thereof, including the payment of principal of and
8 interest on the Bonds, need not be made on such day but may be performed or
9 paid, as the case may be, on the next succeeding Business Day with the same force
10 and effect as if made on the date of performance or payment.

11 **SECTION 29: LIMITATION OF BENEFITS WITH RESPECT TO**
12 **THE THIRTEENTH SUPPLEMENT.** With the exception of the rights or
13 benefits herein expressly conferred, nothing expressed or contained herein or
14 implied from the provisions of this Thirteenth Supplement or the Bonds is intended
15 or should be construed to confer upon or give to any person other than the City, the
16 Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or
17 claim under or by reason of or in respect to this Thirteenth Supplement or any
18 covenant, condition, stipulation, promise, agreement, or provision herein
19 contained. This Thirteenth Supplement and all of the covenants, conditions,
20 stipulations, promises, agreements, and provisions hereof are intended to be and
21 shall be for and inure to the sole and exclusive benefit of the City, the Holders, and
22 the Paying Agent/Registrar as herein and therein provided.

23 **SECTION 30: NOTICES TO HOLDERS-WAIVER.** Wherever this
24 Thirteenth Supplement provides for notice to Holders of any event, such notice
25 shall be sufficiently given (unless otherwise herein expressly provided) if in
26 writing and sent by United States Mail, first class postage prepaid, to the address of
27 each Holder appearing in the Security Register at the close of business on the
28 business day next preceding the mailing of such notice.

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

1 SECTION 31: **GOVERNING LAW.** This Thirteenth Supplement shall be
2 construed and enforced in accordance with the laws of the State of Texas and the
3 United States of America.

4 SECTION 32: **EFFECT OF HEADINGS.** The Section headings herein are
5 for convenience of reference only and shall not affect the construction hereof.

6 SECTION 33: **CONSTRUCTION OF TERMS.** If appropriate in the
7 context of this Thirteenth Supplement, words of the singular number shall be
8 considered to include the plural, words of the plural number shall be considered to
9 include the singular, and words of the masculine, feminine or neuter gender shall
10 be considered to include the other genders.

11 SECTION 34: **SEVERABILITY.** If any provision of this Thirteenth
12 Supplement or the application thereof to any circumstance shall be held to be
13 invalid, the remainder of this Thirteenth Supplement and the application thereof to
14 other circumstances shall nevertheless be valid, and the City Council hereby
15 declares that this Thirteenth Supplement would have been enacted without such
16 invalid provision.

17 SECTION 35: **INCORPORATION OF FINDINGS AND**
18 **DETERMINATIONS.** The findings and determinations of the City Council
19 contained in the preamble hereof are hereby incorporated by reference and made a
20 part of this Ordinance for all purposes as if the same were restated in full in this
21 Section.

22 SECTION 36: **INSURANCE.**

23 [insurance provisions to follow]

24 SECTION 37: **PUBLIC MEETING.** It is officially found, determined, and
25 declared that the meeting at which this Thirteenth Supplement is adopted was open
26 to the public and public notice of the time, place, and subject matter of the public
27 business to be considered at such meeting, including this Thirteenth Supplement,
28 was given; all as required by V.T.C.A., Government Code, Chapter 551, as
29 amended.

1 SECTION 38: **EFFECTIVE DATE.** This Thirteenth Supplement is hereby
2 passed on one reading as authorized by V.T.C.A., Government Code, Section
3 1201.028, and shall be effective immediately upon its passage and adoption on
4 November 8, 2007.

5 [remainder of page left blank intentionally]

DRAFT

PASSED AND APPROVED

§
§
§

_____, 2007

Will Wynn
Mayor

APPROVED:

David Allan Smith
City Attorney

ATTEST:

Shirley A. Gentry
City Clerk

DRAFT

EXHIBIT A

That, as used in this Thirteenth Supplement, the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Bonds" means the "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2007" authorized for issuance by the Thirteenth Supplement.

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

"Insurance Agreement" means the Insurance Agreement between _____ and the City related to the Reserve Fund Policy.

"Master Ordinance" means Ordinance No. 000608-56A providing for the issuance of "Parity Water/Wastewater Obligations", as defined therein, passed by the City on June 8, 2000.

"Thirteenth Supplement" means Ordinance No. 20071108-_____ authorizing the issuance of the Bonds.

"Paying Agent/Registrar" means the financial institution specified in Section 4 of the Thirteenth Supplement.

"Previously Issued Parity Water/Wastewater Obligations" mean the outstanding Parity Water/Wastewater Obligations previously issued or incurred pursuant to one or more Prior Supplements, more particularly identified as follows: (1) "City of Austin, Texas, Water And Wastewater System Revenue Refunding Bonds, Series 2000" (2) "City of Austin, Texas, Water And Wastewater System Revenue Refunding Bonds, Series 2001A", (3) "City of Austin, Texas, Water And Wastewater System Revenue Refunding Bonds, Series 2001B", (4) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2001C", (5) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2002A", (6) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2003", (7) "City of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2004", together with certain regularly scheduled payments under the Interest

1 Rate Swap Agreement, the Liquidity Agreement and the Insurance Obligation (as
2 such terms are defined in Ordinance No. 040812-43), (8) "City of Austin, Texas,
3 Water and Wastewater System Revenue Refunding Bonds, Series 2004A", (9)
4 "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,
5 Series 2005", (10) and "City of Austin, Texas, Water and Wastewater System
6 Revenue Refunding Bonds, Series 2005A", (11) "City of Austin, Texas, Water and
7 Wastewater System Revenue Refunding Bonds, Series 2006" and (12) "City of
8 Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
9 2006A"

10 "Prior Supplements" mean Ordinances Nos. 000608-56B, 010419-77,
11 011129-65, 020718-15, 030206-35, 040617-45, 040812-43, 040930-83, 050519-
12 37, 051020-051 and 20051117-060 and 20061108-051 authorizing the issuance of
13 the Previously Issued Parity Water/Wastewater Obligations.

14 "Security Register" shall have the meaning given said term in Section 4 of
15 the Thirteenth Supplement.

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Exhibit B

Paying Agent Registrar Agreement

DRAFT

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Exhibit C

Insurance Agreement

DRAFT

1 Exhibit D

2
3 Continuing Disclosure Requirements Under the Rule

4 DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

5
6 The following information is referred to in Section 21 of this Thirteenth
7 Supplement.

8
9 **Annual Financial Statements and Operating Data**

10
11 The financial information and operating data with respect to the City to be
12 provided annually in accordance with such Section are as specified (and included
13 in the Appendix or under the headings of the Official Statement referred to) below:

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

17 2. The information under the numbered tables.

18 **Accounting Principles**

19
20 The accounting principles referred to in such Section are the generally
21 accepted accounting principles as applicable to governmental units as prescribed
22 by The Government Accounting Standards Board.

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EXHIBIT E
Insurance Commitment

DRAFT