

1                                   **ORDINANCE NO. 20071108-\_\_\_\_\_**

2           **AN ORDINANCE AUTHORIZING THE ISSUANCE**  
3           **AND SALE OF CITY OF AUSTIN, TEXAS, WATER AND**  
4           **WASTEWATER SYSTEM REVENUE REFUNDING**  
5           **BONDS, SERIES 2007A; PLEDGING THE NET**  
6           **REVENUES OF THE CITY'S WATER AND**  
7           **WASTEWATER SYSTEM TO THE PAYMENT OF**  
8           **PRINCIPAL OF AND INTEREST ON SAID BONDS;**  
9           **ESTABLISHING PROCEDURES FOR THE SALE AND**  
10          **DELIVERY OF THE BONDS; AND DELEGATING**  
11          **MATTERS RELATING TO THE SALE AND ISSUANCE**  
12          **OF THE BONDS TO AN AUTHORIZED CITY OFFICER**  
13          **OR EMPLOYEE; AND PROVIDING AN EFFECTIVE**  
14          **DATE.**

15          WHEREAS, the City has heretofore authorized and issued the following  
16          described obligations (hereinafter collectively referred to as the "Refunded  
17          Bonds"), payable in whole or in part from the revenues of the City's Water and  
18          Wastewater System, to wit:

19               (1)   City of Austin, Texas, Combined Utility Systems  
20               Revenue Refunding Bonds, Series 1997, dated August 1, 1997

21               (2)   City of Austin, Texas, Water and Wastewater System  
22               Revenue Refunding Bonds, Series 2001A, dated April 15, 2001;

23               (3)   City of Austin, Texas, Water and Wastewater System  
24               Revenue Refunding Bonds, Series 2001B, dated April 15, 2001;

25               (4)   City of Austin, Texas, Water and Wastewater System  
26               Revenue Refunding Bonds, Series 2003, dated February 1, 2003;

27               (5)   City of Austin, Texas, Water and Wastewater System  
28               Revenue Refunding Bonds, Series 2004A, dated September 15, 2004;  
29               and

30               (6)   City of Austin, Texas, Water and Wastewater System  
31               Revenue Refunding Bonds, Series 2005A, dated October 15, 2005;

32          WHEREAS, pursuant to the provisions of V.T.C.A., Government Code,  
33          Chapter 1207, as amended, the City Council is authorized to issue refunding bonds

1 and deposit the proceeds of sale directly with any place of payment for the  
2 Refunded Bonds, or other authorized depository, and such deposit, when made in  
3 accordance with said statute, and ordinances authorizing the issuance of the  
4 Refunded Bonds, shall constitute the making of firm banking and financial  
5 arrangements for their discharge and final payment; and

6 WHEREAS, the City shall by this Ordinance, in accordance with the  
7 provisions of Section 1207.007, Texas Government Code, as amended, delegate to  
8 a Pricing Officer (hereinafter designated) the authority to select the specific  
9 maturities (whole or part) of the Refunded Bonds to be refunded; and

10 WHEREAS, the City Council hereby finds and determines that it is a public  
11 purpose and in the best interests of the City to refund the Refunded Bonds in order  
12 to achieve a present value debt service savings of not less than 4.25%, with such  
13 savings, among other information and terms to be included in a pricing certificate  
14 (the "Pricing Certificate") to be executed by the Pricing Officer (hereafter  
15 designated), all in accordance with the provisions of Section 1207.007, Texas  
16 Government Code, as amended; and

17 WHEREAS, the City Council further finds and determines the bonds herein  
18 authorized to be issued to refund the Refunded Bonds can and shall be on a parity  
19 with the outstanding "Parity Water/Wastewater Obligations" issued in accordance  
20 with and under the terms and provisions of Ordinance No. 000608-56A (the  
21 "Master Ordinance") and the Prior Supplements; now, therefore,

22 **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF**  
23 **AUSTIN, TEXAS:**

24 SECTION 1: **DEFINITIONS.** In addition to the definitions set forth in the  
25 preamble of this Ordinance (hereinafter referred to as the "Fourteenth  
26 Supplement"), the terms used herein and not otherwise defined shall have the  
27 meanings given in the Master Ordinance and the Prior Supplements or in **Exhibit**  
28 **A** to this Fourteenth Supplement.

29 SECTION 2: **AUTHORIZATION – DESIGNATION – PRINCIPAL**  
30 **AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are hereby  
31 authorized to be issued in the maximum aggregate principal amount hereinafter set  
32 forth to be designated and bear the title "CITY OF AUSTIN, TEXAS, WATER  
33 AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES  
34 2007A" (hereinafter referred to as the "Bonds"), for the purpose of refinancing and  
35 refunding the Refunded Bonds (described in the preamble hereof [and finally

1 identified in the Pricing Certificate] and referred to as the “Refunded Bonds”), and  
2 paying costs of issuance in conformity with the Constitution and laws of the State  
3 of Texas, including V.T.C.A., Government Code, Chapters 1207 and 1371, as  
4 amended.

5       **SECTION 3: FULLY REGISTERED OBLIGATIONS - AUTHORIZED**  
6 **DENOMINATIONS – STATED MATURITIES - DATE.** The Bonds shall be  
7 issued as fully registered obligations, without coupons, shall be dated (the “Bond  
8 Date”) as provided in the Pricing Certificate and, other than the single fully  
9 registered Initial Bond referenced in Section 9 hereof, shall be in denominations of  
10 \$5,000 or any integral multiple thereof (within a Stated Maturity), shall be  
11 numbered consecutively from One (1) upward and shall become due and payable  
12 on May 15 and/or November 15 in each of the years and in principal amounts (the  
13 "Stated Maturities") and bear interest at the rate(s) per annum in accordance with  
14 the details of the Bonds as set forth in the Pricing Certificate.

15       The Bonds shall bear interest on the unpaid principal amounts from the  
16 Bond Date or the most recent interest payment date to which interest has been paid  
17 or duly provided for, at the rate(s) per annum specified in the Pricing Certificate  
18 (calculated on the basis of a 360 day year of twelve 30 day months). Interest on  
19 the Bonds shall be payable on May 15 and November 15 in each year,  
20 commencing on the date set forth in the Pricing Certificate.

21       **SECTION 4: DELEGATION OF AUTHORITY TO PRICING OFFICER.**

22       (a) As authorized by Section 1207.007, Texas Government Code, as  
23 amended, the City Manager or Chief Financial Officer of the City (either, the  
24 "Pricing Officer") is hereby authorized to act on behalf of the City in selling and  
25 delivering the Bonds and carrying out the other procedures specified in this  
26 Fourteenth Supplement, including selection of the specific maturities or series  
27 (whole or part) of the Refunded Bonds to be refunded, determining the aggregate  
28 principal amount of the Bonds, the date of the Bonds, any additional or different  
29 designation or title by which the Bonds shall be known, the price at which the  
30 Bonds will be sold, the years in which the Bonds will mature, the principal amount  
31 to mature in each of such years, the rate of interest to be borne by each such  
32 maturity, the first interest payment date, the price and terms upon and at which the  
33 Bonds shall be subject to redemption prior to maturity at the option of the City, as  
34 well as any mandatory sinking fund redemption provisions, the designation of a  
35 paying agent/registrar, the designation of an escrow agent satisfying the  
36 requirements of V.T.C.A., Chapter 1207, Government Code, as amended, and all

1 other matters relating to the issuance, sale, and delivery of the Bonds all of which  
2 shall be specified in the Pricing Certificate, provided that:

3 (i) the aggregate original principal amount of the  
4 Bonds shall not exceed \$250,000,000;

5 (ii) the Bonds shall bear interest at a rate not greater  
6 than 15.0% per annum and the net effective interest rate  
7 (as defined in V.T.C.A., Chapter 1204, Government  
8 Code, as amended) for the Bonds shall not exceed 15.0%;  
9 and

10 (iii) the refunding must produce present value debt  
11 service savings of at least 4.25%, net of any Issuer  
12 contribution.

13 The execution of the Pricing Certificate shall evidence the sale date of the  
14 Bonds by the City to the Purchasers (hereinafter defined).

15 (b) In establishing the aggregate principal amount of the Bonds, the  
16 Pricing Officer shall establish an amount not exceeding the amount authorized in  
17 Subsection (a)(i) above, which shall be sufficient in amount to provide for the  
18 purposes for which the Bonds are authorized and to pay costs of issuing the Bonds.  
19 The delegation made hereby shall expire if not exercised by the Pricing Officer on  
20 May 8, 2008. The Bonds shall be sold by negotiated sale to the underwriter(s)  
21 named in the Pricing Certificate (the "Purchasers"), at such price and with and  
22 subject to such terms as set forth in the Pricing Certificate.

23 **SECTION 5: TERMS OF PAYMENT - PAYING AGENT/REGISTRAR.**  
24 The principal of, premium, if any, and the interest on the Bonds, due and payable  
25 by reason of maturity, redemption or otherwise, shall be payable only to the  
26 registered owners or holders of the Bonds (hereinafter called the "Holders")  
27 appearing on the registration and transfer books maintained by the Paying  
28 Agent/Registrar and the payment thereof shall be in any coin or currency of the  
29 United States of America, which at the time of payment is legal tender for the  
30 payment of public and private debts, and shall be without exchange or collection  
31 charges to the Holders.

32 The selection and appointment of the Paying Agent/Registrar for the Bonds  
33 shall be as provided in the Pricing Certificate. Books and records relating to the  
34 registration, payment, exchange and transfer of the Bonds (the "Security Register")  
35 shall at all times be kept and maintained on behalf of the City by the Paying

1 Agent/Registrar, all as provided herein, in accordance with the terms and  
2 provisions of a "Paying Agent/Registrar Agreement," substantially in the form  
3 attached to the Pricing Certificate and such reasonable rules and regulations as the  
4 Paying Agent/Registrar and the City may prescribe. The Pricing Officer is hereby  
5 authorized to execute and deliver such Agreement in connection with the delivery  
6 of the Bonds. The City covenants to maintain and provide a Paying  
7 Agent/Registrar at all times until the Bonds are paid and discharged, and any  
8 successor Paying Agent/Registrar shall be a commercial bank, trust company,  
9 financial institution, or other entity qualified and authorized to serve in such  
10 capacity and perform the duties and services of Paying Agent/Registrar. Upon any  
11 change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly  
12 cause a written notice thereof to be sent to each Holder by United States Mail, first  
13 class postage prepaid, which notice shall also give the address of the new Paying  
14 Agent/Registrar.

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

33 In the event of a non-payment of interest on one or more maturities on a  
34 scheduled payment date, and for thirty (30) days thereafter, a new record date for  
35 such interest payment for such maturity or maturities (a "Special Record Date")  
36 will be established by the Paying Agent/Registrar, if and when funds for the  
37 payment of such interest have been received from the City. Notice of the Special  
38 Record Date and of the scheduled payment date of the past due interest (which

1 shall be 15 days after the Special Record Date) shall be sent at least five (5)  
2 business days prior to the Special Record Date by United States Mail, first class  
3 postage prepaid, to the address of each Holder of such maturity or maturities  
4 appearing on the Security Register at the close of business on the last business day  
5 next preceding the date of mailing of such notice.

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

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

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

33 All Bonds issued upon any transfer or exchange of Bonds shall be delivered  
34 at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent  
35 by United States Mail, first class postage prepaid, to the Holder and, upon the  
36 delivery thereof, the same shall be valid obligations of the City, evidencing the

1 same obligation to pay, and entitled to the same benefits under this Fourteenth  
2 Supplement, as the Bonds surrendered in such transfer or exchange.

3 All transfers or exchanges of Bonds pursuant to this Section shall be made  
4 without expense or service charge to the Holder, except as otherwise herein  
5 provided, and except that the Paying Agent/Registrar shall require payment by the  
6 Holder requesting such transfer or exchange of any tax or other governmental  
7 charges required to be paid with respect to such transfer or exchange.

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

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

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

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

1 (the "Beneficial Owners") being recorded in the records of DTC and DTC  
2 Participants.

3 In the event DTC determines to discontinue serving as securities depository  
4 for the Bonds or otherwise ceases to provide book-entry clearance and settlement  
5 of securities transactions in general or the City determines that DTC is incapable of  
6 properly discharging its duties as securities depository for the Bonds, the City  
7 covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in  
8 definitive form and provide for the Bond certificates to be issued and delivered to  
9 DTC Participants and Beneficial Owners, as the case may be. Thereafter, the  
10 Bonds in definitive form shall be assigned, transferred and exchanged on the  
11 Security Register maintained by the Paying Agent/Registrar and payment of such  
12 Bonds shall be made in accordance with the provisions of Sections 5 and 6 hereof.

13 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be  
14 executed on behalf of the City by the Mayor under its seal reproduced or impressed  
15 thereon and countersigned by the City Clerk. The signature of said officers on the  
16 Bonds may be manual or facsimile. Bonds bearing the manual or facsimile  
17 signatures of individuals who are or were the proper officers of the City on the date  
18 of adoption of this Fourteenth Supplement shall be deemed to be duly executed on  
19 behalf of the City, notwithstanding that such individuals or either of them shall  
20 cease to hold such offices at the time of delivery of the Bonds to the initial  
21 purchaser(s) and with respect to Bonds delivered in subsequent exchanges and  
22 transfers, all as authorized and provided in V.T.C.A., Government Code, Chapter  
23 1201, as amended.

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

34 **SECTION 9: INITIAL BONDS.** The Bonds herein authorized shall be  
35 initially issued either (i) as a single fully registered bond in the total principal  
36 amount of the Bonds with principal installments to become due and payable as  
37 provided in the Pricing Certificate and numbered T-1, or (ii) as multiple fully



1 registered bonds, being one bond for each stated maturity in the applicable  
2 principal amount and denomination and to be numbered consecutively from T-1  
3 and upward (hereinafter called the "Initial Bonds"). In either case, the Initial  
4 Bonds shall be registered in the name of the initial purchaser(s) or the designee  
5 thereof. The Initial Bonds shall be the Bonds submitted to the Office of the  
6 Attorney General of the State of Texas for approval, certified and registered by the  
7 Office of the Comptroller of Public Accounts of the State of Texas and delivered to  
8 the initial purchaser(s). Any time after the delivery of the Initial Bonds, the Paying  
9 Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or  
10 the designee thereof, shall cancel the Initial Bonds delivered hereunder and  
11 exchange therefor definitive Bonds of authorized denominations, Stated Maturities,  
12 principal amounts and bearing applicable interest rates for transfer and delivery to  
13 the Holders named at the addresses identified therefor; all pursuant to and in  
14 accordance with such written instructions from the initial purchaser(s), or the  
15 designee thereof, and such other information and documentation as the Paying  
16 Agent/Registrar may reasonably require.

17 SECTION 10: **FORMS.** A. Forms Generally. The Bonds, the Registration  
18 Certificate of the Comptroller of Public Accounts of the State of Texas, the  
19 Certificate of Registration, and the form of Assignment to be printed on each of the  
20 Bonds, shall be substantially in the forms set forth in this Section with such  
21 appropriate insertions, omissions, substitutions, and other variations as are  
22 permitted or required by this Fourteenth Supplement and may have such letters,  
23 numbers, or other marks of identification (including identifying numbers and  
24 letters of the Committee on Uniform Securities Identification Procedures of the  
25 American Bankers Association) and such legends and endorsements (including  
26 insurance legends in the event the Bonds, or any maturities thereof, are purchased  
27 with insurance and any reproduction of an opinion of counsel) thereon as may,  
28 consistently herewith, be established by the City or determined by the officers  
29 executing such Bonds as evidenced by their execution thereof. Any portion of the  
30 text of any Bonds may be set forth on the reverse thereof, with an appropriate  
31 reference thereto on the face of the Bond.

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

36 B. Form of Definitive Bond.

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

1 UNITED STATES OF AMERICA  
2 STATE OF TEXAS  
3 CITY OF AUSTIN, TEXAS,  
4 WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BOND,  
5 SERIES 2007A

Bond Date: \_\_\_\_\_, 2007 Interest Rate: \_\_\_\_\_ Stated Maturity: \_\_\_\_\_ 15, 20 \_\_\_\_\_ CUSIP NO: \_\_\_\_\_

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ DOLLARS

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

1 preceding each interest payment date and interest shall be paid by the Paying  
2 Agent/Registrar by check sent United States Mail, first class postage prepaid, to  
3 the address of the registered owner recorded in the Security Register or by such  
4 other method, acceptable to the Paying Agent/Registrar, requested by, and at the  
5 risk and expense of, the registered owner. If the date for the payment of the  
6 principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday,  
7 or a day when banking institutions in the city where the Designated  
8 Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized  
9 by law or executive order to close, then the date for such payment shall be the next  
10 succeeding day which is not such a Saturday, Sunday, legal holiday, or day when  
11 banking institutions are authorized to close; and payment on such date shall have  
12 the same force and effect as if made on the original date payment was due. All  
13 payments of principal of, premium, if any, and interest on this Bond shall be  
14 without exchange or collection charges to the owner hereof and in any coin or  
15 currency of the United States of America which at the time of payment is legal  
16 tender for the payment of public and private debts.

17 This Bond is one of the series specified in its title issued in the aggregate  
18 principal amount of \$\_\_\_\_\_ (herein referred to as the "Bonds") for the  
19 purpose of refinancing and refunding the Refunded Bonds (identified and defined  
20 in the Fourteenth Supplement hereinafter referenced), in conformity with the  
21 Constitution and laws of the State of Texas, including V.T.C.A., Government  
22 Code, Chapters 1207 and 1371, as amended, and pursuant to a Master Ordinance  
23 and Fourteenth Supplement adopted by the City Council of the City (herein  
24 collectively referred to as the "Ordinances").

25 The Bonds maturing on the dates hereinafter identified (the "Term Bonds")  
26 are subject to mandatory redemption prior to maturity with funds on deposit in the  
27 Debt Service Fund established and maintained for the payment thereof in the  
28 Ordinance, and shall be redeemed in part prior to maturity at the price of par and  
29 accrued interest thereon to the date of redemption, and without premium, on the  
30 dates and in the principal amounts as follows:

1

<u>Term Bonds due</u>	<u>Principal Amount</u>	<u>Term Bonds due</u>	<u>Principal Amount</u>
<u>Redemption Date</u>		<u>Redemption Date</u>	

2       The particular Term Bonds of a Stated Maturity to be redeemed on each  
3 redemption date shall be chosen by lot by the Paying Agent/Registrar; provided,  
4 however, that the principal amount of Term Bonds for a Stated Maturity required  
5 to be redeemed on a mandatory redemption date may be reduced, at the option of  
6 the City, by the principal amount of Term Bonds of like Stated Maturity which, at  
7 least 50 days prior to a mandatory redemption date, (1) shall have been acquired by  
8 the City at a price not exceeding the principal amount of such Term Bonds plus  
9 accrued interest to the date of purchase thereof, and delivered to the Paying  
10 Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the  
11 optional redemption provisions appearing below and not theretofore credited  
12 against a mandatory redemption requirement.

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

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

31       In the event a portion of the principal amount of a Bond is to be redeemed  
32 and the registered owner is someone other than Cede & Co., payment of the

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

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

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

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

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

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

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

36 It is hereby certified, recited, represented and covenanted that the City is a  
37 duly organized and legally existing municipal corporation under and by virtue of  
38 the Constitution and laws of the State of Texas; that the issuance of the Bonds is

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

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

16 CITY OF AUSTIN, TEXAS  
17  
18  
19

20 \_\_\_\_\_  
Mayor

21 COUNTERSIGNED:  
22  
23  
24

25 \_\_\_\_\_  
City Clerk

26 (SEAL)  
27  
28

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

# REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE )  
COMPTROLLER

OF PUBLIC ACCOUNTS

REGISTER NO. \_\_\_\_\_

THE STATE OF TEXAS )

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

WITNESS my signature and seal of office this \_\_\_\_\_.

Comptroller of Public Accounts  
of the State of Texas

(SEAL)

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

# REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The designated office of the Paying Agent/Registrar in \_\_\_\_\_ is the Designated Payment/Transfer Office for this Bond.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

\_\_\_\_\_  
\_\_\_\_\_,  
as Paying Agent/Registrar

Registration date:

\_\_\_\_\_  
By \_\_\_\_\_  
Authorized Signature

E. Form of Assignment.

ASSIGNMENT

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

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

DATED:

\_\_\_\_\_  
Signature guaranteed:

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

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

REGISTERED  
NO. T-1

REGISTERED  
\$ \_\_\_\_\_

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

Bond Date: \_\_\_\_\_, 2007

Registered Owner:

Principal Amount:

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

YEAR OF  
MATURITY

PRINCIPAL  
INSTALLMENT  
S

INTEREST  
RATE

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

16 (or so much thereof as shall not have been paid upon prior redemption) and to pay  
17 interest, computed on the basis of a 360-day year of twelve 30-day months, on the  
18 unpaid principal amounts hereof from the interest payment date next preceding the  
19 "Registration Date" of this Bond appearing below (unless this Bond bears a  
20 "Registration Date" as of an interest payment date, in which case it shall bear  
21 interest from such date, or unless the "Registration Date" of this Bond is prior to  
22 the initial interest payment date in which case it shall bear interest from the Bond  
23 Date) at the per annum rates of interest specified above; such interest being

1 payable on \_\_\_\_\_ and on each November 15 and May 15  
2 thereafter until maturity or prior redemption. Principal installments of this Bond  
3 are payable to the registered owner hereof by  
4 \_\_\_\_\_ (the "Paying Agent/Registrar"), upon  
5 presentation and surrender, at its designated offices in \_\_\_\_\_ (the  
6 "Designated Payment/Transfer Office"). Interest is payable to the registered owner  
7 of this Bond whose name appears on the "Security Register" maintained by the  
8 Paying Agent/Registrar at the close of business on the "Record Date", which is the  
9 last business day of the month next preceding each interest payment date and  
10 interest shall be paid by the Paying Agent/Registrar by check sent United States  
11 Mail, first class postage prepaid, to the address of the registered owner recorded in  
12 the Security Register or by such other method, acceptable to the Paying  
13 Agent/Registrar, requested by, and at the risk and expense of, the registered owner.  
14 If the date for the payment of the principal of or interest on the Bonds shall be a  
15 Saturday, Sunday, a legal holiday, or a day when banking institutions in the city  
16 where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is  
17 located are authorized by law or executive order to close, then the date for such  
18 payment shall be the next succeeding day which is not such a Saturday, Sunday,  
19 legal holiday, or day when banking institutions are authorized to close; and  
20 payment on such date shall have the same force and effect as if made on the  
21 original date payment was due. All payments of principal of, premium, if any, and  
22 interest on this Bond shall be without exchange or collection charges to the owner  
23 hereof and in any coin or currency of the United States of America which at the  
24 time of payment is legal tender for the payment of public and private debts.

25 **SECTION 11: CRITERIA FOR ISSUANCE OF PARITY**  
26 **WATER/WASTEWATER OBLIGATIONS.** The City has provided certain  
27 criteria and established certain covenants and agreements in relation to the issuance  
28 of Parity Water/Wastewater Obligations of the Water/Wastewater System pursuant  
29 to the Master Ordinance and Prior Supplements. This Fourteenth Supplement  
30 provides for the authorization, issuance, sale, delivery, form, characteristics,  
31 provisions of payment, and security of the Bonds which are Parity  
32 Water/Wastewater Obligations. The Master Ordinance is incorporated herein by  
33 reference and made a part hereof for all purposes, except to the extent modified  
34 and supplemented hereby, and the Bonds are hereby declared to be Parity  
35 Water/Wastewater Obligations under the Master Ordinance and Prior Supplements.  
36 The City hereby determines that it will have sufficient funds to meet the financial  
37 obligations of the Water/Wastewater System, including sufficient Net Revenues to  
38 pay the Annual Debt Service Requirements of the Bonds and the Previously Issued

1 Parity Water/Wastewater Obligations and to meet all financial obligations of the  
2 City relating to the Water/Wastewater System.

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

28       Section 1208, Government Code, as amended, applies to the issuance of the  
29 Bonds and the pledge of the Net Revenues of the Water/Wastewater System  
30 granted by the City under this Section 12, and such pledge is therefore valid,  
31 effective and perfected. If Texas law is amended at any time while the Bonds are  
32 Outstanding such that the pledge of the Net Revenues of the Water/Wastewater  
33 System granted by the City under this Section 12 is to be subject to the filing  
34 requirements of Chapter 9, Business & Commerce Code, then in order to preserve  
35 to the registered owners of the Bonds the perfection of the security interest in said  
36 pledge, the City agrees to take such measures as it determines are reasonable and  
37 necessary under Texas law to comply with the applicable provisions of Chapter 9,

1 Business & Commerce Code, as amended, and enable a filing to perfect the  
2 security interest in said pledge to occur.

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

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

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

26       **SECTION 14: RESERVE FUND.** In accordance with the provisions of the  
27 Prior Supplements authorizing the issuance of the Previously Issued  
28 Water/Wastewater Obligations, the Required Reserve Amount currently on deposit  
29 in the Reserve Fund is funded in full with surety bonds issued by MBIA Insurance  
30 Corporation, Financial Security Assurance Inc. and Ambac Assurance Corporation.  
31 By reason of the issuance of the Bonds, the Required Reserve Amount will be  
32 recalculated as provided in the Pricing Certificate. Upon the issuance of the  
33 Bonds, a surety bond (the "Reserve Fund Policy") equal to not less than 50% of the  
34 average Annual Debt Service Requirements of the Bonds issued by the surety bond  
35 provider (the "Surety Bond Provider") identified and approved by the Pricing  
36 Officer in the Pricing Certificate shall be deposited to the credit of the Reserve  
37 Fund to fully fund the Required Reserve Amount. Any draws on the surety bonds

1 or other credit agreements funding the Required Reserve Amount on which there is  
2 available coverage shall be made on a pro rata basis (calculated by reference to  
3 coverage then available under each such surety bond or credit agreement) after  
4 applying available cash and investments in the Reserve Fund.

5 The selection of the Surety Bond Provider shall be as provided in the Pricing  
6 Certificate and the Pricing Officer is hereby authorized and directed to execute the  
7 Insurance Agreement (the "Insurance Agreement") by and between the City and  
8 the Surety Bond Provider in substantially the form attached to the Pricing  
9 Certificate, and such Insurance Agreement as executed by the Pricing Officer shall  
10 be deemed approved by the City Council.

11 The provisions of Section 8 of the Master Ordinance relating to the Reserve  
12 Fund, particularly paragraphs (b), (c) and (d) thereof, are hereby incorporated by  
13 reference and made a part hereof as if the same were restated in full in this Section,  
14 and to the extent of any conflict between the provisions of said Section 8 and the  
15 provisions hereof with respect to draws on any Credit Agreement and the  
16 reinstatement of the full amount afforded by Credit Agreement, the provisions of  
17 the Prior Supplements with respect to such Credit Agreement and such Credit  
18 Agreement shall govern. Furthermore, in accordance with Section 10(d) of the  
19 Master Ordinance, the City Council hereby finds that the Gross Revenues will be  
20 sufficient to meet the obligations of the Water/Wastewater System, including  
21 sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity  
22 Water Wastewater Obligations currently Outstanding and the financial obligations  
23 of the City under any Credit Agreement entered into with the above-named surety  
24 bond providers.

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

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

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

1           *"Closing Date"* means the date on which the Bonds are first  
2 authenticated and delivered to the Purchasers against payment  
3 therefor.

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

6           *"Computation Date"* has the meaning set forth in Section  
7 1.148-1(b) of the Regulations.

8           *"Gross Proceeds"* means any proceeds as defined in Section  
9 1.148-1(b) of the Regulations, and any replacement proceeds as  
10 defined in Section 1.148-1(c) of the Regulations, of the Bonds.

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

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

17           *"Rebate Amount"* has the meaning set forth in Section  
18 1.148-1(b) of the Regulations.

19           *"Regulations"* means any proposed, temporary, or final Income  
20 Tax Regulations issued pursuant to Sections 103 and 141 through 150  
21 of the Code, and 103 of the Internal Revenue Code of 1986, which are  
22 applicable to the Bonds. Any reference to any specific Regulation  
23 shall also mean, as appropriate, any proposed, temporary or final  
24 Income Tax Regulation designed to supplement, amend or replace the  
25 specific Regulation referenced.

26           *"Yield"* of (1) any Investment has the meaning set forth in  
27 Section 1.148-5 of the Regulations and (2) the Bonds has the  
28 meaning set forth in Section 1.148-4 of the Regulations.

29           (b) Not to Cause Interest to Become Taxable. The City shall not use,  
30 permit the use of, or omit to use Gross Proceeds or any other amounts (or any  
31 property the acquisition, construction or improvement of which is to be financed  
32 directly or indirectly with Gross Proceeds) in a manner which if made or omitted,  
33 respectively, would cause the interest on any Bond to become includable in the

1 gross income, as defined in section 61 of the Code, of the owner thereof for federal  
2 income tax purposes. Without limiting the generality of the foregoing, unless and  
3 until the City receives a written opinion of counsel nationally recognized in the  
4 field of municipal bond law to the effect that failure to comply with such covenant  
5 will not adversely affect the exemption from federal income tax of the interest on  
6 any Bond, the City shall comply with each of the specific covenants in this  
7 Section.

8 (c) No Private Use or Private Payments. Except as permitted by section  
9 141 of the Code and the Regulations and rulings thereunder, the City shall at all  
10 times prior to the last Stated Maturity of Bonds:

11 (1) exclusively own, operate and possess all property the  
12 acquisition, construction or improvement of which is to be financed or  
13 refinanced directly or indirectly with Gross Proceeds of the Bonds  
14 (including property financed with Gross Proceeds of the Refunded  
15 Bonds), and not use or permit the use of such Gross Proceeds  
16 (including all contractual arrangements with terms different than those  
17 applicable to the general public) or any property acquired, constructed  
18 or improved with such Gross Proceeds in any activity carried on by  
19 any person or entity (including the United States or any agency,  
20 department and instrumentality thereof) other than a state or local  
21 government, unless such use is solely as a member of the general  
22 public; and

23 (2) not directly or indirectly impose or accept any charge or  
24 other payment by any person or entity who is treated as using Gross  
25 Proceeds of the Bonds or any property the acquisition, construction or  
26 improvement of which is to be financed or refinanced directly or  
27 indirectly with such Gross Proceeds (including property financed with  
28 Gross Proceeds of the Refunded Bonds), other than taxes of general  
29 application within the City or interest earned on investments acquired  
30 with such Gross Proceeds pending application for their intended  
31 purposes.

32 (d) No Private Loan. Except to the extent permitted by section 141 of the  
33 Code and the Regulations and rulings thereunder, the City shall not use Gross  
34 Proceeds of the Bonds to make or finance loans to any person or entity other than a  
35 state or local government. For purposes of the foregoing covenant, such Gross  
36 Proceeds are considered to be "loaned" to a person or entity if: (1) property  
37 acquired, constructed or improved with such Gross Proceeds is sold or leased to



1 such person or entity in a transaction which creates a debt for federal income tax  
2 purposes; (2) capacity in or service from such property is committed to such person  
3 or entity under a take-or-pay, output or similar contract or arrangement; or (3)  
4 indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or  
5 any property acquired, constructed or improved with such Gross Proceeds are  
6 otherwise transferred in a transaction which is the economic equivalent of a loan.

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

14 (f) Not Federally Guaranteed. Except to the extent permitted by section  
15 149(b) of the Code and the Regulations and rulings thereunder, the City shall not  
16 take or omit to take any action which would cause the Bonds to be federally  
17 guaranteed within the meaning of section 149(b) of the Code and the Regulations  
18 and rulings thereunder.

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

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

24 (1) The City shall account for all Gross Proceeds (including all  
25 receipts, expenditures and investments thereof) on its books of  
26 account separately and apart from all other funds (and receipts,  
27 expenditures and investments thereof) and shall retain all records of  
28 accounting for at least six years after the day on which the last  
29 Outstanding Bond is discharged. However, to the extent permitted by  
30 law, the City may commingle Gross Proceeds of the Bonds with other  
31 money of the City, provided that the City separately accounts for each  
32 receipt and expenditure of Gross Proceeds and the obligations  
33 acquired therewith.

34 (2) Not less frequently than each Computation Date, the City  
35 shall calculate the Rebate Amount in accordance with rules set forth

1 in section 148(f) of the Code and the Regulations and rulings  
2 thereunder. The City shall maintain such calculations with its official  
3 transcript of proceedings relating to the issuance of the Bonds until six  
4 years after the final Computation Date.

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

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

32 (i) Not to Divert Arbitrage Profits. Except to the extent permitted by  
33 section 148 of the Code and the Regulations and rulings thereunder, the City shall  
34 not, at any time prior to the earlier of the Stated Maturity or final payment of the  
35 Bonds, enter into any transaction that reduces the amount required to be paid to the  
36 United States pursuant to Subsection (h) of this Section because such transaction  
37 results in a smaller profit or a larger loss than would have resulted if the transaction

1 had been at arm's length and had the Yield of the Bonds not been relevant to either  
2 party.

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

9 (k) Bonds Not Hedge Bonds. (1) At the time the original obligations  
10 refunded by the Bonds were issued, the City reasonably expected to spend at least  
11 85% of the spendable proceeds of such original obligations within three years after  
12 such obligations were issued and (2) not more than 50% of the proceeds of the  
13 original obligations refunded by the Bonds were invested in Nonpurpose  
14 Investments having a substantially guaranteed Yield for a period of 4 years or  
15 more.

16 (l) Current Refunding. The payment and discharge of the Series 1997  
17 Refunded Bonds will occur within ninety (90) days after the issuance of the Bonds  
18 and, therefore, the Bonds are a current refunding of the Series 1997 Refunded  
19 Bonds.

20 (m) Qualified Advance Refunding. The Bonds are issued to refund the  
21 Series 2001A Refunded Bonds, the Series 2001B Bonds, the Series 2003 Refunded  
22 Bonds, the Series 2004A Refunded Bonds and the Series 2005A Refunded Bonds  
23 (collectively, the "Advance Refunded Bonds"), and the Bonds will be issued more  
24 than 90 days before the redemption of the Advance Refunded Bonds. The City  
25 represents as follows:

26 (1) The Bonds are the first advance refunding of the  
27 Advance Refunded Bonds, within the meaning of section 149(d)(3) of  
28 the Code.

29 (2) The Advance Refunded Bonds are being called for  
30 redemption, and will be redeemed not later than the earliest date on  
31 which such bonds may be redeemed.

32 (3) The initial temporary period under section 148(c) of the  
33 Code will end: (i) with respect to the proceeds of the Bonds not later  
34 than 30 days after the date of issue of such Bonds; and (ii) with

1 respect to proceeds of the Advance Refunded Bonds on the Closing  
2 Date if not ended prior thereto.

3 (4) On and after the date of issue of the Bonds, no proceeds  
4 of the Advance Refunded Bonds will be invested in Nonpurpose  
5 Investments having a Yield in excess of the Yield on such Advance  
6 Refunded Bonds.

7 (5) The Bonds are being issued for the purposes stated in the  
8 preamble of this Fourteenth Supplement. There is a present value  
9 savings associated with the refunding. In the issuance of the Bonds  
10 the City has neither: (i) overburdened the tax exempt bond market by  
11 issuing more bonds, issuing bonds earlier or allowing bonds to remain  
12 outstanding longer than reasonably necessary to accomplish the  
13 governmental purposes for which the Bonds were issued; (ii)  
14 employed on "abusive arbitrage device" within the meaning of Section  
15 1.148-10(a) of the Regulations; nor (iii) employed a "device" to obtain  
16 a material financial advantage based on arbitrage, within the meaning  
17 of section 149(d)(4) of the Code, apart from savings attributable to  
18 lower interest rates and reduced debt service payments in early years.

19 **SECTION 17: AMENDMENT OF FOURTEENTH SUPPLEMENT.**

20 (a) Required Owner Consent for Amendments. The owners of a majority  
21 in Outstanding Principal Amount of the Bonds shall have the right from time to  
22 time to approve any amendment to this Fourteenth Supplement which may be  
23 deemed necessary or desirable by the City; provided, however, nothing contained  
24 herein shall permit or be construed to permit the amendment of the terms and  
25 conditions in this Fourteenth Supplement so as to:

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

1  
2 unless such amendment or amendments be approved by the owners of all of the  
3 Bonds affected by the change or amendment then Outstanding.

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

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

23 (d) Revocation of Consent. Any consent given by the owner of a Bond  
24 pursuant to the provisions of this Section shall be irrevocable for a period of six  
25 months from the date for measuring the one year period to obtain consents noted in  
26 paragraph (c) above, and shall be conclusive and binding upon all future owners of  
27 the same Bonds during such period. At any time after six months from the date for  
28 measuring the one year period to obtain consents noted in paragraph (c) above,  
29 such consent may be revoked by the owner who gave such consent, or by a  
30 successor in title, by filing written notice thereof with the Paying Agent for such  
31 Bonds and the City, but such revocation shall not be effective if the owners of at  
32 least a majority in Outstanding Principal Amount of the then Outstanding Bonds as  
33 determined in accordance with this Section have, prior to the attempted revocation,  
34 consented to and approved the amendment.

35 (e) Implementation of Amendment. Upon the passage of any amendatory  
36 ordinance pursuant to the provisions of this Section, this Fourteenth Supplement  
37 shall be deemed to be amended, and the respective rights, duties and obligations of

1 the City under this Twelfth Supplement and all the owners of then Outstanding  
2 Bonds shall thereafter be determined, exercised and enforced hereunder, subject in  
3 all respects to such amendment.

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

7 (1) To add to the covenants and agreements of the City  
8 contained in this Fourteenth Supplement, other covenants and  
9 agreements thereafter to be observed, grant additional rights or  
10 remedies to the owners of the Bonds or to surrender, restrict or limit  
11 any right or power herein reserved to or conferred upon the City;

12 (2) To make such provisions for the purpose of curing any  
13 ambiguity, or curing, correcting or supplementing any defective  
14 provision contained in this Fourteenth Supplement, or in regard to  
15 clarifying matters or questions arising under this Fourteenth  
16 Supplement, as are necessary or desirable and not contrary to or  
17 inconsistent with this Fourteenth Supplement and which shall not  
18 adversely affect the interests of the owners of the Bonds then  
19 Outstanding;

20 (3) To modify any of the provisions of this Fourteenth  
21 Supplement in any other respect whatever, provided that such  
22 modification shall be, and be expressed to be, effective only after all  
23 the Bonds outstanding at the date of the adoption of such modification  
24 shall cease to be outstanding;

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

29 (5) To make such changes, modifications or amendments as  
30 may be necessary or desirable in order to allow the owners of the  
31 Bonds to thereafter avail themselves of a book-entry system for  
32 payments, transfers and other matters relating to the Bonds, which  
33 changes, modifications or amendments are not contrary to or  
34 inconsistent with other provisions of this Fourteenth Supplement and

1 which shall not adversely affect the interests of the owners of the  
2 Bonds;

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

7 (7) To make such changes, modifications or amendments as  
8 may be necessary or desirable, which shall not adversely affect the  
9 interests of the owners of the Bonds, in order, to the extent permitted  
10 by law, to facilitate the economic and practical utilization of interest  
11 rate swap agreements, foreign currency exchange agreements, or  
12 similar types of agreements with respect to the Bonds. Notice of any  
13 such amendment may be published by the City in the manner  
14 described in clause (b) of this Section; provided, however, that the  
15 publication of such notice shall not constitute a condition precedent to  
16 the adoption of such amendatory ordinance and the failure to publish  
17 such notice shall not adversely affect the implementation of such  
18 amendment as adopted pursuant to such amendatory ordinance.

19 (g) Ownership. For the purpose of this Section, the ownership and other  
20 matters relating to all Bonds shall be established by the Security Register  
21 maintained by the Paying Agent. Furthermore, the owner of any Bonds insured as  
22 to the payment of principal of and interest thereon shall be deemed to be the  
23 insurance company providing the insurance coverage on such Bonds; provided  
24 such amendment to this Fourteenth Supplement is an amendment that can be made  
25 with the consent of a majority in Outstanding Principal Amount of the Bonds and  
26 such insurance company is not in default with respect to its obligations under its  
27 insurance policy.

28 **SECTION 18: FINAL DEPOSITS; GOVERNMENTAL**  
29 **OBLIGATIONS.** All or any of the Bonds shall be deemed to be paid, retired and  
30 no longer outstanding within the meaning of this Fourteenth Supplement when  
31 payment of the principal of, and redemption premium, if any, on such Bonds, plus  
32 interest thereon to the due date thereof (whether such due date be by reason of  
33 maturity or otherwise) either (i) shall have been made or caused to be made in  
34 accordance with the terms thereof, or (ii) shall have been provided by irrevocably  
35 depositing with, or making available to, the Paying Agent/Registrar, in trust and  
36 irrevocably set aside exclusively for such payment, (1) money sufficient to make  
37 such payment or (2) Government Obligations, certified by an independent public

1 accounting firm of national reputation, to mature as to principal and interest in  
2 such amounts and at such times as will insure the availability, without  
3 reinvestment, of sufficient money to make such payment, and all necessary and  
4 proper fees, compensation and expenses of the Paying Agent/Registrar with respect  
5 to which such deposit is made shall have been paid or the payment thereof  
6 provided for the satisfaction of the Paying Agent/Registrar. At such time as a  
7 Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be  
8 secured by or entitled to the benefit of this Fourteenth Supplement, the Master  
9 Ordinance or a lien on and pledge of the Net Revenues of the Water/Wastewater  
10 System, and shall be entitled to payment solely from such money or Government  
11 Obligations.

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

22 Notwithstanding any other provisions of this Fourteenth Supplement, all  
23 money or Government Obligations set aside and held in trust pursuant to the  
24 provisions of this Section for the payment of the Bonds, the redemption premium,  
25 if any, and interest thereon, shall be applied to and used for the payment of such  
26 Bonds, the redemption premium, if any, and interest thereon and the income on  
27 such money or Government Obligations shall not be considered to be "Gross  
28 Revenues" under this Fourteenth Supplement.

29 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**  
30 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,  
31 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be  
32 printed, executed, and delivered, a new bond of the same principal amount,  
33 maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed  
34 Bond, in replacement for such Bond in the manner hereinafter provided. An  
35 application for the replacement of damaged, mutilated, lost, stolen, or destroyed  
36 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or  
37 destruction of a Bond, the applicant for a replacement bond shall furnish to the  
38 City and to the Paying Agent/Registrar such security or indemnity as may be



1 required by them to save each of them harmless from any loss or damage with  
2 respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the  
3 applicant shall furnish to the City and to the Paying Agent/Registrar evidence to  
4 their satisfaction of the loss, theft, or destruction of such Bond, as the case may be.  
5 In every case of damage or mutilation of a Bond, the applicant shall surrender to  
6 the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.  
7 Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall  
8 charge the owner of such Bond with all legal, printing, and other expenses in  
9 connection therewith. Every replacement bond issued pursuant to the provisions of  
10 this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall  
11 constitute a contractual obligation of the City whether or not the lost, stolen, or  
12 destroyed Bond shall be found at any time, or be enforceable by anyone, and shall  
13 be entitled to all the benefits of this Fourteenth Supplement equally and  
14 proportionately with any and all other Bonds duly issued under this Fourteenth  
15 Supplement.

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

30 **SECTION 20: FOURTEENTH SUPPLEMENT TO CONSTITUTE A**  
31 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the  
32 Bonds, the issuance of which is authorized hereunder, by those who shall hold the  
33 same from time to time, this Fourteenth Supplement shall be deemed to be and  
34 shall constitute a contract between the City and the Holders from time to time of  
35 the Bonds and the pledge made in this Fourteenth Supplement by the City and the  
36 covenants and agreements set forth in this Fourteenth Supplement to be performed  
37 by the City shall be for the equal and proportionate benefit, security, and protection  
38 of all Holders, without preference, priority, or distinction as to security or

1 otherwise of any of the Bonds authorized hereunder over any of the others by  
2 reason of time of issuance, sale, or maturity thereof or otherwise for any cause  
3 whatsoever, except as expressly provided in or permitted by this Fourteenth  
4 Supplement.

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

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

8               "MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

21       (b) Annual Reports. The City shall provide annually to each NRMSIR  
22 and any SID, within six months after the end of each fiscal year (beginning with  
23 the fiscal year ending September 30, 2007) financial information and operating  
24 data with respect to the City of the general type included in the final Official  
25 Statement approved by the Pricing Officer, being the information described in the  
26 Pricing Certificate. Financial statements to be provided shall be (1) prepared in  
27 accordance with the accounting principles described in the Pricing Certificate and  
28 (2) audited, if the City commissions an audit of such statements and the audit is  
29 completed within the period during which they must be provided. If audited  
30 financial statements are not available at the time the financial information and  
31 operating data must be provided, then the City shall provide unaudited financial  
32 statements for the applicable fiscal year to each NRMSIR and any SID with the  
33 financial information and operating data and will file the annual audit report when  
34 and if the same becomes available.

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

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

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

- 14 (1) Principal and interest payment delinquencies;
- 15 (2) Non-payment related defaults;
- 16 (3) Unscheduled draws on debt service reserves reflecting financial  
17 difficulties;
- 18 (4) Unscheduled draws on credit enhancements reflecting financial  
19 difficulties;
- 20 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 21 (6) Adverse tax opinions or events affecting the tax-exempt status of the  
22 Bonds;
- 23 (7) Modifications to rights of holders of the Bonds;
- 24 (8) Bond calls;
- 25 (9) Defeasances;
- 26 (10) Release, substitution, or sale of property securing repayment of the  
27 Bonds; and
- 28 (11) Rating changes.

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

33 (d) Limitations, Disclaimers, and Amendments. The City shall be  
34 obligated to observe and perform the covenants specified in this Section while, but  
35 only while, the City remains an "obligated person" with respect to the Bonds  
36 within the meaning of the Rule, except that the City in any event will give the

1 notice required by subsection (c) hereof of any Bond calls and defeasance that  
2 cause the City to be no longer such an "obligated person."

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

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

24 No default by the City in observing or performing its obligations under this  
25 Section shall constitute a breach of or default under this Fourteenth Supplement for  
26 purposes of any other provision of this Fourteenth Supplement.

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

29 The provisions of this Section may be amended by the City from time to  
30 time to adapt to changed circumstances resulting from a change in legal  
31 requirements, a change in law, or a change in the identity, nature, status, or type of  
32 operations of the City or the Water/Wastewater System, but only if (1) the  
33 provisions of this Section, as so amended, would have permitted an underwriter to  
34 purchase or sell Bonds in the primary offering of the Bonds in compliance with the  
35 Rule, taking into account any amendments or interpretations of the Rule to the date  
36 of such amendment, as well as such changed circumstances, and (2) either (a) the

1 Holders of a majority in aggregate principal amount (or any greater amount  
2 required by any other provision of this Fourteenth Supplement that authorizes such  
3 an amendment) of the Outstanding Bonds consent to such amendment or (b) a  
4 Person that is unaffiliated with the City (such as nationally recognized bond  
5 counsel) determines that such amendment will not materially impair the interests of  
6 the Holders and beneficial owners of the Bonds. The provisions of this Section  
7 may also be amended from time to time or repealed by the City if the SEC amends  
8 or repeals the applicable provisions of the Rule or a court of final jurisdiction  
9 determines that such provisions are invalid, but only if and to the extent that  
10 reservation of the City's right to do so would not prevent underwriters of the initial  
11 public offering of the Bonds from lawfully purchasing or selling Bonds in such  
12 offering. If the City so amends the provisions of this Section, it shall include with  
13 any amended financial information or operating data filed with each NRMSIR and  
14 SID pursuant to subsection (b) of this Section 21 an explanation, in narrative form,  
15 of the reasons for the amendment and of the impact of any change in the type of  
16 financial information or operating data so provided.

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

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

35 **SECTION 23: SALE OF BONDS - OFFICIAL STATEMENT**  
36 **APPROVAL.** The Bonds authorized by this Ordinance are to be sold by the City  
37 to the underwriter(s) (herein referred to as the "Purchasers") in accordance with a  
38 bond purchase agreement (the "Purchase Contract"), the terms and provisions of

1 which Purchase Contract are to be determined by the Pricing Officer, in  
2 accordance with Section 3 hereof. With regard to such terms and provisions of  
3 said Purchase Contract, the Pricing Officer is hereby authorized to come to an  
4 agreement with the Purchasers on the following, among other matters:

- 5 (1) The details of the purchase and sale of the Bonds;
  - 6 (2) The details of the public offering of the Bonds by the Purchasers;
  - 7 (3) The details of an Official Statement (and, if appropriate, any  
8 Preliminary Official Statement) relating to the Bonds and the City's Rule 15c2-12  
9 compliance;
  - 10 (4) A security deposit for the Bonds;
  - 11 (5) The representations and warranties of the City to the Purchasers;.
  - 12 (6) The details of the delivery of, and payment for, the Bonds;
  - 13 (7) The Purchasers' obligations under the Purchase Contract;
  - 14 (8) The certain conditions to the obligations of the City under the  
15 Purchase Contract;
  - 16 (9) Termination of the Purchase Contract;
  - 17 (10) Particular covenants of the City;
  - 18 (11) The survival of representations made in the Purchase Contract;
  - 19 (12) The payment of any expenses relating to the Purchase Contract;
  - 20 (13) Notices; and
  - 21 (14) Any and all such other details that are found by the Pricing Officer to  
22 be necessary and advisable for the purchase and sale of the Bonds.
- 23

24 The Pricing Officer is hereby authorized and directed to execute said  
25 Purchase Contract for and on behalf of the City and as the act and deed of this City  
26 Council.

27 The Mayor and City Clerk of the City are further authorized and directed to  
28 manually or electronically execute and deliver for and on behalf of the City copies  
29 of a Preliminary Official Statement and Official Statement, prepared in connection  
30 with the offering of the Bonds by the Purchasers, in final form as may be required  
31 by the Purchasers, and such final Official Statement in the form and content as  
32 approved by the Pricing Officer or as manually or electronically executed by said  
33 officials shall be deemed to be approved by the City Council of the City and  
34 constitute the Official Statement authorized for distribution and use by the  
35 Purchasers.

36 In addition, immediately prior to the delivery of the Bonds, a current and  
37 updated final Official Statement reflecting the terms of sale of the Bonds and the

1 then current financial operating data pertaining to the City shall be prepared under  
2 the supervision and guidance of the Mayor, City Manager, Chief Financial Officer,  
3 Deputy Chief Financial Officer or City Treasurer. The Mayor and City Clerk are  
4 further authorized and directed to manually or electronically execute and deliver  
5 for and on behalf of the City copies of said Official Statement in final form as may  
6 be required by the Underwriter, and such final Official Statement in the form and  
7 content manually executed by said officials shall be deemed to be approved by the  
8 City Council and constitute the Official Statement authorized for distribution and  
9 use by the Underwriter.

10 SECTION 24: **SPECIAL ESCROW AGREEMENT**. A "Special Escrow  
11 Agreement" (the "Escrow Agreement") by and between the City and an authorized  
12 escrow agent (the "Escrow Agent") shall be attached to, and approved in, the  
13 Pricing Certificate. Such Escrow Agreement is hereby authorized to be finalized  
14 and executed by the Pricing Officer for and on behalf of the City and as the act and  
15 deed of this City Council; and such Escrow Agreement as executed by said Pricing  
16 Officer shall be deemed approved by the City Council and constitute the Escrow  
17 Agreement herein approved. With regard to the finalization of certain terms and  
18 provisions of said Escrow Agreement, a Pricing Officer is hereby authorized to  
19 come to an agreement with the Escrow Agent on the following details, among  
20 other matters:

- 21 (1) The identification of the Refunded Bonds;  
22 (2) The creation and funding of the Escrow Fund or Funds; and  
23 (3) The Escrow Agent's compensation, administration of the Escrow  
24 Fund or Funds, and the settlement of any paying agents' charges relating to the  
25 Refunded Bonds.  
26

27 Furthermore, appropriate officials of the City in cooperation with the Escrow  
28 Agent are hereby authorized and directed to make the necessary arrangements for  
29 the purchase of the escrowed securities referenced in the Escrow Agreement and  
30 the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the  
31 Purchasers for deposit to the credit of the "CITY OF AUSTIN, TEXAS, WATER  
32 AND WASTEWATER REVENUE REFUNDING BONDS, SERIES 2007  
33 ESCROW FUND" (referred to herein as the "Escrow Fund"), or such other  
34 designation as specified on the Pricing Certificate; all as contemplated and  
35 provided in V.T.C.A., Government Code, Chapter 1207, as amended, this  
36 Fourteenth Supplement, the Pricing Certificate, and the Escrow Agreement.

1 On or immediately prior to the date of the delivery of the Bonds to the  
2 Purchasers, the Pricing Officer shall also cause to be deposited (and is hereby  
3 authorized to cause to be deposited) with the Escrow Agent from moneys on  
4 deposit in the debt service fund(s) maintained for the payment of the Refunded  
5 Bonds an amount which, together with the proceeds of sale, and the investment  
6 earnings thereon, will be sufficient to pay in full the Refunded Bonds (or the  
7 amount of accrued interest due thereon) scheduled to mature and authorized to be  
8 redeemed on the earliest date established in the Pricing Certificate for the  
9 redemption of any of the Refunded Bonds (or the earliest date of payment, to be  
10 made from moneys in the Escrow Fund(s), as established in the Pricing Certificate,  
11 of the amount of accrued interest due thereon).

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

18 Furthermore, the Mayor, Mayor Pro Tem, City Manager, Chief Financial  
19 Officer, Deputy Chief Financial Officer, City Clerk, City Treasurer and City  
20 Attorney, any one or more of said officials, are hereby authorized and directed to  
21 furnish and execute such documents relating to the City and the issuance of the  
22 Bonds, including a certification as to facts, estimates, circumstances, and  
23 reasonable expectations pertaining to the use, expenditure, and investment of the  
24 proceeds of the Bonds, as may be necessary for the issuance of the Bonds, the  
25 approval of the Attorney General and registration by the Comptroller of Public  
26 Accounts and, together with the City's financial advisor, bond counsel and the  
27 Paying Agent/Registrar, make the necessary arrangements for their delivery to the  
28 Purchasers following such sale.

29 **SECTION 26: REFUNDED BONDS.**

30 (a) In order to provide for the refunding, discharge, and retirement of the  
31 Refunded Bonds, the Refunded Bonds, identified, described, and in the amount(s)  
32 set forth in the Pricing Certificate, are called for redemption on the first date(s)  
33 such Refunded Bonds are subject to redemption or such other date specified by the  
34 Pricing Officer in the Pricing Certificate at the price of par plus accrued interest to  
35 the redemption date, and notice of such redemption shall be given in accordance  
36 with the applicable provisions of the ordinance(s) adopted by the City Council of  
37 the City, which authorized the issuance of the Refunded Bonds. The Pricing



1 Officer is hereby authorized and directed to issue or cause to be issued a Notice of  
2 Redemption for the Refunded Bonds in substantially the form set forth as an  
3 Exhibit to the Pricing Certificate, to the paying agent/registrar for Refunded Bonds,  
4 in accordance with the redemption provisions applicable to the Refunded Bonds.

5 (b) The paying agent/registrar for Refunded Bonds is hereby directed to  
6 provide the appropriate notice of redemption as required by the ordinance  
7 authorizing the Refunded Bonds and is hereby directed to make appropriate  
8 arrangements so that the Refunded Bonds may be redeemed on the redemption  
9 date, including making a lot selection with respect to the redemption of any partial  
10 maturities of the Refunded Bonds.

11 (c) The source of funds for payment of the principal of and interest on the  
12 Refunded Bonds on their respective maturity or redemption date shall be from the  
13 funds deposited with the Escrow Agent, pursuant to the Escrow Agreement  
14 finalized by the Pricing Officer and approved in Section 24 of this Ordinance and  
15 by the Pricing Officer in the Pricing Certificate.

16 (d) Sections 4 and 9 of Ordinance No. 20051020-051 authorizing the  
17 issuance of the Series 2005A Refunded Bonds, pursuant to the provisions of  
18 Section 17(f)(2) of said ordinance, shall be and are hereby amended to provide  
19 such bonds maturing on and after May 15, 2016 shall be subject to redemption on  
20 May 15, 2015 or on any date thereafter. The redemption provisions contained in  
21 said Ordinance No. 20051020-051 were inconsistent with the terms of sale of such  
22 bonds, the notice of sale pertaining to the sale of such bonds and the Official  
23 Statement approved and authorized for distribution in connection therewith.

24 **SECTION 27: PROCEEDS OF SALE.** Immediately following the delivery  
25 of the Bonds, the proceeds of sale (less those proceeds of sale designated to pay  
26 costs of issuance and any accrued interest received from the Purchasers of the  
27 Bonds) shall be deposited with the Escrow Agent for application and disbursement  
28 in accordance with the provisions of the Escrow Agreement. The proceeds of sale  
29 of the Bonds not so deposited with the Escrow Agent for the refunding of the  
30 Refunded Bonds shall be disbursed for payment of costs of issuance, or deposited  
31 in the Debt Service Fund for the Bonds. Such proceeds of sale may be invested in  
32 authorized investments and any investment earnings realized may be (with respect  
33 to the accrued interest received from the Purchasers) deposited in the Debt Service  
34 Fund as shall be determined by the City Council of the City.

1        Additionally, the Pricing Officer shall determine the amount of any City  
2        contribution to the refunding from moneys on deposit in the interest and sinking  
3        fund(s) maintained for the payment of the Refunded Bonds.

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

11       **SECTION 29: CUSIP NUMBERS.** CUSIP numbers may be printed or  
12       typed on the definitive Bonds. It is expressly provided, however, that the presence  
13       or absence of CUSIP numbers on the definitive Bonds shall be of no significance  
14       or effect as regards the legality thereof and neither the City nor attorneys approving  
15       said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly  
16       printed or typed on the definitive Bonds.

17       **SECTION 30: PAYMENT AND PERFORMANCE ON BUSINESS**  
18       **DAYS.** Whenever under the terms of this Fourteenth Supplement or the Bonds,  
19       the performance date of any provision hereof or thereof, including the payment of  
20       principal of or interest on the Bonds, shall occur on a day other than a Business  
21       Day, then the performance thereof, including the payment of principal of and  
22       interest on the Bonds, need not be made on such day but may be performed or  
23       paid, as the case may be, on the next succeeding Business Day with the same force  
24       and effect as if made on the date of performance or payment.

25       **SECTION 31: LIMITATION OF BENEFITS WITH RESPECT TO**  
26       **THE FOURTEENTH SUPPLEMENT.** With the exception of the rights or  
27       benefits herein expressly conferred, nothing expressed or contained herein or  
28       implied from the provisions of this Fourteenth Supplement or the Bonds is  
29       intended or should be construed to confer upon or give to any person other than the  
30       City, the Holders, and the Paying Agent/Registrar, any legal or equitable right,  
31       remedy, or claim under or by reason of or in respect to this Fourteenth Supplement  
32       or any covenant, condition, stipulation, promise, agreement, or provision herein  
33       contained. This Fourteenth Supplement and all of the covenants, conditions,  
34       stipulations, promises, agreements, and provisions hereof are intended to be and  
35       shall be for and inure to the sole and exclusive benefit of the City, the Holders, and  
36       the Paying Agent/Registrar as herein and therein provided.

1        **SECTION 32: NOTICES TO HOLDERS-WAIVER.** Wherever this  
2 Fourteenth Supplement provides for notice to Holders of any event, such notice  
3 shall be sufficiently given (unless otherwise herein expressly provided) if in  
4 writing and sent by United States Mail, first class postage prepaid, to the address of  
5 each Holder appearing in the Security Register at the close of business on the  
6 business day next preceding the mailing of such notice.

7        In any case where notice to Holders is given by mail, neither the failure to  
8 mail such notice to any particular Holders, nor any defect in any notice so mailed,  
9 shall affect the sufficiency of such notice with respect to all other Bonds. Where  
10 this Fourteenth Supplement provides for notice in any manner, such notice may be  
11 waived in writing by the Holder entitled to receive such notice, either before or  
12 after the event with respect to which such notice is given, and such waiver shall be  
13 the equivalent of such notice. Waivers of notice by Holders shall be filed with the  
14 Paying Agent/Registrar, but such filing shall not be a condition precedent to the  
15 validity of any action taken in reliance upon such waiver.

16        **SECTION 33: GOVERNING LAW.** This Fourteenth Supplement shall be  
17 construed and enforced in accordance with the laws of the State of Texas and the  
18 United States of America.

19        **SECTION 34: EFFECT OF HEADINGS.** The Section headings herein are  
20 for convenience of reference only and shall not affect the construction hereof.

21        **SECTION 35: CONSTRUCTION OF TERMS.** If appropriate in the  
22 context of this Fourteenth Supplement, words of the singular number shall be  
23 considered to include the plural, words of the plural number shall be considered to  
24 include the singular, and words of the masculine, feminine or neuter gender shall  
25 be considered to include the other genders.

26        **SECTION 36: SEVERABILITY.** If any provision of this Fourteenth  
27 Supplement or the application thereof to any circumstance shall be held to be  
28 invalid, the remainder of this Fourteenth Supplement and the application thereof to  
29 other circumstances shall nevertheless be valid, and the City Council hereby  
30 declares that this Fourteenth Supplement would have been enacted without such  
31 invalid provision.

32        **SECTION 37: INCORPORATION OF FINDINGS AND**  
33 **DETERMINATIONS.** The findings and determinations of the City Council  
34 contained in the preamble hereof are hereby incorporated by reference and made a

part of this Ordinance for all purposes as if the same were restated in full in this Section.

**SECTION 38: INSURANCE.** The Bonds may be sold with the principal of and interest thereon being insured by a qualified municipal bond insurance provider. The Pricing Officer is hereby authorized to make the selection of municipal bond insurance (if any) for the Bonds and to determine the provisions of any commitment therefor.

**SECTION 39:PUBLIC MEETING.** It is officially found, determined, and declared that the meeting at which this Fourteenth Supplement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Fourteenth Supplement, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

**SECTION 40: EFFECTIVE DATE.** This Fourteenth Supplement is hereby passed on one reading as authorized by V.T.C.A., Government Code, Section 1201.028, and shall be effective immediately upon its passage and adoption on November 8, 2007.

[remainder of page left blank intentionally]

CITY OF AUSTIN, TEXAS

**PASSED AND APPROVED**

November 8, 2007

§  
§  
§

\_\_\_\_\_  
WILL WYNN  
Mayor

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
DAVID ALLAN SMITH  
City Attorney

\_\_\_\_\_  
SHIRLEY A. GENTRY  
City Clerk

(City Seal)

EXHIBIT A

That, as used in this Fourteenth 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 2007A" authorized for issuance by the Fourteenth 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 Surety Bond Provider 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.

"Fourteenth Supplement" means Ordinance No. 20071108-\_\_\_\_ authorizing the issuance of the Bonds.

"Paying Agent/Registrar" means the financial institution specified in the Pricing Certificate as provided in Section 4 of the Fourteenth 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 Rate Swap Agreement, the Liquidity Agreement and the Insurance Obligation (as

1 such terms are defined in Ordinance No. 040812-43), (8) "City of Austin, Texas,  
2 Water and Wastewater System Revenue Refunding Bonds, Series 2004A", (9)  
3 "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,  
4 Series 2005", (10) "City of Austin, Texas, Water and Wastewater System Revenue  
5 Refunding Bonds, Series 2005A", (11) "City of Austin, Texas, Water and  
6 Wastewater System Revenue Refunding Bonds, Series 2006", (12) "City of Austin,  
7 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006A"  
8 and (13) "City of Austin, Texas, Water and Wastewater System Revenue  
9 Refunding Bonds, Series 2007".

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, 20051117-060, 20061116-051 and 20071108-\_\_\_\_ authorizing  
13 the issuance of the Previously Issued Parity Water/Wastewater Obligations.

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