

AN ORDINANCE AUTHORIZING AN INTEREST RATE MANAGEMENT AGREEMENT AND LIQUIDITY AGREEMENT RELATED TO CITY OF AUSTIN, TEXAS WATER AND WASTEWATER SYSTEM VARIABLE RATE REVENUE REFUNDING BONDS, SERIES 2008; PROVIDING FOR PAYMENTS THEREUNDER BY A LIEN ON AND PLEDGE OF THE NET REVENUES OF THE CITY'S WATER AND WASTEWATER SYSTEM; ESTABLISHING FUNDS AND ACCOUNTS RELATED TO THE PAYMENT OF SUCH INTEREST RATE MANAGEMENT AGREEMENT AND LIQUIDITY AGREEMENT; AND DELEGATING MATTERS RELATING TO THE AUTHORIZATION OF SUCH INTEREST RATE MANAGEMENT AGREEMENT AND LIQUIDITY AGREEMENT TO AN AUTHORIZED CITY OFFICER OR EMPLOYEE; ENACTING OTHER PROVISIONS INCIDENT THERETO, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Austin, Texas (the “City” or “Issuer”) has heretofore authorized, issued and sold the obligations described in Exhibit A, which are being paid in whole or in part from the revenues of the City’s Water/Wastewater System and which are hereinafter referred to collectively as the “Refunded Obligations;” and

WHEREAS, the City intends to issue its variable interest rate revenue bonds to be designated the City of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008, in one or more series (the “Bonds”) under and pursuant to authority conferred by the laws of the State of Texas, including Chapters 1207, 1371, and 1502, Texas Government Code, as amended, in an aggregate principal amount to be sufficient to refinance all or a portion of the Refunded Obligations that the City determines to refund in accordance with its policies, applicable law and Ordinance No. 20080306-____ (the “Fifteenth Supplement”); and

WHEREAS, in order to provide liquidity and/or credit enhancement for the Bonds, the City has determined that it will need to enter into a Liquidity Agreement (as defined herein); and

35 **WHEREAS**, between the date hereof and the date the City is able to issue
36 the Bonds, interest rates may rise; and

37 **WHEREAS**, to hedge against possible increases in the rate of interest to be
38 borne by the Bonds before and after the Bonds are issued, the City Council of the
39 City has determined to enter into an Interest Rate Management Agreement (as
40 defined herein) pursuant to the provisions of Chapter 1371, Texas Government
41 Code, as amended; and

42 **WHEREAS**, the City Council finds and determines the regularly scheduled
43 payments owed by the City (each, a "Scheduled Hedge Payment") under the
44 Interest Rate Management Agreement and payments owed by the City under the
45 Liquidity Agreement (each a "Liquidity Payment,") herein authorized can and shall
46 be payable and secured on a parity, equally and ratably, with the outstanding
47 "Parity Water/Wastewater Obligations" issued in accordance with and under the
48 terms and provisions of Ordinance No. 000608-56A (the "Master Ordinance") and
49 Ordinance Nos. 000608-56B, 010419-77, 011129-65, 020718-15, 030206-35,
50 040617-45, 040812-43, 040930-83, 050519-37, 051020-051, 20051117-060,
51 20061108-051 and 20071108-080 (the "Prior Supplements"), which authorize the
52 issuance of the Previously Issued Parity Water/Wastewater Obligations (which
53 Previously Issued Parity Water/Wastewater Obligations consist of the outstanding
54 (1) "City of Austin, Texas, Water And Wastewater System Revenue Refunding
55 Bonds, Series 2000" (2) "City of Austin, Texas, Water And Wastewater System
56 Revenue Refunding Bonds, Series 2001A", (3) "City of Austin, Texas, Water And
57 Wastewater System Revenue Refunding Bonds, Series 2001B", (4) "City of
58 Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
59 2001C", (5) "City of Austin, Texas, Water and Wastewater System Revenue
60 Refunding Bonds, Series 2002A", (6) "City of Austin, Texas, Water and
61 Wastewater System Revenue Refunding Bonds, Series 2003", (7) "City of Austin,
62 Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds,
63 Series 2004", together with certain regularly scheduled payments under the Interest
64 Rate Swap Agreement, the Liquidity Agreement and the Insurance Obligation (as
65 such terms are defined in Ordinance No. 040812-43), (8) "City of Austin, Texas,
66 Water and Wastewater System Revenue Refunding Bonds, Series 2004A", (9)
67 "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,
68 Series 2005", (10) "City of Austin, Texas, Water and Wastewater System Revenue
69 Refunding Bonds, Series 2005A", (11) "City of Austin, Texas, Water and
70 Wastewater System Revenue Refunding Bonds, Series 2006", (12) "City of Austin,
71 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006A"
72 and (13) "City of Austin, Texas, Water and Wastewater System Revenue

Refunding Bonds, Series 2007,” each of which were authorized for issuance by the Master Ordinance and the Prior Supplements); and

WHEREAS, the City Council further finds and determines certain other contingent payments by the City related to termination of the Interest Rate Management Agreement herein authorized can and shall be secured by lien on and pledge of the Net Revenues of the Water/Wastewater System on a basis subordinate to other obligations payable from such Net Revenues all as specified herein;

WHEREAS, the City shall by this Ordinance, in accordance with the provisions of Section 1371.056, Texas Government Code, as amended, delegate to a Pricing Officer (hereinafter designated) the authority to make the determination of terms and information set forth herein in a pricing certificate (the “Pricing Certificate”) to be executed by the Pricing Officer (hereinafter designated), now therefore:

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

SECTION 1: DEFINITIONS. In addition to the definitions set forth in the preamble of this Ordinance or otherwise contained in this Ordinance (hereinafter referred to as this “Fourteenth Supplement”), or otherwise contained herein, the terms used herein and not otherwise defined shall have the meanings given in the Master Ordinance and Prior Supplements.

SECTION 2: AUTHORIZATION OF CREDIT AGREEMENTS; DELEGATION OF AUTHORITY TO PRICING OFFICER. The City Council hereby approves and authorizes the City to enter into (i) a Interest Rate Management Agreement, with a swap counterparty initially rated by either Moody’s Investor Services, Inc. (“Moody’s”), Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (“S&P”) or Fitch Ratings, Inc. (“Fitch”), in one of the ___ highest rating categories for a long-term debt rating (the “Hedge Counterparty,” together with any successor thereto as counterparty under such Interest Rate Management Agreement), as a Parity Water/Wastewater Obligation, as defined in the Master Ordinance, and (ii) a Liquidity Agreement to provide for liquidity and/or credit enhancement, as applicable, with a bank (the “Liquidity Provider,” together with any successor thereto as Liquidity Provider under a Liquidity Agreement) that is initially rated by Moody’s, S&P or Fitch in one of the three highest rating categories for a short term debt instrument, and if credit enhancement is provided, one of the four highest rating categories for a

long-term debt instrument. In accordance with the provisions of Section 1371.056, Texas Government Code, as amended, the City Manager or the Chief Financial Officer of the City (either, the "Pricing Officer") is hereby authorized act on behalf of the City to determine whether and when, and with respect to what notional amounts and principal amounts, as applicable, and on what terms (subject to the parameters provided below) to cause the City to enter into the Credit Agreements (hereinafter defined).

The Pricing Officer is hereby authorized to execute and deliver, and the City Clerk may attest to, for and on behalf of and in the name of the City, and as the act and deed of the City Council of the City, prior to, at, or after the delivery of the Bonds, but in no case later than September 6, 2008, (i) an ISDA Master Agreement, a Schedule to the Master Agreement, Credit Support Annex, and one or more Confirmations (collectively referred to herein as the "Interest Rate Management Agreement"), with the Hedge Counterparty, and including such amendments to such Interest Rate Management Agreement after the execution and delivery thereof that are required in connection with the issuance of the Bonds, as may be approved by the Pricing Officer, as evidenced by their execution thereof; unless otherwise provided by ordinance of the City Council, and (ii) a reimbursement agreement and letter of credit or standby bond purchase agreement, and any Alternate Liquidity Facility (as defined in the Fifteenth Supplement heretofore authorized) and any Credit Agreement related thereto (each a "Liquidity Agreement," and together with the Interest Rate Management Agreement, each a "Credit Agreement" as defined in the Master Ordinance, and collectively, the "Credit Agreements") with a Liquidity Provider; the Pricing Officer shall further determine, which shall be determined in the Pricing Certificate; the term of such Credit Agreements; the notional amount of the Interest Rate Management Agreement; the principal amount of the Credit Agreement; the fixed rates of interest at which the obligations of the City under the Interest Rate Management Agreement shall be calculated; the rate of interest calculated under the Liquidity Agreement; provided that:

(1) the term of the Credit Agreements shall not extend beyond the stated maturity of the Bonds;

(2) the notional amount of the Interest Rate Management Agreement shall not exceed \$175,000,000;

(3) the principal amount of the Liquidity Agreement shall not exceed \$175,000,000;

145 (4) the fixed rate of interest paid by the City under the
146 Interest Rate Management Agreement shall not exceed ____%;

147 (5) the rate of interest under the Liquidity Agreement shall
148 under no calculations exceed the maximum lawful rate in the State of
149 Texas;

150 (6) such Interest Rate Management Agreement shall provide
151 for the reduction in notional amount equivalent to the reduction in
152 outstanding principal amount of the Bonds after the same have been
153 issued and once the outstanding principal amount of the Bonds has
154 been reduced to an amount, equal to or lesser than the original
155 notional amount and in all events in accordance with the amortization
156 schedule to be approved by the Pricing Officer and set forth as an
157 attachment to the Interest Rate Management Agreement;

158 (7) such Interest Rate Management Agreement permits the
159 City to terminate the same or reduce the notional amount thereof at
160 any time, which right may be made conditional upon the payment by
161 the City of the amount due in respect of such partial or complete
162 termination;

163 (8) such Credit Agreements being entered into in connection
164 with the issuance of the Bonds shall result in present value debt
165 service savings of at least 5.25%, net of any contribution by the City;

166 (9) such Credit Agreements and the proceedings of the City
167 Council of the City authorizing the same shall be approved by the
168 Attorney General of Texas and such proceedings shall be registered
169 by the Comptroller of Public Accounts of the State of Texas prior to
170 delivering such Credit Agreements; and

171 (10) the cost of credit enhancement obtained in relation to the
172 Interest Rate Management Agreement, if any, shall result in present
173 value debt service savings of at least 5.25%, net of any contribution
174 by the City.

175 The obligations of the Hedge Counterparty to the City are hereby pledged as
176 additional security for the obligations of the City that are secured by the Net
177 Revenues, and the payments from the Hedge Counterparty to the City are hereby
178 declared to constitute Gross Revenues.

179 **SECTION 3: ISSUANCE OF CREDIT AGREEMENTS.** The City
180 has provided certain criteria and established certain covenants and agreements in
181 relation to the issuance of Credit Agreements payable from Net Revenues of the
182 Water/Wastewater System pursuant to the Master Ordinance and Prior
183 Supplements. This Fourteenth Supplement provides for the authorization,
184 issuance, sale, delivery, form, characteristics, provisions of payment, and security
185 of the Credit Agreements, which Credit Agreements constitute “Credit
186 Agreements” in accordance with the Master Ordinance and Prior Supplements.

187 The Scheduled Hedge Payments and Liquidity Payments shall constitute
188 Parity Water/Wastewater Obligations in accordance with the Master Ordinance,
189 Prior Supplements, and this Fourteenth Supplement. The Scheduled Hedge
190 Payments and any other payment owed by the City under the Interest Rate
191 Management Agreement including, but not limited to, payments owed as a result
192 of its termination (herein referred to as a “Termination Payment”) and Liquidity
193 Payments shall be payable from and secured by the Net Revenues; provided,
194 however, that the Termination Payments are subordinated as provided in Section 5
195 of this Fourteenth Supplement. The Master Ordinance is incorporated herein by
196 reference and made a part hereof for all purposes, except to the extent modified
197 and supplemented by the Prior Supplements and this Fourteenth Supplement. The
198 City Council hereby finds and determines that it will have sufficient Gross
199 Revenues to meet the obligations of the Water/Wastewater System, including
200 sufficient Net Revenues to satisfy the Annual Debt Service Requirements of the
201 Previously Issued Parity Water/Wastewater Obligations and to meet all financial
202 obligations (i.e., the “Scheduled Hedge Payments,” “Liquidity Payments” and
203 “Termination Payments”) of the City under the Credit Agreements relating to the
204 Water/Wastewater System.

205 **SECTION 4: TERMINATION OF INTEREST RATE**
206 **MANAGEMENT AGREEMENT.** The City currently intends to issue the Bonds
207 in a variable rate interest mode and to maintain in effect the Interest Rate
208 Management Agreement. If, however the City does not, prior to, on, or within 120
209 days after the effective date of the Interest Rate Management Agreement, issue the
210 Bonds in one or more series in an aggregate original principal amount equal to or
211 greater than the notional amount of the Interest Rate Management Agreement and
212 rated as required to be an “obligation” as defined in Texas Government Code,
213 1371.001(5), as amended, then the City shall promptly exercise its option reserved
214 in the Interest Rate Management Agreement to terminate or reduce the resulting
215 notional amount of the Interest Rate Management Agreement to achieve the result
216 that the notional amount, if any, of the Interest Rate Management Agreement does

not exceed the original principal amount of the Bonds that are issued. In addition to such required full or partial termination of the Credit Agreement, to the extent the Chief Financial Officer may deem advisable he or she may, and the City Council hereby delegates to such person the authority to, at any time terminate in whole or in part the Interest Rate Management Agreement as permitted thereby; provided appropriate documentation is furnished the City Manager and City Attorney evidencing the amount or payment owed by the City, if any, as a result of such termination and that such amount can be paid from available funds of the City (including, without limitation, proceeds of bonds issued for such purpose) without a budget amendment, or should such termination payment require City Council action by a budget amendment or otherwise, obtaining City Council approval prior to its termination.

SECTION 5: PLEDGE.

(a) Scheduled Hedge Payments. Subject to the prior claims and liens on the Net Revenues of the Water/Wastewater 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 Water/Wastewater System are hereby pledged to the payment of the Scheduled Hedge Payments. The Scheduled Hedge Payments, together with the Prior Subordinate Lien Obligations and the Previously Issued Separate Lien Obligations currently outstanding and the Parity Water/Wastewater Obligations, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of the Master Ordinance, the Prior Supplements, and this Fourteenth Supplement. Additionally, the Scheduled Hedge Payments and payments due for the payment of the Parity Water/Wastewater Obligations shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Master Ordinance, the Prior Supplements and this Fourteenth Supplement.

(b) Liquidity Payments. Subject to the prior claims and liens on the Net Revenues of the Water/Wastewater 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 Water/Wastewater System are hereby pledged to the payment of the Liquidity Payments. The Liquidity Payments, together with the Prior Subordinate Lien Obligations and the Previously Issued Separate Lien Obligations currently

outstanding and the Parity Water/Wastewater Obligations, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of the Master Ordinance, the Prior Supplements, and this Fourteenth Supplement. Additionally, the Liquidity Payments and payments due for the payment of the Parity Water/Wastewater Obligations shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Master Ordinance, the Prior Supplements and this Fourteenth Supplement.

(c) Termination Payment. Subject to the prior claims and liens on the Net Revenues of the Water/Wastewater System to the payment and security of (i) the Prior First Lien Obligations, Prior Subordinate Lien Obligations and Previously Issued Separate Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such obligations, and (ii) the “Commercial Paper Obligations” (as defined and identified in the Master Ordinance), the Net Revenues of the Water/Wastewater System are hereby pledged to the payment of the Termination Payment, if any, owed by the City pursuant to the Credit Agreement. Subject to the prior claims and liens on the Net Revenues of the Water/Wastewater System securing the payment of the Prior First Lien Obligations and Commercial Paper Obligations, the Termination Payment, if any, owed by the City under the Credit Agreement shall be secured by a lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of this Fourteenth Supplement.

(d) Security for Payments. The Scheduled Hedge Payments, the Liquidity Payments and the Termination Payment are and will be secured by and payable only from the Net Revenues of the Water/Wastewater System as herein provided, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, of the Water/Wastewater System or by a lien on or security interest in funds or obligations held by the Reserve Fund maintained for other Parity Water/Wastewater Obligations. The Hedge Counterparty or Liquidity Provider shall never have the right to demand payment from funds raised or to be raised by taxation, or from any source other than specified in this Fourteenth Supplement.

(e) Perfection of Security Interest. It is hereby ordained that the Credit Agreements, and the Scheduled Hedge Payments due thereon, the Liquidity Payments due thereon and the Termination Payment, if due, shall constitute a lien on the Net Revenues of the City’s Water/Wastewater System in accordance with

the terms of this Fourteenth Supplement and be valid and binding and fully perfected from and after the later of the date of adoption of this Fourteenth Supplement or the date the proceedings relating to approval, execution and delivery of the Credit Agreements are registered by the Comptroller of Public Accounts of the State of Texas, without physical delivery or transfer or transfer of control of the Net Revenues, the filing of this Fourteenth Supplement or any other act; all as provided in Section 1371.105 of the Texas Government Code. Section 1371.105, Texas Government Code, applies to the issuance of the Credit Agreements and the pledge of the Net Revenues of the City's Water/Wastewater System granted by the City under this Section 5, and such pledge is therefore valid, effective and perfected at the time specified herein. If Texas law is amended at any time while the Credit Agreements are Outstanding such that the pledge of the Net Revenues of the City's Water/Wastewater System granted by the City under this Section 5 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Hedge Counterparty the perfection of the security interests 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 interests in said pledge to occur.

SECTION 6: DEBT SERVICE FUND. By reason of the issuance of the Credit Agreements, the City need not establish any special accounts within the Debt Service Fund and following the delivery of such Credit Agreements, 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 percent (100%) of the amount required to fully pay the Scheduled Hedge Payments or Liquidity Payments owed under the Credit Agreements, falling due on or before each payment date, and such deposits shall be made on such payment dates in amounts needed (or reasonably expected to be needed) to pay the City's Scheduled Hedge Payments or Liquidity Payments due under the Credit Agreements.

If on any date a Scheduled Hedge Payment or Liquidity Payment is due there is insufficient money in the Debt Service Fund to make such payment, the City shall deposit to the Debt Service Fund and thereafter transfer to the applicable payee or paying agent, but solely from and to the extent of available Net Revenues, sufficient money to make or complete such payment.

The required deposits to the Debt Service Fund for the payment of Scheduled Hedge Payments and Liquidity Payments, as applicable, 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

331 discharge all Parity Water/Wastewater Obligations then Outstanding or (ii) the
332 Credit Agreements have been retired or terminated in accordance with its terms
333 without further obligation on the part of the City.

334 The City shall deposit to the Debt Service Fund all money received from the
335 Hedge Counterparty, except for payments received upon any Termination of the
336 Interest Rate Management Agreement.

337 The City may establish and utilize such accounts within the Debt Service
338 Fund as it may, from time to time, deem appropriate.

339 **SECTION 7: RESERVE FUND.** The provisions of Section 8 of the
340 Master Ordinance relating to the Reserve Fund are hereby incorporated by
341 reference and made a part hereof as if the same were restated in full in this Section.

342 In accordance with paragraph (f) of Section 8 of the Master Ordinance,
343 neither the Scheduled Hedge Payments nor the Termination Payments shall be
344 secured by or entitled to payment from the Reserve Fund.

345 **SECTION 8: PAYMENT OF CREDIT AGREEMENTS.** The City
346 shall cause to be paid (i) the Scheduled Hedge Payments when due from the Debt
347 Service Fund to the Hedge Counterparty when and as the same shall become due
348 and payable, (ii) the Liquidity Payments when due from the Debt Service Fund to
349 the Liquidity Provider when and as the same shall become due and payable, and
350 (iii) the Termination Payment, if any, owed by the City from available pledged Net
351 Revenues of the Water/Wastewater System, or from other available sources, in a
352 timely manner when and if the same should become due and payable in accordance
353 with provisions of the Credit Agreements.

354 **SECTION 9: AMENDMENT.** This Fourteenth Supplement shall
355 constitute a contract with the Hedge Counterparty and Liquidity Provider to the
356 Credit Agreements from and after execution and delivery of the Credit
357 Agreements. The City shall not amend, repeal, or otherwise modify any provision
358 of this Fourteenth Supplement or the Fifteenth Supplement, the Master Ordinance
359 or the Prior Supplements in a manner that adversely affects the interests of the
360 Hedge Counterparty or Liquidity Provider without the consent of such person.

361 **SECTION 10: REMEDY IN EVENT OF DEFAULT.** In addition to
362 all rights and remedies provided by the laws of the State of Texas, the City
363 covenants and agrees particularly that in the event the City (a) defaults in payments
364 to be made to the Debt Service Fund as required by this Fourteenth Supplement or
365 the Master Ordinance or to be made pursuant to the Credit Agreements, (b)

defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Fourteenth Supplement or the Master Ordinance or under the terms of the Credit Agreements or (c) the City declares bankruptcy, the Hedge Counterparty and the Liquidity Provider 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 Fourteenth Supplement or the Master Ordinance or under the terms of the Credit Agreements. 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 11: PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Whenever under the terms of this Fourteenth Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of a Scheduled Hedge Payment, Liquidity Payment or Termination Payment, shall occur on a day other than a Business Day then the performance thereof, including the payment of a Scheduled Hedge Payment, Liquidity Payment or Termination Payment, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment. For purposes of this Fourteenth Supplement, the term "Business Day" shall have the meaning provided therefor in the applicable Credit Agreement.

SECTION 12: LIMITATION OF BENEFITS WITH RESPECT TO THIS FOURTEENTH SUPPLEMENT. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Fourteenth Supplement or the Credit Agreements is intended or should be construed to confer upon or give to any person other than the City, the Hedge Counterparty and the Liquidity Provider, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Fourteenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Fourteenth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Hedge Counterparty and the Liquidity Provider as herein and therein provided, as applicable.

SECTION 13: **NOTICES TO HEDGE COUNTERPARTY AND LIQUIDITY PROVIDER - WAIVER.** Wherever this Fourteenth Supplement provides for notice to the Hedge Counterparty or Liquidity Provider of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if given pursuant to the notice provisions of the applicable Credit Agreement.

Where this Fourteenth Supplement provides for notice in any manner, such notice may be waived in writing by the Hedge Counterparty and Liquidity Provider entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice.

SECTION 14: **GOVERNING LAW.** This Fourteenth Supplement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 15: **EFFECT OF HEADINGS.** The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 16: **CONSTRUCTION OF TERMS.** If appropriate in the context of this Fourteenth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 17: **SEVERABILITY.** If any provision of this Fourteenth Supplement or the application thereof to any circumstance shall be held to be invalid, the remainder of this Fourteenth Supplement and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Fourteenth Supplement would have been enacted without such invalid provision.

SECTION 18: **PUBLIC MEETING.** It is officially found, determined, and declared that the meeting at which this Fourteenth Supplement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Fourteenth Supplement, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

SECTION 19: **EFFECTIVE DATE.** This Fourteenth Supplement is hereby passed on one reading as authorized by Texas Government Code, Section 1201.028, as amended, and shall be effective immediately upon its passage and adoption.

PASSED AND APPROVED

_____, 2008

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§
§

Will Wynn
Mayor

APPROVED: _____

David Allan Smith
City Attorney

ATTEST: _____

Shirley A. Gentry
City Clerk

(CITY SEAL)

DRAFT

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EXHIBIT A
Refunded Obligations

DRAFT