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36        **SECTION 2: AUTHORIZATION        DESIGNATION        PRINCIPAL**  
37 **AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are hereby  
38 authorized to be issued in the aggregate principal amount of FIFTY MILLION  
39 DOLLARS (\$50,000,000) to be designated and bear the title "CITY OF AUSTIN,  
40 TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS,  
41 TAXABLE SERIES 2008" (hereinafter referred to as the "Bonds"), for the  
42 purpose of refinancing and refunding the Refunded Obligations (identified and  
43 defined in the preamble hereof) and paying costs of issuance, in conformity with  
44 the Constitution and laws of the State of Texas, including V.T.C.A., Government  
45 Code, Chapter 1207, as amended.

46        **SECTION 3: FULLY REGISTERED OBLIGATIONS        AUTHORIZED**  
47 **DENOMINATIONS        STATED MATURITIES        DATE.** The Bonds shall be  
48 issued as fully registered obligations, without coupons, shall be dated March 1,  
49 2008 (the "Bond Date") and, other than the single fully registered Initial Bond  
50 referenced in Section 9 hereof, shall be in denominations of \$5,000 or any integral  
51 multiple thereof (within a Stated Maturity), shall be numbered consecutively from  
52 One (1) upward and shall become due and payable on November 15 in each of the  
53 years (the "Stated Maturities") and in principal amounts and bear interest at per  
54 annum rates in accordance with the following schedule:

Stated Maturity	Principal Amount (\$)	Interest Rate(s)	Stated Maturity	Principal Amount (\$)	Interest Rate(s)
2009	980,000		2021	1,980,000	
2010	1,040,000		2022	2,100,000	
2011	1,100,000		2023	2,225,000	
2012	1,170,000		2024	2,360,000	
2013	1,240,000		2025	2,500,000	
2014	1,315,000		2026	2,650,000	
2015	1,395,000		2027	2,810,000	
2016	1,475,000		2028	2,980,000	
2017	1,565,000		2029	3,160,000	
2018	1,660,000		2030	3,350,000	
2019	1,760,000		2031	3,555,000	
2020	1,865,000		2032	3,765,000	

55 The Bonds shall bear interest on the unpaid principal amounts from the  
56 Bond Date at the rate(s) per annum shown in the above schedule (calculated on the  
57 basis of a 360 day year of twelve 30 day months). Interest on the Bonds shall be  
58 payable on May 15 and November 15 in each year, commencing November 15,  
59 2008 until paid or prior redemption.

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

61 The principal of, premium, if any, and the interest on the Bonds, due and payable  
62 by reason of maturity, redemption or otherwise, shall be payable only to the  
63 registered owners or holders of the Bonds (hereinafter called the "Holders")  
64 appearing on the respective registration and transfer books maintained by the  
65 Paying Agent/Registrar and the payment thereof shall be in any coin or currency of  
66 the United States of America, which at the time of payment is legal tender for the  
67 payment of public and private debts, and shall be without exchange or collection  
68 charges to the Holders.

69 The selection and appointment of U. S. Bank National Association, Houston,  
70 Texas, to serve as Paying Agent/Registrar for the Bonds is hereby approved and  
71 confirmed. Books and records relating to the registration, payment, transfer and  
72 exchange of the Bonds (the "Security Register") shall at all times be kept and  
73 maintained on behalf of the City by the Paying Agent/Registrar, as provided herein  
74 and in accordance with the terms and provisions of a "Paying Agent/Registrar  
75 Agreement", substantially in the form attached hereto as Exhibit B, and such  
76 reasonable rules and regulations as the Paying Agent/Registrar and the City may  
77 prescribe. The Mayor and City Clerk are authorized to execute and deliver a  
78 Paying Agent/Registrar Agreement (substantially in the form of Exhibit B attached  
79 hereto). The City covenants to maintain and provide a Paying Agent/Registrar  
80 at all times until the Bonds are paid and discharged, and any successor Paying  
81 Agent/Registrar shall be a bank, trust company, financial institution or other entity  
82 qualified and authorized to serve in such capacity and perform the duties and  
83 services of Paying Agent/Registrar. Upon any change in the Paying  
84 Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice  
85 thereof to be sent to each Holder by United States Mail, first class postage prepaid,  
86 which notice shall also give the address of the new Paying Agent/Registrar.

87 Principal of and premium, if any, on the Bonds shall be payable at the Stated  
88 Maturities or upon earlier redemption thereof, only upon presentation and  
89 surrender of the Bonds to the Paying Agent/Registrar at its designated offices in St.  
90 Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest on the  
91 Bonds shall be paid to the Holders whose names appear in the Security Register at  
92 the close of business on the Record Date (the last business day of the month next

preceding each interest payment date), and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

#### SECTION 5: **REDEMPTION.**

(a) Optional Redemption. The Bonds having Stated Maturities on and after November 15, 2019 shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/ Registrar), on November 15, 2018 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the City.

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

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

All notices of redemption shall specify the date of redemption for the Bonds, identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, state the redemption price, state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/ Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

**SECTION 6: REGISTRATION TRANSFER EXCHANGE OF BONDS PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and maintain in the appropriate Security Register the name and address of each registered owner of the Bonds issued under and pursuant to the provisions of this Eighth Supplement. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations

upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/ Registrar.

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

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

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

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

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer therefor.

204 Additionally, the term "Predecessor Bonds" shall include any mutilated, lost,  
205 destroyed, or stolen Bond for which a replacement Bond has been issued,  
206 registered and delivered in lieu thereof pursuant to Section 18 hereof and such new  
207 replacement Bond shall be deemed to evidence the same obligation as the  
208 mutilated, lost, destroyed, or stolen Bond.

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

214 **SECTION 7: BOOK ENTRY ONLY TRANSFERS AND**  
215 **TRANSACTIONS.** Notwithstanding the provisions contained in Sections 4, 5  
216 and 6 hereof relating to the payment, and transfer/exchange of the Bonds, the City  
217 hereby approves and authorizes the use of "Book Entry Only" securities clearance,  
218 settlement and transfer system provided by The Depository Trust Company (DTC),  
219 a limited purpose trust company organized under the laws of the State of New  
220 York, in accordance with the operational arrangements referenced in the Blanket  
221 Issuer Letter of Representation, by and between the City and DTC (the  
222 "Depository Agreement").

223 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall  
224 be deposited with DTC who shall hold said Bonds for its participants (the "DTC  
225 Participants"). While the Bonds are held by DTC under the Depository  
226 Agreement, the Holder of the Bonds on the Security Register for all purposes,  
227 including payment and notices, shall be Cede & Co., as nominee of DTC,  
228 notwithstanding the ownership of each actual purchaser or owner of each Bond  
229 (the "Beneficial Owners") being recorded in the records of DTC and DTC  
230 Participants.

231 In the event DTC determines to discontinue serving as securities depository  
232 for the Bonds or otherwise ceases to provide book entry clearance and settlement  
233 of securities transactions in general or the City determines that DTC is incapable of  
234 properly discharging its duties as securities depository for the Bonds, the City  
235 covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in  
236 definitive form and provide for the Bond certificates to be issued and delivered to  
237 DTC Participants and Beneficial Owners, as the case may be. Thereafter, the  
238 Bonds in definitive form shall be assigned, transferred and exchanged on the  
239 Security Register maintained by the Paying Agent/Registrar and payment of such

Bonds shall be made in accordance with the provisions of Sections 4, 5 and 6 hereof.

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

No Bond shall be entitled to any right or benefit under this Eighth Supplement, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 10(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his or her duly authorized agent, or a certificate of registration substantially in the form provided in Section 10(d), manually executed by an authorized officer, employee or representative of the Paying Agent/ Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

**SECTION 9: INITIAL BOND(S).** The Bonds shall be initially issued either (i) as a single fully registered bond in the total principal amount referenced in Section 2 hereof with principal installments to become due and payable as provided in Section 3 hereof and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to



the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

## SECTION 10: FORMS.

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Eighth Supplement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

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

(b) Form of Definitive Bond.

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

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

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,  
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,  
TAXABLE SERIES 2008

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP NO:
March 1, 2008	_____ %	November 15, 20__	_____

Registered Owner:

Principal Amount:

DOLLARS

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

343 payment on such date shall have the same force and effect as if made on the  
344 original date payment was due. All payments of principal of, premium, if any, and  
345 interest on this Bond shall be without exchange or collection charges to the owner  
346 hereof and in any coin or currency of the United States of America which at the  
347 time of payment is legal tender for the payment of public and private debts.

348 This Bond is one of the series specified in its title issued in the aggregate  
349 principal amount of \$50,000,000 (herein referred to as the "Bonds") for the  
350 purpose of refinancing and refunding the Refunded Obligations (identified and  
351 defined in the Eighth Supplement hereinafter referenced) and paying costs of  
352 issuance, in conformity with the Constitution and laws of the State of Texas,  
353 including V.T.C.A., Government Code, Chapter 1207, as amended, and pursuant to  
354 a Master Ordinance and Eighth Supplement adopted by the City Council of the  
355 City (herein collectively referred to as the "Ordinances").

356 The Bonds maturing on and after November 15, 2019, may be redeemed  
357 prior to their Stated Maturities, at the option of the City, in whole or in part in  
358 principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated  
359 Maturity by lot by the Paying Agent/Registrar), on November 15, 2018 or on any  
360 date thereafter at the redemption price of par plus accrued interest thereon to the  
361 redemption date.

362 At least thirty days prior to the date fixed for any redemption of Bonds, the  
363 City shall cause a written notice of such redemption to be sent by United States  
364 Mail, first class postage prepaid, to the registered owners of each Bond to be  
365 redeemed at the address shown on the Security Register and subject to the terms  
366 and provisions relating thereto contained in the Ordinances. If a Bond (or any  
367 portion of its principal sum) shall have been duly called for redemption and notice  
368 of such redemption duly given, then upon such redemption date such Bond (or the  
369 portion of its principal sum to be redeemed) shall become due and payable, and  
370 interest thereon shall cease to accrue from and after the redemption date therefor,  
371 provided moneys for the payment of the redemption price and the interest on the  
372 principal amount to be redeemed to the date of redemption are held for the purpose  
373 of such payment by the Paying Agent/Registrar.

374 In the event a portion of the principal amount of a Bond is to be redeemed  
375 and the registered owner is someone other than Cede & Co., payment of the  
376 redemption price of such principal amount shall be made to the registered owner  
377 only upon presentation and surrender of such Bond to the Designated  
378 Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds  
379 of like maturity and interest rate in any authorized denominations provided by the

Ordinances for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

The Bonds are special obligations of the City payable solely from and, together with the Previously Issued Electric Utility Obligations and Prior Subordinate Lien Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Electric Utility System in the manner provided in the Ordinances. Additionally, the Bonds, together with the Previously Issued Electric Utility Obligations, shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and Reserve Fund in accordance with the terms of the Ordinances. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Electric Utility System, except with respect to the Net Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System, in the same manner and to the same extent as the Previously Issued Electric Utility Obligations and the Bonds.

Reference is hereby made to the Ordinances, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the Electric Utility System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinances may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and

for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Ordinances.

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

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

It is hereby certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has

456 been made for the payment of the Bonds by a pledge of the Net Revenues of the  
457 Electric Utility System as aforesated. In case any provision in this Bond or any  
458 application thereof shall be invalid, illegal, or unenforceable, the validity, legality,  
459 and enforceability of the remaining provisions and applications shall not in any  
460 way be affected or impaired thereby. The terms and provisions of this Bond and  
461 the Ordinances shall be construed in accordance with and shall be governed by the  
462 laws of the State of Texas.

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

465 CITY OF AUSTIN, TEXAS  
466  
467

468 \_\_\_\_\_  
469 Mayor

470 COUNTERSIGNED:  
471

472 \_\_\_\_\_  
473 City Clerk

474 (SEAL)

(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.

496 The designated offices of the Paying Agent/Registrar in St. Paul, Minnesota  
497 is the Designated Payment/Transfer Office” for this Bond.

498 U. S. BANK NATIONAL  
499 ASSOCIATION, Houston, Texas,  
500 as Paying Agent/Registrar

501 Registration date:

502 \_\_\_\_\_

503 By \_\_\_\_\_  
504 Authorized Signature

505 (e) Form of Assignment.

506 ASSIGNMENT

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

510 \_\_\_\_\_  
511 \_\_\_\_\_  
512 (Social Security or other identifying number: \_\_\_\_\_)  
513 the within Bond and all rights thereunder, and hereby irrevocably constitutes and  
514 appoints \_\_\_\_\_ attorney to transfer the within Bond on  
515 the books kept for registration thereof, with full power of substitution in the  
516 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.



(f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

REGISTERED  
NO. T-1

REGISTERED  
\$50,000,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,  
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,  
TAXABLE SERIES 2008

Bond Date:  
March 1, 2008

Registered Owner:

Principal Amount: FIFTY MILLION DOLLARS

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

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
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(Information to be inserted from schedule in Section 3 hereof).

(or so much thereof as shall not have been redeemed prior to maturity) and to pay interest, computed on the basis of a 360 day year of twelve 30 day months, on the unpaid principal amounts hereof from the Bond Date at the per annum rates of interest specified above; such interest being payable on May 15 and November 15 in each year, commencing November 15, 2008. Principal installments of this Bond are payable in the year of maturity or on a redemption date to the registered owner hereof by U. S. Bank National Association, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest is payable

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

**SECTION 11: CRITERIA FOR ISSUANCE OF PARITY ELECTRIC UTILITY OBLIGATIONS.** The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Electric Utility Obligations of the Electric Utility System pursuant to the Master Ordinance. This Eighth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds which are a series of Parity Electric Utility Obligations. The Master Ordinance is incorporated herein by reference and made a part hereof for all purposes, except to the extent modified and supplemented by the Prior Supplements and this Eighth Supplement, and the Bonds are hereby declared to be Parity Electric Utility Obligations under the Master Ordinance and the Prior Supplements. The City hereby determines that it will have sufficient funds to meet the financial obligations of the Electric Utility System, including sufficient Net Revenues to pay the Annual Debt Service Requirements of the Bonds and to meet all financial obligations of the City relating to the Electric Utility System.

**SECTION 12: PLEDGE.** Subject to the prior claim on and lien on the Net Revenues of the Electric Utility System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such Prior First Lien Obligations, the Net Revenues of the Electric

Utility System are hereby pledged to the payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien Obligations and the Previously Issued Electric Utility Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System in accordance with the terms of the Master Ordinance and this Eighth Supplement. Additionally, the Bonds and the Previously Issued Electric Utility Obligations shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and the Reserve Fund in accordance with and to the extent required by the terms of the Master Ordinance, the Prior Supplements and this Eighth Supplement. The Bonds are and will be secured by and payable only from the Net Revenues of the Electric Utility System, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, of the Electric Utility System. It is hereby ordained that the Parity Electric Utility Obligations, and the interest thereon, shall constitute a lien on the Net Revenues of the Electric Utility System and be valid and binding and fully perfected from and after the date of adoption of this Eighth Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of this Eighth Supplement or any other act; all as provided in Chapter 1208 of the Texas Government Code. The owners of the Parity Electric Utility Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Master Ordinance, the Prior Supplements and this Eighth Supplement.

Section 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues of the Electric Utility System granted by the City under this Section 12, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the Electric Utility System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 13: DEBT SERVICE FUND.** By reason of the issuance of the Bonds, the City need not establish any special accounts within the Debt Service Fund and following the delivery of the Bonds, the City hereby agrees and covenants to cause to be deposited to the credit of the Debt Service Fund an amount equal to one hundred per cent (100%) of the amount required to fully pay

the interest on and principal of the Bonds falling due on or before each maturity, mandatory redemption date and interest payment date, and such deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bonds are delivered to the initial purchaser.

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

Accrued interest received from the initial purchaser(s) of the Bonds shall be deposited in the Debt Service Fund, and shall be taken into consideration and reduce the amount of the monthly deposits that would otherwise be required to be deposited to the credit of such Debt Service Fund from the Net Revenues of the Electric Utility System.

#### **SECTION 14: RESERVE FUND.**

(a) Establishment. A Reserve Fund shall not be required to be established or maintained by the City for the payment of the Parity Electric Utility Obligations so long as the "Pledged Net Revenues" of the System for a Fiscal Year (the Net Revenues of the System in a Fiscal Year remaining after deducting the amounts, if any, expended to pay the annual debt service requirements for Prior First Lien Obligations and Prior Subordinate Lien Obligations in such Fiscal Year) equal or exceed one hundred fifty per cent (150%) of the Annual Debt Service Requirements of the Parity Electric Utility Obligations due and payable in such Fiscal Year. If for any Fiscal Year such "Pledged Net Revenues" do not exceed 150% of the Annual Debt Service Requirements of the Parity Electric Utility Obligations, the City shall be obligated to establish and maintain on the books of the City a separate fund or account designated as the "Electric Utility System Revenue Obligation Reserve Fund" (the "Reserve Fund"). Upon being established and except as provided in subsection (f) below, the amount on deposit to the credit of the Reserve Fund shall be maintained for the benefit of the owners of the Parity Electric Utility Obligations. There shall be deposited into the Reserve Fund any Reserve Fund Obligations so designated by the City. The amounts deposited to the credit of the Reserve Fund shall be in a special fund maintained at an official depository of City. Reserve Fund Obligations in the Reserve Fund shall be used for

the purpose of retiring the last of the Parity Electric Utility Obligations as they become due or paying principal of and interest on the Parity Electric Utility Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose.

When a Reserve Fund is required to be established as noted above and while the same is required to be maintained, the Required Reserve Amount to be accumulated and maintained in such Fund shall be determined and redetermined as follows:

(i) ten per cent (10%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 150% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 140% of the annual Debt Service Requirement for such Fiscal Year;

(ii) twenty per cent (20%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 140% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 130% of the annual Debt Service Requirement for such Fiscal Year;

(iii) thirty per cent (30%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 130% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 120% of the annual Debt Service Requirement for such Fiscal Year;

(iv) forty per cent (40%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 120% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 110% of the annual Debt Service Requirement for such Fiscal Year;

(v) fifty per cent (50%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 110% of the annual Debt Service Requirement for such Fiscal Year;

689 If at any time the City is required to fund the Required Reserve Amount, or  
690 to increase the Required Reserve Amount pursuant to a Supplement, the Required  
691 Reserve Amount or increase in the Required Reserve Amount, as applicable, may  
692 be funded in up to twelve (12) substantially equal consecutive monthly deposits  
693 commencing not later than the month following that receipt of audited financial  
694 statements for the System for the preceding Fiscal Year.

695 (b) Credit Facility. The City may initially fund the Reserve Fund or  
696 replace or substitute a Credit Facility for cash or Eligible Investments on deposit in  
697 the Reserve Fund or in substitution for or replacement of any existing Credit  
698 Facility. Upon such replacement or substitution, the cash or Eligible Investments  
699 on deposit in the Reserve Fund, taken together with the face amount of any  
700 existing Credit Facilities, in excess of the Required Reserve Amount may be  
701 withdrawn by the City, at its option, and transferred to the System Fund unless  
702 such excess was funded with the proceeds of sale of Parity Electric Utility  
703 Obligations in which case such excess shall be deposited to the credit of the Debt  
704 Service Fund; provided that the face amount of any Credit Facility may be  
705 reduced at the option of the City in lieu of such transfer.

706 (c) Priority of Draws. If the City is required to make a withdrawal from  
707 the Reserve Fund for any of the purposes described in this Section, the City shall  
708 promptly notify the issuer of such Credit Facility of the necessity for a withdrawal  
709 from the Reserve Fund for any such purposes, and shall make such withdrawal  
710 FIRST from available moneys and cash resulting from the sale or liquidation of  
711 Eligible Investments then on deposit in the Reserve Fund, and NEXT from a  
712 drawing under any Credit Facility to the extent of such deficiency.

713 In the event of a draw on a Credit Facility, the City shall reimburse the  
714 issuer of such Credit Facility for such draw, in accordance with the terms of any  
715 agreement pursuant to which the Credit Facility is issued, from Net Revenues,  
716 however, such reimbursement from Net Revenues shall be subject to the provisions  
717 of Section 14(d) below and shall be subordinate and junior in right of payment to  
718 the payment of principal of and premium, if any, and interest on the Parity Electric  
719 Utility Obligations.

720 (d) Reserve Amount Deficiency. In the event of a deficiency in the  
721 Reserve Fund, or in the event that on the date of termination or expiration of any  
722 Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund  
723 Obligations, all in an aggregate amount at least equal to the Required Reserve  
724 Amount, then the City shall, subject to satisfying or making provision for the uses  
725 having a priority on the Gross Revenues before any deposits for the payment and

security of the Parity Electric Utility Obligations and after making required deposits to the Debt Service Fund in accordance with the terms of this Eighth Supplement and any Supplement, cause the aggregate Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully restored within 12 months from the date such deficiency, termination or expiration occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before the last day of each month from the available Net Revenues, (ii) depositing Eligible Investments or Credit Facility to the credit of the Reserve Fund or (iii) a combination of (i) and (ii).

(e) Excess Required Reserve. As Parity Electric Utility Obligations secured by the Reserve Fund are paid, redeemed or defeased and cease to be Outstanding under the terms of the Ordinance or a Supplement, the Required Reserve Amount may be recalculated and redetermined, and any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to (i) the System Fund, if an amount equal to such excess was funded with Net Revenues, or (ii) the Debt Service Fund.

(f) Application to Commercial Paper/Credit Agreements. For the purpose of this Section, the Reserve Fund shall not secure Parity Electric Utility Obligations issued in the form of commercial paper, or any Credit Agreement issued in support of such Parity Electric Utility Obligations issued in the form of commercial paper, except as otherwise may be provided in any Supplement.

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

## **SECTION 16: AMENDMENT OF EIGHTH SUPPLEMENT.**

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

shall permit or be construed to permit the amendment of the terms and conditions in this Eighth Supplement so as to:

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

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

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

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

(d) Revocation of Consent. Any consent given by the owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six



months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Bonds during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, such consent may be revoked by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent for such Bonds and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Bonds as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

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

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

(1) To vest the management and control of the Electric Utility System in an independent board of trustees or similar board pursuant to authority conferred by V.T.C.A., Government Code, Section 1502.070 et seq. or other law now or hereafter enacted;

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

(3) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Eighth Supplement, or in regard to clarifying matters or questions arising under this Eighth Supplement, as are necessary or desirable and not contrary to or inconsistent with this Eighth Supplement and which shall not adversely affect the interests of the owners of the Bonds then outstanding;

(4) To modify any of the provisions of this Eighth Supplement in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after all the Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding;

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

(6) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Bonds to thereafter avail themselves of a book entry system for payments, transfers and other matters relating to the Bonds, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of this Eighth Supplement and which shall not adversely affect the interests of the owners of the Bonds;

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

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

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds shall be established by the Security Register maintained by the Paying Agent. Furthermore, the owner of any Bonds insured as

to the payment of principal of and interest thereon shall be deemed to be the insurance company providing the insurance coverage on such Bonds; provided such amendment to this Eighth Supplement is an amendment that can be made with the consent of a majority in Outstanding Principal Amount of the Bonds and such insurance company is not in default with respect to its obligations under its insurance policy.

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

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

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

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

Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section. Furthermore, in accordance with V.T.C.A., Government

Code, Section 1206.022, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 6 of this Eighth Supplement for Bonds issued in exchange for other Bonds.

**SECTION 19: EIGHTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Eighth Supplement shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds and the pledge made in this Eighth Supplement by the City and the covenants and agreements set forth in this Eighth Supplement to be performed by the City shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Eighth Supplement.

**SECTION 20: CONTINUING DISCLOSURE UNDERTAKING.**

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

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

“SID” means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined

by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

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

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

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

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- 1013           (6)    Adverse tax opinions or events affecting the tax-exempt status of the  
1014 Bonds;  
1015           (7)    Modifications to rights of holders of the Bonds;  
1016           (8)    Bond calls;  
1017           (9)    Defeasances;  
1018           (10)   Release, substitution, or sale of property securing repayment of the  
1019 Bonds; and  
1020           (11)   Rating changes.  
1021

1022           The City shall notify any SID and either each NRMSIR or the MSRB, in a  
1023 timely manner, of any failure by the City to provide financial information or  
1024 operating data in accordance with subsection (b) of this Section by the time  
1025 required by such Section.

1026           (d)   Limitations, Disclaimers, and Amendments.   The City shall be  
1027 obligated to observe and perform the covenants specified in this Section while, but  
1028 only while, the City remains an “obligated person” with respect to the Bonds  
1029 within the meaning of the Rule, except that the City in any event will give the  
1030 notice required by subsection (c) hereof of any Bond calls and defeasance that  
1031 cause the City to be no longer such an “obligated person.”

1032           The provisions of this Section are for the sole benefit of the Holders and  
1033 beneficial owners of the Bonds, and nothing in this Section, express or implied,  
1034 shall give any benefit or any legal or equitable right, remedy, or claim hereunder to  
1035 any other person. The City undertakes to provide only the financial information,  
1036 operating data, financial statements, and notices which it has expressly agreed to  
1037 provide pursuant to this Section and does not hereby undertake to provide any  
1038 other information that may be relevant or material to a complete presentation of the  
1039 City’s financial results, condition, or prospects or hereby undertake to update any  
1040 information provided in accordance with this Section or otherwise, except as  
1041 expressly provided herein. The City does not make any representation or warranty  
1042 concerning such information or its usefulness to a decision to invest in or sell  
1043 Bonds at any future date.

1044           **UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO**  
1045 **THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER**  
1046 **PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN**  
1047 **WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER**  
1048 **NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT**  
1049 **SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY**

SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

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

**SECTION 21: REMEDY IN EVENT OF DEFAULT.** In addition to all rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Debt Service Fund as required by this Eighth Supplement or the Master Ordinance, (b) defaults in the observance or performance of any other of



the covenants, conditions or obligations set forth in this Eighth Supplement or the Master Ordinance or (c) the City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in this Eighth Supplement or the Master Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

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

**SECTION 22: SALE OF BONDS OFFICIAL STATEMENT APPROVAL.** The Bonds authorized by this Eighth Supplement are hereby sold by the City to Bank of America, N.A. and others (herein referred to as the "Underwriters") in accordance with the Bond Purchase Agreement, dated February 28, 2008, attached hereto as Exhibit D and incorporated herein by reference as a part of this Eighth Supplement for all purposes. The Mayor is hereby authorized and directed to execute said Bond Purchase Agreement for and on behalf of the City and as the act and deed of this City Council, and in regard to the approval and execution of the Bond Purchase Agreement, the City Council hereby finds, determines and declares that the representations, warranties and agreements of the City contained in the Bond Purchase Agreement are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement, dated February 21, 2008, in the offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects, and the City Council hereby finds that the information and data contained in said Preliminary Official Statement pertaining to the City and its financial affairs is true and correct in all material respects and no material facts have been omitted therefrom which are necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, City Manager, Chief Financial Officer, any Deputy Chief Financial Officer or City Treasurer, one or more of said officials), shall be and is hereby in all respects approved and the Underwriters are hereby authorized to use and distribute said final Official Statement, dated February 28, 2008, in the offering, sale and delivery of the Bonds to the public.

1124        **SECTION 23: PROCEEDS OF SALE.** Immediately following the delivery  
1125 of the Bonds, the proceeds of sale of the Bonds in an amount sufficient to pay and  
1126 defease the Refunded Obligations shall be deposited with the US Bank, National  
1127 Association (the paying agent for the Refunded Obligations and hereinafter called  
1128 the "Deposit Agent") for the payment and discharge of the Refunded Obligations  
1129 and the balance of such proceeds shall be used for the payment of costs of  
1130 issuance, including amounts to pay municipal bond insurance and amounts to pay  
1131 the surety bond premium, if any, all in accordance with written instructions to the  
1132 Paying Agent/Registrar. Accrued interest received from the Underwriters shall be  
1133 deposited to the credit of the Debt Service Fund. Premium, if any, received from  
1134 the Underwriters shall either be deposited to the credit of the Debt Service Fund or  
1135 used for the payment of the costs of issuance or deposited with the Deposit Agent  
1136 and applied to the defeasance of the Refunded Obligations.

1137        Furthermore, appropriate officials of the City in cooperation with the  
1138 Deposit Agent are hereby authorized and directed to make the necessary  
1139 arrangements for the deposit of funds with the Deposit Agent for the payment of  
1140 the Refunded Obligations; all as contemplated and provided in V.T.C.A.,  
1141 Government Code, Chapter 1207, as amended, this Eighth Supplement.

1142        **SECTION 24: CONTROL AND CUSTODY OF BONDS.** The City  
1143 Manager of the City shall be and is hereby authorized to take and have charge of  
1144 all necessary orders and records pending the delivery of the Bonds, and shall take  
1145 and have charge and control of the Initial Bond(s) pending the approval thereof by  
1146 the Attorney General, the registration thereof by the Comptroller of Public  
1147 Accounts and the delivery thereof to the Underwriters.

1148        Furthermore, the Mayor, Mayor Pro Tem, City Manager, Chief Financial  
1149 Officer, Deputy Chief Financial Officer, City Clerk, City Treasurer and City  
1150 Attorney, any one or more of said officials, are hereby authorized and directed to  
1151 furnish and execute such documents relating to the City and its financial affairs as  
1152 may be necessary for the issuance of the Bonds, the approval of the Attorney  
1153 General and registration by the Comptroller of Public Accounts and, together with  
1154 the City's financial advisor, bond counsel and the Paying Agent/Registrar, make  
1155 the necessary arrangements for printing of definitive Bonds and the delivery of the  
1156 Bonds to the Underwriters.

1157        **SECTION 25: LEGAL OPINION.** The obligation of the Underwriters to  
1158 accept delivery of the Bonds is subject to being furnished a final opinion of  
1159 Fulbright & Jaworski L.L.P., Attorneys, Dallas, Texas, approving such Bonds as to  
1160 their validity, said opinion to be dated and delivered as of the date of delivery and

1161 payment for such Bonds. A true and correct reproduction of said opinion is hereby  
1162 authorized to be printed on the definitive Bonds or an executed counterpart thereof  
1163 shall accompany the global Bonds deposited with The Depository Trust Company.

1164 **SECTION 26: CUSIP NUMBERS.** CUSIP numbers may be printed or  
1165 typed on the definitive Bonds. It is expressly provided, however, that the presence  
1166 or absence of CUSIP numbers on the definitive Bonds shall be of no significance  
1167 or effect as regards the legality thereof and neither the City nor attorneys approving  
1168 said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly  
1169 printed or typed on the definitive Bonds.

1170 **SECTION 27: PAYMENT AND PERFORMANCE ON BUSINESS**  
1171 **DAYS.** Whenever under the terms of this Eighth Supplement or the Bonds, the  
1172 performance date of any provision hereof or thereof, including the payment of  
1173 principal of or interest on the Bonds, shall occur on a day other than a Business  
1174 Day, then the performance thereof, including the payment of principal of and  
1175 interest on the Bonds, need not be made on such day but may be performed or  
1176 paid, as the case may be, on the next succeeding Business Day with the same force  
1177 and effect as if made on the date of performance or payment.

1178 **SECTION 28: LIMITATION OF BENEFITS WITH RESPECT TO**  
1179 **THE EIGHTH SUPPLEMENT.** With the exception of the rights or benefits  
1180 herein expressly conferred, nothing expressed or contained herein or implied from  
1181 the provisions of this Eighth Supplement or the Bonds is intended or should be  
1182 construed to confer upon or give to any person other than the City, the Holders,  
1183 and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim  
1184 under or by reason of or in respect to this Eighth Supplement or any covenant,  
1185 condition, stipulation, promise, agreement, or provision herein contained. This  
1186 Eighth Supplement and all of the covenants, conditions, stipulations, promises,  
1187 agreements, and provisions hereof are intended to be and shall be for and inure to  
1188 the sole and exclusive benefit of the City, the Holders, and the Paying  
1189 Agent/Registrar as herein and therein provided.

1190 **SECTION 29: NOTICES TO HOLDERS WAIVER.** Wherever this Eighth  
1191 Supplement provides for notice to Holders of any event, such notice shall be  
1192 sufficiently given (unless otherwise herein expressly provided) if in writing and  
1193 sent by United States Mail, first class postage prepaid, to the address of each  
1194 Holder appearing in the Security Register at the close of business on the business  
1195 day next preceding the mailing of such notice.

1196 In any case where notice to Holders is given by mail, neither the failure to  
1197 mail such notice to any particular Holders, nor any defect in any notice so mailed,  
1198 shall affect the sufficiency of such notice with respect to all other Bonds. Where  
1199 this Eighth Supplement provides for notice in any manner, such notice may be  
1200 waived in writing by the Holder entitled to receive such notice, either before or  
1201 after the event with respect to which such notice is given, and such waiver shall be  
1202 the equivalent of such notice. Waivers of notice by Holders shall be filed with the  
1203 Paying Agent/Registrar, but such filing shall not be a condition precedent to the  
1204 validity of any action taken in reliance upon such waiver.

1205 **SECTION 30: GOVERNING LAW.** This Eighth Supplement shall be  
1206 construed and enforced in accordance with the laws of the State of Texas and the  
1207 United States of America.

1208 **SECTION 31: EFFECT OF HEADINGS.** The Section headings herein are  
1209 for convenience only and shall not affect the construction hereof.

1210 **SECTION 32: CONSTRUCTION OF TERMS.** If appropriate in the  
1211 context of this Eighth Supplement, words of the singular number shall be  
1212 considered to include the plural, words of the plural number shall be considered to  
1213 include the singular, and words of the masculine, feminine or neuter gender shall  
1214 be considered to include the other genders.

1215 **SECTION 33: SEVERABILITY.** If any provision of this Eighth  
1216 Supplement or the application thereof to any circumstance shall be held to be  
1217 invalid, the remainder of this Eighth Supplement and the application thereof to  
1218 other circumstances shall nevertheless be valid, and the City Council hereby  
1219 declares that this Eighth Supplement would have been enacted without such invalid  
1220 provision.

1221 **INSURANCE.** The Bonds have been sold with the principal of and interest  
1222 thereon being insured by Assured pursuant to a municipal bond insurance policy  
1223 (the "Bond Policy"). The form of the Bond Policy and related insurance  
1224 commitment in substantially the forms attached hereto as Exhibit J are hereby  
1225 approved, together with any changes thereto as may be approved by an Authorized  
1226 Official. Each Authorized Official is authorized to execute and deliver any and all  
1227 documents necessary to accomplish the purchase of such insurance, including an  
1228 insurance agreement memorializing the City's obligations related thereto. Any  
1229 terms used in this Section not otherwise defined in this Eighth Supplement shall  
1230 have the meanings assigned to such terms in the Bond Policy. In accordance with  
1231 the terms and conditions applicable to insurance provided by Assured, the City

covenants and agrees that, in the event the principal and interest due on the Bonds shall be paid by Assured pursuant to the policy referred to this Section, the assignment and pledge of all funds and all covenants, agreements and other obligations of the City to the Holders shall continue to exist and Assured shall be subrogated to the rights of such Holders; and furthermore, the City covenants and agrees that:

(a) Notice and Other Information to be given to Assured.

(1) Any notice that is required to be given to the Holders of the Bonds, the NRMSIRs or the SID pursuant to the Rule or to Paying Agent/Registrar pursuant to this Eighth Supplement shall also be provided to Assured simultaneously with the sending of such notices. All information furnished pursuant to Section 20 shall also be provided to Assured, simultaneously with the furnishing of such information. All notices required to be given to Assured shall be in writing and shall be sent by registered or certified mail addressed to Assured Guaranty Corp., 1325 Avenue of the Americas, New York, New York 10019, Attention: General Counsel, with a copy to Assured, Attention: Risk Management Department – Public Finance Surveillance.

(2) Assured shall have the right to receive such additional information as it may reasonably request.

(3) The City will permit Assured to discuss the affairs, finances and accounts of the City or any information Assured may reasonably request regarding the security for the Bonds with appropriate officers of the City, and will use best efforts to enable Assured to have access to the facilities, books and records of the City on any Business Day upon reasonable prior notice.

(4) The Paying Agent/Registrar shall notify Assured of any failure of the City to provide notices, certificates and other information under this Eighth Supplement.

(b) Defeasance. In the event that the principal and/or interest due on the Bonds shall be paid by Assured pursuant to the policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit

of Assured, and Assured shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Bonds.

In connection with the refunding and defeasance of the Bonds, the City will provide Assured an opinion of counsel that refunding and defeasance will not adversely impact the exclusion from gross income for federal income tax purposes of interest on the Bonds or the refunded bonds.

Any escrow agreement, and an opinion of counsel regarding the validity and enforceability of the escrow agreement, used in connection with a defeasance shall provide that:

(1) Any substitution of securities shall require verification by an independent certified public accountant and the prior written consent of Assured.

(2) The City will not exercise any optional redemption of Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (A) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (B) as a condition of any such redemption there shall be provided to Assured verification by an independent certified public accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption.

(3) The City shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of Assured.

(c) Paying Agent/Registrar. With respect to the Paying Agent/Registrar, the following provisions shall apply:

(1) Assured shall receive prior written notice of any name change of the Paying Agent/Registrar for the Bonds or the resignation or removal of the Paying Agent/Registrar.

(2) No removal, resignation or termination of the Paying Agent/Registrar shall take effect until a successor, acceptable to Assured, shall be appointed.

1301 (3) The Paying Agent/Registrar may be removed at any time,  
1302 at the request of Assured, for any breach of its obligations under this  
1303 Eighth Supplement.

1304 (d) Amendments and Supplements. With respect to amendments or  
1305 supplements to this Eighth Supplement which do not require the consent of the  
1306 Holders, Assured must be given notice of any such amendments or supplements.  
1307 With respect to amendments or supplements to this Eighth Supplement which  
1308 require the consent of the Holders, Assured's prior written consent is required.  
1309 Copies of any amendments or supplements to this Eighth Supplement which are  
1310 consented to by Assured shall be sent to the rating agencies which have assigned a  
1311 rating to the Bonds. Notwithstanding any other provision of this Eighth  
1312 Supplement, in determining whether the rights of Holders will be adversely  
1313 affected by any action taken pursuant to the terms and provisions of this Eighth  
1314 Supplement, the Paying Agent/Registrar shall consider the effect on the Holders as  
1315 if there were no Policy.

1316 (e) Assured As Third Party Beneficiary. To the extent that this Eighth  
1317 Supplement confers upon or gives or grants to Assured any right, remedy or claim  
1318 under or by reason of this Eighth Supplement, Assured is explicitly recognized as  
1319 being a third party beneficiary hereunder and may enforce any such right, remedy  
1320 or claim conferred, given or granted hereunder.

1321 (f) Control Rights. Assured shall be deemed to be the Holder of all of  
1322 the Bonds for purposes of (a) exercising all remedies and directing the Paying  
1323 Agent/Registrar to take actions or for any other purposes following the payment of  
1324 interest on or principal of the Bonds by Assured ("Event of Default"), and (b)  
1325 granting any consent, direction or approval or taking any action permitted by or  
1326 required under this Eighth Supplement to be granted or taken by the Holders of the  
1327 Bonds.

1328 Anything in this Eighth Supplement to the contrary notwithstanding, upon  
1329 the occurrence and continuance of an Event of Default, Assured shall be entitled to  
1330 control and direct enforcement of all rights and remedies granted to the Holders or  
1331 the Paying Agent/Registrar for the benefit of the Holders under this Eighth  
1332 Supplement.

1333 (g) Consent Rights of Assured. The following consent rights apply:

1334 (1) Consent of Assured. Any provision of this Eighth  
1335 Supplement expressly recognizing or granting rights in or to Assured

may not be amended in any manner which affects the rights of Assured hereunder without the prior written consent of Assured.

(2) Consent of Assured in Addition to Holder Consent. Wherever this Eighth Supplement requires the consent of Holders, Assured's consent shall also be required.

(3) Consent of Assured in the Event of Insolvency. If the City is ever authorized to do so and does so, to the extent permitted by law, any reorganization or liquidation plan with respect to the City must be acceptable to Assured. In the event of any reorganization or liquidation, Assured shall have the right to vote on behalf of all Holders who hold Bonds guaranteed by Assured, absent a default by Assured under the Policy.

(4) Consent of Assured Upon Default. Anything in this Eighth Supplement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, Assured shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders or the Paying Agent/Registrar for the benefit of the Holders under this Eighth Supplement.

(h) Payment Procedure Under the Policy.

(1) At least two (2) Business Days prior to each payment date on the Bonds, the Paying Agent/Registrar will determine whether there will be sufficient funds to pay all principal and interest with respect to the Bonds due on the related payment date and shall immediately notify Assured or its designee on the same business day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of any deficiency. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest or both. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent/Registrar shall so notify Assured or its designee.

(2) The Paying Agent/Registrar, after giving notice to Assured as provided above, shall make available to Assured and, at Assured's written direction, to any Fiscal Agent, the registration



books of the City maintained by the Paying Agent/Registrar and all records relating to the funds maintained under this Eighth Supplement.

(3) The Paying Agent/Registrar shall provide Assured and any Fiscal Agent with a list of registered owners of Bonds entitled to receive principal or interest payments from Assured under the terms of the Policy, and shall make arrangements with Assured, the Fiscal Agent or another designee of Assured to (i) mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from Assured and (ii) pay principal with respect to Bonds surrendered to Assured, the Fiscal Agent or another designee of Assured by the registered owners of Bonds entitled to receive full or partial principal payments from Assured.

(4) The Paying Agent/Registrar, shall, at the time it provides notice to Assured of any deficiency pursuant to paragraph (h)(1) above, notify registered owners of Bonds entitled to receive the payment of principal or interest with respect thereto from Assured (i) as to such deficiency and its entitlement to receive principal or interest, as applicable, (ii) that Assured will remit to them all or a part of the interest payments due on the related payment date upon proof of its entitlement thereto and delivery to Assured or any Fiscal Agent, in form satisfactory to Assured, of an appropriate assignment of the registered owner's right to payment, (iii) that, if they are entitled to receive partial payment of principal from Assured, they must surrender the related Bonds for payment first to the Paying Agent/Registrar, which will note on such Bonds the portion of the principal paid by the Paying Agent/Registrar and second to Assured or its designee, together with an appropriate assignment, in form satisfactory to Assured, to permit ownership of such Bonds to be registered in the name of Assured, which will then pay the unpaid portion of principal, and (iv) that, if they are entitled to receive full payment of principal from Assured, they must surrender the related Bonds for payment to Assured or its designee, rather than the Paying Agent/Registrar, together with the an appropriate assignment, in form satisfactory to Assured, to permit ownership of such Bonds to be registered in the name of Assured.

(5) In addition, if the Paying Agent/Registrar has notice that any Holder of the Bonds has been required to disgorge payments of

principal or interest with respect to the Bonds previously Due for Payment pursuant to a final non-appealable order by a court of competent jurisdiction to the effect that such payment constitutes an avoidable preference to such Holder within the meaning of any applicable bankruptcy laws, then the Paying Agent/Registrar shall notify Assured or its designee of such fact by telephone or electronic notice, confirmed in writing by registered or certified mail.

(6) The Paying Agent/Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Bonds as follows:

i. If and to the extent there is a deficiency in amounts required to pay interest with respect to the Bonds, the Paying Agent/Registrar shall (a) execute and deliver to Assured, in form satisfactory to Assured, an instrument appointing Assured as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to Assured of the claims for interest to which such deficiency relates and which are paid by Assured, (b) receive as designee of the respective Holders (and not as Paying Agent/Registrar) in accordance with the tenor of the Policy payment from Assured with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

ii. If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Paying Agent/Registrar shall (a) execute and deliver to Assured, in form satisfactory to Assured, an instrument appointing Assured as agent for such Holder in any legal proceeding related to the payment of such principal and an assignment to Assured of the Bond surrendered to Assured in an amount equal to the principal amount with respect thereto as has not previously been paid or for which moneys are not held by the Paying Agent/Registrar and available for such payment (but such assignment shall be delivered only if payment from Assured is received), (b) receive as designee of the respective Holders (and not as Paying Agent/Registrar) in

1447 accordance with the tenor of the Policy payment therefor  
1448 from Assured, and (c) disburse the same to such Holders.

1449 (i) Payments with respect to claims for interest on and principal of the  
1450 Bonds disbursed by the Paying Agent/Registrar from proceeds of the Policy shall  
1451 not be considered to discharge the obligation of the City with respect to such  
1452 Bonds, and the Bonds shall remain outstanding for all purposes, shall not be  
1453 defeased or otherwise satisfied and shall not be considered paid by the City, and  
1454 Assured shall become the Holder of such unpaid Bonds and claims for the interest  
1455 in accordance with the tenor of the assignment made to it under the provisions of  
1456 this subsection or otherwise; and all covenants, agreements and other obligations  
1457 of the City to the registered owners shall continue to exist and shall run to the  
1458 benefit of Assured, and Assured shall be subrogated to the rights of such registered  
1459 owners, including, without limitation, any rights that such owners may have in  
1460 respect of securities law violations arising from the offer and sale of the Bonds.

1461 (j) Irrespective of whether any such assignment is executed and  
1462 delivered, the City and the Paying Agent/Registrar hereby agree for the benefit of  
1463 Assured that:

1464 (1) they recognize that to the extent Assured makes  
1465 payments directly or indirectly (e.g., by paying through the Paying  
1466 Agent/Registrar) on account of principal or interest with respect to the  
1467 Bonds, Assured will be subrogated to the rights of such Holders to  
1468 receive the amount of such principal and interest from the City, with  
1469 interest with respect thereto as provided and solely from the sources  
1470 stated in this Eighth Supplement and the Bonds; and

1471 (2) they will accordingly pay to Assured the amount of such  
1472 principal and interest with respect thereto as provided in this Eighth  
1473 Supplement and the Bonds, but only from the sources and in the  
1474 manner provided herein for the payment of principal and interest with  
1475 respect to the Holders, and will otherwise treat Assured as the owner  
1476 of such rights to the extent of such principal and interest.

1477 (3) The City hereby agrees to pay or reimburse Assured, to  
1478 the extent permitted by law, (A) for all amounts paid by Assured  
1479 under the terms of the Policy, and (B) any and all charges, fees, costs  
1480 and expenses which Assured may reasonably pay or incur, including,  
1481 but not limited to, fees and expenses of attorneys, accountants,  
1482 consultants and auditors and reasonable costs of investigations, in

connection with (i) any accounts established to facilitate payments under the Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Eighth Supplement or any other financing document including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the City or any affiliate thereof) relating to this Eighth Supplement or any other financing document, any party to this Eighth Supplement or any other financing document or the transaction contemplated by the financing documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Eighth Supplement or any other financing document, or the pursuit of any remedies under this Eighth Supplement or any other financing document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, or (iv) any amendment, waiver or other action with respect to, or related to, this Eighth Supplement or any other financing document whether or not executed or completed; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of Assured spent in connection with the actions described in clauses (B)(ii) through (B)(iv) herein. In addition, Assured reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Eighth Supplement or any other financing document. To the extent permitted by law and subject to annual appropriation, the City will pay interest on the amounts owed in this paragraph from the date of any payment due or paid, at the Reimbursement Rate.

(4) In addition to any and all rights of reimbursement, subrogation and any other rights pursuant hereto under law or in equity, the City agrees to pay or reimburse Assured, to the extent permitted by law, any and all charges, fees, costs, claims, losses, liabilities (including penalties), judgments, demands, damages, and expenses which Assured or its officers, directors, shareholders, employees, agents and each Person, if any, who controls Assured within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, of any nature in connection

1521 with, in respect of or relating to the transactions contemplated by this  
1522 agreement or this Eighth Supplement by reason of:

1523 i. any omission or action (other than by  
1524 Assured) in connection with the offering, issuance, sale,  
1525 remarketing or delivery of the Bonds;

1526 ii. the negligence, bad faith, willful  
1527 misconduct, misfeasance, malfeasance or theft committed  
1528 by any director, officer, employee or agent of the City in  
1529 connection with any transaction arising from or relating  
1530 to this agreement or this Eighth Supplement;

1531 iii. the violation by the City of any law, rule or  
1532 regulation, or any judgment, order or decree applicable to  
1533 it;

1534 iv. the breach by the City of any representation,  
1535 warranty or covenant under this Eighth Supplement or  
1536 the occurrence, in respect of the City, under this Eighth  
1537 Supplement of any "Event of Default" or any event  
1538 which, with the giving of notice or lapse of time or both,  
1539 would constitute any "Event of Default"; or

1540 v. any untrue statement or alleged untrue  
1541 statement of a material fact contained in any official  
1542 statement relating to the Bonds, if any, or any omission  
1543 or alleged omission to state therein a material fact  
1544 required to be stated therein or necessary to make the  
1545 statements therein not misleading, except insofar as such  
1546 claims arise out of or are based upon any untrue  
1547 statement or omission in information included in an  
1548 official statement, if any, and furnished by Assured in  
1549 writing expressly for use therein.

1550 (5) Assured shall be entitled to pay principal or interest with  
1551 respect to the Bonds that shall become Due for Payment but shall be  
1552 unpaid by reason of Nonpayment by the City, whether or not Assured  
1553 has received a Notice of Nonpayment or a claim upon the Policy.

1554 (6) In addition, Assured shall to the extent it makes any  
1555 payment of principal or interest with respect to the Bonds become

subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (i) in the case of claims for interest, the Paying Agent/Registrar shall note Assured's rights as subrogee on the registration books of the City maintained by the Paying Agent/Registrar, upon receipt of proof of payment of interest with respect thereto to the Holders of the Bonds, and (ii) in the case of claims for principal, the Paying Agent/Registrar, if any, shall note Assured's rights as subrogee on the registration books of the City maintained by the Paying Agent/Registrar, upon surrender of the Bonds together with receipt of proof of payment of principal with respect thereto.

**SECTION 34: PUBLIC MEETING.** It is officially found, determined, and declared that the meeting at which this Eighth 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 Eighth Supplement, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

1573           SECTION 35:       **EFFECTIVE DATE.** This Eighth Supplement is hereby  
1574 passed on one reading as authorized by V.T.C.A., Government Code, Section  
1575 1201.028 and shall be effective immediately upon its passage and adoption.

1576 **PASSED AND APPROVED**

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1578  
1579  
1580  
1581 \_\_\_\_\_, 2008

§  
§  
§

\_\_\_\_\_  
Will Wynn  
Mayor

1584  
1585 **APPROVED:** \_\_\_\_\_

1586 David Allan Smith  
1587 City Attorney

**ATTEST:** \_\_\_\_\_

1588 Shirley A. Gentry  
1589 City Clerk

1590  
1591  
1592  
(CITY SEAL)

EXHIBIT A

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

“Bonds” means collectively, the “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2008” authorized for issuance by the Eighth 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.

“Master Ordinance” means Ordinance No. 010118-53A providing for the issuance of “Parity Electric Utility Obligations”, as defined therein, passed by the City on January 18, 2001.

“Maximum Debt Service Requirement” means, as of the date of calculation, an amount equal to the greatest Annual Debt Service Requirement for the current or any future Fiscal Year for the Parity Electric Utility Obligations then outstanding at the time such calculation is made.

“Paying Agent/Registrar” means the financial institution specified in Section 4 of the Eighth Supplement.

“Previously Issued Electric Utility Obligations” mean the outstanding “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2001” dated January 1, 2001, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2002”, dated February 15, 2002, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2002A”, dated July 15, 2002, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2003”, dated February 1, 2003, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2006”, dated May 15, 2006, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2006A”, dated October 15, 2006, and “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2007”, dated August 15, 2007.



1626 “Prior Supplements” means Ordinances No. 010118-53B, 020228-13,  
1627 020718-17, 030206-34, 20060518-040, 20061019-055 and 20070322-026  
1628 authorizing the issuance of the Previously Issued Electric Utility Obligations.

1629 “Required Reserve Amount” means the total amount to be accumulated and  
1630 maintained in the Reserve Fund pursuant to the provisions of Section 14 of the  
1631 Eighth Supplement and the provisions of any subsequent Supplement.

1632 “Reserve Fund” means the “Electric Utility System Revenue Obligation  
1633 Reserve Fund” to be established and maintained pursuant to the Prior Supplements  
1634 and Section 14 of this Eighth Supplement.

1635 “Reserve Fund Obligations” means cash, Eligible Investments, any Credit  
1636 Facility, or any combination of the foregoing.

1637 “Eighth Supplement” means Ordinance No. 20080228-\_\_\_\_\_ authorizing  
1638 the issuance of the Bonds.

1639 “Security Register” shall have the meaning given said term in Section 4 of  
1640 this Eighth Supplement.

1641

EXHIBIT B

1642

PAYING AGENT REGISTRAR AGREEMENT

DRAFT

EXHIBIT C

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE RULE

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 20 of this Ordinance.

**Annual Financial Statements and Operating Data**

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

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

2. The information under the numbered tables.

**Accounting Principles**

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

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## EXHIBIT D

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### BOND PURCHASE AGREEMENT

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