

1 **ORDINANCE NO. 20091217-_____**

2 **AN ORDINANCE AUTHORIZING THE ISSUANCE**
3 **AND SALE OF "CITY OF AUSTIN, TEXAS, WATER**
4 **AND WASTEWATER SYSTEM REVENUE BONDS,**
5 **SERIES 2010" AND RELATED DOCUMENTS.**

6 **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF**
7 **AUSTIN:**

8 **SECTION 1: DEFINITIONS AND FINDINGS.** The following terms shall
9 have the meanings set forth below, unless the text specifically indicates otherwise:

10 "Bonds" means the "CITY OF AUSTIN, TEXAS, WATER AND
11 WASTEWATER SYSTEM REVENUE BONDS, SERIES 2010" authorized for
12 issuance by the Eighteenth Supplement.

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

17 "Closing Agent" means Regions Bank, Houston, Texas.

18 "Holders" means the registered owners or holders of the Bonds.

19 "Master Ordinance" means Ordinance No. 000608-56A passed by the city
20 council on June 8, 2000.

21 "Eighteenth Supplement" means Ordinance No. 20091217-_____ authorizing
22 the issuance of the Bonds.

23 "Paying Agent/Registrar" means the financial institution specified in Section
24 4 of the Eighteenth Supplement.

25 "Previously Issued Parity Water/Wastewater Obligations" mean the
26 outstanding (1) "City of Austin, Texas, Water and Wastewater System Revenue
27 Refunding Bonds, Series 2000" (2) "City of Austin, Texas, Water and Wastewater
28 System Revenue Refunding Bonds, Series 2001A", (3) "City of Austin, Texas,
29 Water and Wastewater System Revenue Refunding Bonds, Series 2001B", (4)
30 "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,
31 Series 2001C", (5) "City of Austin, Texas, Water and Wastewater System Revenue
32 Refunding Bonds, Series 2002A", (6) "City of Austin, Texas, Water and

Wastewater System Revenue Refunding Bonds, Series 2003", (7) "City of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2004", together with certain regularly scheduled payments under the Interest Rate Swap Agreement, the Liquidity Agreement and the Insurance Obligation (as such terms are defined in Ordinance No. 040812-43), (8) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2004A", (9) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2005", (10) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2005A", (11) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006", (12) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006A", (13) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2007", (14) "City of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008", together with certain regularly scheduled payments under the Series 2008 Interest Rate Management Agreement and the Series 2008 Liquidity Agreement (as such terms are defined in Ordinance No. 20080306-053), (15) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2008A", and (16) "City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2009A".

"Prior Supplements" mean Ordinances Nos. 000608-56B, 010419-77, 011129-65, 020718-15, 030206-35, 040617-45, 040812-43, 040930-83, 050519-37, 051020-051, 20051117-060, 20061116-051, 20071108-081, 20080306-052, 20080306-053, 20081211-77 and 20091105-051 authorizing the issuance of the Previously Issued Parity Water/Wastewater Obligations.

"Security Register" shall have the meaning given in Section 4 of the Eighteenth Supplement.

The terms used in the Eighteenth Supplement and not otherwise defined shall have the meanings given in the Master Ordinance or the Prior Supplements.

The City has received a loan commitment from the Texas Water Development Board (Board) for financial assistance in the amount of \$31,815,000 to finance the costs of improvements and extensions to the City's Wastewater System, and this financial assistance is to be evidenced by the Board's purchase of parity revenue bonds payable from and secured by a lien on and pledge of the Net Revenues (as defined in this Ordinance) of the City's Water and Wastewater System.

The best interest of the City is served by authorizing the Bonds in the amount of \$31,815,000 for such purposes.

The Bonds can and shall be on a parity with the outstanding “Parity Water/Wastewater Obligations” issued in accordance with and under the terms and provisions of the Master Ordinance and the Prior Supplements.

SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL AMOUNT - PURPOSE. Revenue bonds of the City are authorized to be issued in the aggregate principal amount of THIRTY-ONE MILLION EIGHT HUNDRED FIFTEEN THOUSAND DOLLARS (\$31,815,000) to be designated and bear the title "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2010", for the purpose of making improvements and extensions to the City’s Wastewater System, funding a reserve fund and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1502.

SECTION 3: FULLY REGISTERED OBLIGATIONS - AUTHORIZED DENOMINATIONS – STATED MATURITIES - DATE. The Bonds shall be issued as fully registered obligations, without coupons, shall be dated January 1, 2010 (Bond Date) and, other than the single fully registered Initial Bond referenced in Section 9 of this Ordinance, shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), shall be numbered consecutively from One (1) upward, shall bear no interest and shall become due and payable on November 15 and in principal amounts (the "Stated Maturities") in accordance with the following schedule:

Stated Maturity	Principal Amount (\$)	Stated Maturity	Principal Amount (\$)
2012	1,065,000	2027	1,060,000
2013	1,065,000	2028	1,060,000
2014	1,060,000	2029	1,060,000
2015	1,060,000	2030	1,060,000
2016	1,060,000	2031	1,060,000
2017	1,060,000	2032	1,060,000
2018	1,060,000	2033	1,060,000
2019	1,060,000	2034	1,060,000
2020	1,060,000	2035	1,060,000
2021	1,060,000	2036	1,060,000
2022	1,060,000	2037	1,060,000

2023	1,060,000	2038	1,060,000
2024	1,060,000	2039	1,060,000
2025	1,060,000	2040	1,060,000
2026	1,060,000	2041	1,065,000

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

92 The principal of and premium on the Bonds, due and payable by reason of
93 maturity, redemption or otherwise, shall be payable only to the Holders appearing
94 on the registration and transfer books maintained by the Paying Agent/Registrar
95 and such payment shall be in any coin or currency of the United States of America,
96 which at the time of payment is legal tender for the payment of public and private
97 debts, and shall be without exchange or collection charges to the Holders.

98 The selection and appointment of Regions Bank, Houston, Texas, to serve as
99 Paying Agent/Registrar for the Bonds is approved and confirmed. Books and
100 records relating to the registration, payment, transfer and exchange of the Bonds
101 (Security Register) shall at all times be kept and maintained on behalf of the City
102 by the Paying Agent/Registrar as provided in the Eighteenth Supplement and in
103 accordance with the terms and provisions of a "Paying Agent/Registrar
104 Agreement", substantially in the form attached to this Ordinance as **Exhibit A**, and
105 such reasonable rules and regulations as the Paying Agent/Registrar and the City
106 may prescribe. The Mayor and City Clerk or Deputy City Clerk are authorized to
107 execute and deliver the Paying Agent/Registrar Agreement. The City covenants to
108 maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid
109 and discharged, and any successor Paying Agent/Registrar shall be a bank, trust
110 company, financial institution or other entity qualified and authorized to serve in
111 such capacity and perform the duties and services of Paying Agent/Registrar.
112 Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to
113 promptly cause a written notice to be sent to each Holder by United States Mail,
114 first class postage prepaid, which notice shall also give the address of the new
115 Paying Agent/Registrar.

116 Principal of and premium, if any, on the Bonds shall be payable at the Stated
117 Maturities or upon redemption, only upon presentation and surrender of the Bonds
118 to the Paying Agent/Registrar at its designated offices in Homewood, Alabama
119 (Designated Payment/Transfer Office). Provided, however, while the Board is the
120 registered owner of the Bonds, payments on the Bonds shall be made by wire
121 transfer without expense to the Holder. If the date for the payment of the principal
122 of the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking
123 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.

SECTION 5: REDEMPTION. (a) Optional Redemption. The Bonds shall be subject to redemption prior to maturity, at the option of the City, in whole or in part (in inverse order of Stated Maturities, if less than all) 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, 2012 or on any date thereafter at the redemption price of par only upon the written approval of the Executive Administrator of the Board.

(b) Exercise of Redemption Option. At least forty-five 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. 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 same 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 given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount to be redeemed, (iii) state

the redemption price, (iv) state that the Bonds, or the portion of the principal amount to be redeemed, shall become due and payable on the redemption date specified, and (v) specify that payment of the redemption price for the Bonds, or the principal amount to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption has been given or waived as provided in this Section, such Bond (or the principal amount to be redeemed) shall become due and payable, provided moneys sufficient for the payment of such Bonds (or of the principal amount to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of a notice of redemption, the notice may state that the redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for the redemption, or upon the satisfaction of any prerequisites set forth in the notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS-PREDECESSOR BONDS. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each registered owner of the Bonds issued under the provisions of the Eighteenth Supplement. Any Bond may, in accordance with its terms and the terms of this Ordinance, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his 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 executed by the Holder or by his 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 of the Eighteenth Supplement) 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 of the Eighteenth Supplement) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, 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 of such Bonds, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under the Eighteenth Supplement, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds under this Section shall be made without expense or service charge to the Holder, except as otherwise provided in the Eighteenth Supplement, 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 under the provisions of this Ordinance are defined to be "Predecessor Bonds," evidencing all, or a portion, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered under Section 19 of the Eighteenth Supplement and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

233 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANS-**
234 **ACTIONS.** Notwithstanding the provisions contained in Sections 4, 5 and 6 of the
235 Eighteenth Supplement relating to the payment, and transfer/exchange of the
236 Bonds, the City approves and authorizes the use of the "Book-Entry-Only"
237 securities clearance, settlement and transfer system provided by The Depository
238 Trust Company (DTC), a limited purpose trust company organized under the laws
239 of the State of New York, in accordance with the operational arrangements
240 referenced in the Blanket Issuer Letter of Representation, by and between the City
241 and DTC (Depository Agreement).

242 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall
243 be deposited with DTC, who shall hold the Bonds for its participants (DTC
244 Participants). While the Bonds are held by DTC under the Depository Agreement,
245 the Holder of the Bonds on the Security Register for all purposes, including
246 payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding
247 the ownership of each actual purchaser or owner of each Bond (Beneficial Owners)
248 being recorded in the records of DTC and DTC Participants.

249 In the event DTC discontinues serving as securities depository for the
250 Bonds, or otherwise ceases to provide book-entry clearance and settlement of
251 securities transactions in general, or the City determines that DTC is incapable of
252 properly discharging its duties as securities depository for the Bonds, the City
253 covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in
254 definitive form and provide for the Bond certificates to be issued and delivered to
255 DTC Participants and Beneficial Owners, as the case may be. Thereafter, the
256 Bonds in definitive form shall be assigned, transferred and exchanged on the
257 Security Register maintained by the Paying Agent/Registrar and payment of such
258 Bonds shall be made in accordance with the provisions of Sections 4, 5 and 6 the
259 Eighteenth Supplement.

260 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be
261 executed on behalf of the City by the Mayor under its seal reproduced or impressed
262 thereon and countersigned by the City Clerk or Deputy City Clerk. The signature
263 of these officers on the Bonds may be manual or facsimile. Bonds bearing the
264 manual or facsimile signatures of individuals who are or were the proper officers
265 of the City on the Bond Date shall be deemed to be executed on behalf of the City,
266 notwithstanding that any of the individuals shall cease to hold office at the time of
267 delivery of the Bonds to the initial purchaser(s) and with respect to Bonds
268 delivered in subsequent exchanges and transfers, all as authorized and provided in
269 V.T.C.A., Government Code, Chapter 1201.

No Bond shall be entitled to any right or benefit under the Eighteenth 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 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 signed shall be conclusive evidence, and the only evidence, that such Bond has been certified, registered and delivered.

SECTION 9: INITIAL BONDS. The Bonds shall be initially issued as thirty (30) fully registered Bonds with one initial bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (Initial Bonds) and the Initial Bonds shall be registered in the name of the initial purchaser or the initial purchaser's designee. The Initial Bonds 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 Closing Agent. As installment deliveries of the Bonds are made to the initial purchaser, the Paying Agent/Registrar, as Closing Agent, pursuant to written instructions from the City, or the City's designee, and in accordance with Article Six of the Paying Agent/Registrar Agreement shall cancel the Initial Bonds and deliver in exchange therefor definitive Bonds of like principal amount and maturity date, in authorized denominations and bearing no interest for transfer and delivery to DTC for the account of the initial purchaser; all pursuant to and in accordance with said Article Six of the Paying Agent/Registrar Agreement, written instructions from the initial purchaser, or the initial purchaser's designee, 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 the Eighteenth 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 any of the Bonds are purchased with insurance and

any reproduction of an opinion of counsel) as may, consistent with this Ordinance, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse of such Bonds, with an appropriate reference on 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.

(b) Form of Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
WATER AND WASTEWATER SYSTEM REVENUE BOND,
SERIES 2010

Bond Date:
January 1, 2010

Stated Maturity:
November 15, 20____

CUSIP NO:

Registered Owner:

Principal Amount:

DOLLARS

The City of Austin (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 (the "Registered Owner"), solely from the revenues identified in this Bond, 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. 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 of this Bond may be accomplished without presentation and surrender of this Bond. If the date for the payment of the principal of 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 and premium, if any, 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.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$31,815,000 (the "Bonds") for the purpose of making improvements and extensions to the City's Wastewater System, funding a reserve fund and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1502, and pursuant to a Master Ordinance and Eighteenth Supplement adopted by the City Council of the City (collectively referred to as the "Ordinances").

The Bonds may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part (in inverse order of Stated Maturities, if less than all) 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, 2012 or on any date thereafter at the redemption price of par to the redemption date only upon written approval of the Executive Administrator of the Board.

Not less than thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, provided moneys for the payment of the redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds

of like maturity and 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 forty-five 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.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Prior Subordinate Lien Obligations, the Previously Issued Separate Lien Obligations, and Previously Issued Parity Water/Wastewater Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Water/Wastewater System in the manner provided in the Ordinances. Additionally, the Bonds and Previously Issued Parity Water/Wastewater Obligations referenced above shall be equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund and the 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 Water/Wastewater System, except with respect to the Net Revenues. The Holder of this Bond 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 Water/Wastewater System, in the same manner and to the same extent as 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 Water/Wastewater System; the Net Revenues pledged to the payment of the principal of 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 in this Bond 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 endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by, the Registered Owner, or the authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, 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 of this Bond whose name appears on the Security Register (i) on the date of surrender of this Bond as the owner entitled to payment of principal of this Bond at its Stated Maturity, or its redemption, in whole or in part, and (ii) 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.

It is hereby certified, recited, represented and covenanted that the City is a 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 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 been made for the payment of the principal of the Bonds by a pledge of the Net Revenues of the Water/Wastewater System as aforestated. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinances shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF AUSTIN, TEXAS

Mayor

COUNTERSIGNED:

City Clerk

(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)
)
THE STATE OF TEXAS)

REGISTER NO. _____

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

The designated office of the Paying Agent/Registrar in Homewood, Alabama is the Designated Payment/Transfer Office for this Bond.

REGIONS BANK, Houston, Texas,
as Paying Agent/Registrar

Registration date:

By _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number
(_____

_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

Signature guaranteed:

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

515

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

519

REGISTERED
NO. T-1

REGISTERED
\$31,815,000

520

UNITED STATES OF AMERICA

521

STATE OF TEXAS

522

CITY OF AUSTIN, TEXAS,

523

WATER AND WASTEWATER SYSTEM REVENUE BOND,

524

SERIES 2010

Bond Date:
January 1, 2010

Stated Maturity:
November 15, 20____

CUSIP NO: _____

Registered Owner:

Principal Amount:

DOLLARS

525 The City of Austin (the "City"), a body corporate and municipal corporation
526 in the Counties of Travis and Williamson, State of Texas, for value received,
527 hereby promises to pay to the registered owner named above, or the registered
528 assigns thereof (the "Registered Owner"), solely from the revenues identified in
529 this Bond, the Principal Amount stated above on Stated Maturity date shown above
530 (or so much thereof as shall not have been paid upon prior redemption). Principal
531 installments of this Bond are payable to the Registered Owner by Regions Bank,
532 Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender,
533 at its designated offices in Homewood, Alabama (the "Designated
534 Payment/Transfer Office"). If the date for the payment of the principal of the
535 Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking
536 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 and premium, if any, on this Bond shall be without exchange or collection charges to the Registered Owner 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.

(g) Form of Principal Advancement Ledger to appear on Initial Bonds.

PRINCIPAL ADVANCEMENT LEDGER

Date of Advancement of Funds	Amount of Funds Advanced	Principal Amount remaining for Advancements	Signature (Bank Officer)

SECTION 11: CRITERIA FOR ISSUANCE OF PARITY WATER/WASTEWATER OBLIGATIONS. The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Water/Wastewater Obligations of the Water/Wastewater System pursuant to the Master Ordinance and Prior Supplements. The Eighteenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment, and security of the Bonds which are Parity Water/Wastewater Obligations. The Master Ordinance is incorporated by reference and made a part of the Eighteenth Supplement for all purposes, except to the extent modified and supplemented by the Prior Supplements and the Eighteenth Supplement, and the Bonds are declared to be Parity Water/Wastewater Obligations under the Master Ordinance and Prior Supplements. The City determines that it will have sufficient funds to meet the financial obligations of the Water/Wastewater System, including sufficient Net Revenues to pay the Annual

Debt Service Requirements of the Bonds and the Previously Issued Parity Water/Wastewater Obligations and to meet all financial obligations of the City relating to the Water/Wastewater System.

SECTION 12: PLEDGE. Subject to the prior claim and lien 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 Bonds, and the Bonds, together with the Prior Subordinate Lien Obligations, the Previously Issued Separate Lien Obligations and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, 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 and the Eighteenth Supplement. Additionally, the Bonds and the Previously Issued 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 and Reserve Fund in accordance with the terms of the Master Ordinance, the Prior Supplements and the Eighteenth Supplement. It is ordained that the Parity Water/Wastewater Obligations, and the interest on the Parity Water/Wastewater Obligations, shall constitute a lien on the Net Revenues of the Water/Wastewater System and be valid and binding and fully perfected from and after the date of adoption of the Eighteenth Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Eighteenth Supplement or any other act, all as provided in Chapter 1208 of the Texas Government Code. The owners of the Parity Water/Wastewater 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 the Eighteenth Supplement.

Section 1208 of the Texas Government Code applies to the issuance of the Bonds and the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12, and such pledge is 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 Water/Wastewater System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then 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 agrees and covenants that in addition to the deposits for the payment of the Previously Issued Parity Water/Wastewater Obligations there shall 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 principal of the Bonds falling due on or before each maturity 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(s).

The required monthly deposits to the Debt Service Fund for the payment of principal of the Bonds shall continue to be made in the manner provided in this Section 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 Water/Wastewater Obligations then Outstanding or (ii) the Bonds are no longer outstanding, *i.e.*, fully paid as to principal or all the Bonds have been refunded.

SECTION 14: RESERVE FUND. In accordance with the provisions of the Prior Supplements authorizing the issuance of the Previously Issued Water/Wastewater Obligations, the Required Reserve Amount is funded with cash, investments and surety bonds issued by MBIA Insurance Corporation, Financial Security Assurance Inc., Ambac Assurance Corporation and XL Capital Assurance Inc.. By reason of the issuance of the Bonds, the Required Reserve Amount shall be and is recalculated and determined to be \$_____. Upon the issuance of the Bonds, the Required Reserve Amount allocable to the Bonds in the amount of \$_____ will be funded in full on the date of the delivery of the Bonds with proceeds of sale of the Bonds. Any draws on the surety bonds or other credit agreements funding the Required Reserve Amount on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such surety bond or credit agreement) after applying available cash and investments in the Reserve Fund.

The provisions of Section 8 of the Master Ordinance relating to the Reserve Fund, particularly paragraphs (b), (c) and (d) of Section 8, are incorporated by reference and made a part of this Ordinance as if the same were restated in full in this Section, and to the extent of any conflict between the provisions of said

Section 8 and the provisions of this Ordinance with respect to draws on any Credit Agreement and the reinstatement of the full amount afforded by Credit Agreement, the provisions of the Prior Supplements with respect to such Credit Agreement and such Credit Agreement shall govern. Furthermore, in accordance with Section 10(d) of the Master Ordinance, the City Council finds that the Gross Revenues will be sufficient to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water Wastewater Obligations currently Outstanding and the financial obligations of the City under any Credit Agreement entered into with the above-named surety bond providers.

SECTION 15: PAYMENT OF BONDS. On or before each principal payment date 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 and Reserve Fund, if necessary, sufficient to pay 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: COVENANTS TO MAINTAIN TAX-EXEMPT STATUS.

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

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

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

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

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

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

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

673 *"Rebate Amount"* has the meaning set forth in Section
674 1.148-1(b) of the Regulations.

675 *"Regulations"* means any proposed, temporary, or final Income
676 Tax Regulations issued pursuant to Sections 103 and 141 through 150
677 of the Code, and 103 of the Internal Revenue Code of 1986, which are
678 applicable to the Bonds. Any reference to any specific Regulation
679 shall also mean, as appropriate, any proposed, temporary or final
680 Income Tax Regulation designed to supplement, amend or replace the
681 specific Regulation referenced.

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

685 (b) Not to Cause Interest to Become Taxable. The City shall not use,
686 permit the use of, or omit to use Gross Proceeds or any other amounts (or any
687 property the acquisition, construction or improvement of which is to be financed
688 directly or indirectly with Gross Proceeds) in a manner which if made or omitted,
689 respectively, would cause interest on (1) any Bond issued hereunder or (2) any
690 series of bonds or obligations issued or incurred by the Texas Water Development
691 Board or the Texas Water Resources Finance Authority to become includable in
692 the gross income, as defined in section 61 of the Code, of the owner thereof for
693 federal income tax purposes. Without limiting the generality of the foregoing,
694 unless and until the City receives a written opinion of counsel nationally
695 recognized in the field of municipal bond law to the effect that failure to comply
696 with such covenant will not adversely affect the exemption from federal income
697 tax of the interest on any Bond, the City shall comply with each of the specific
698 covenants in this Section.

699 (c) No Private Use or Private Payments. Except as permitted by section
700 141 of the Code and the Regulations and rulings thereunder, the City shall at all
701 times prior to the last Stated Maturity of Bonds:

702 (i) exclusively own, operate and possess all property the
703 acquisition, construction or improvement of which is to be financed or

704 refinanced directly or indirectly with Gross Proceeds of the Bonds,
705 and not use or permit the use of such Gross Proceeds (including all
706 contractual arrangements with terms different than those applicable to
707 the general public) or any property acquired, constructed or improved
708 with such Gross Proceeds in any activity carried on by any person or
709 entity (including the United States or any agency, department and
710 instrumentality thereof) other than a state or local government, unless
711 such use is solely as a member of the general public; and

712 (ii) not directly or indirectly impose or accept any charge or
713 other payment by any person or entity who is treated as using Gross
714 Proceeds of the Bonds or any property the acquisition, construction or
715 improvement of which is to be financed or refinanced directly or
716 indirectly with such Gross Proceeds, other than taxes of general
717 application within the City or interest earned on investments acquired
718 with such Gross Proceeds pending application for their intended
719 purposes.

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

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

739 (f) Not Federally Guaranteed. Except to the extent permitted by section
740 149(b) of the Code and the Regulations and rulings thereunder, the City shall not

take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

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

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

(iii) As additional consideration for the purchase of the Bonds by the Underwriters and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Debt Service Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other

777 Computation Date, ninety percent (90%) of the Rebate Amount on
778 such date. In all cases, the rebate payments shall be made at the
779 times, in the installments, to the place and in the manner as is or may
780 be required by section 148(f) of the Code and the Regulations and
781 rulings thereunder, and shall be accompanied by Form 8038-T or such
782 other forms and information as is or may be required by Section
783 148(f) of the Code and the Regulations and rulings thereunder.

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

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

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

806 **SECTION 17: AMENDMENT OF EIGHTEENTH SUPPLEMENT.**

807 (a) Required Owner Consent for Amendments. The owners of a majority
808 in Outstanding Principal Amount of the Bonds shall have the right from time to
809 time to approve any amendment to the Eighteenth Supplement which may be
810 deemed necessary or desirable by the City; provided, however, nothing contained
811 in the Eighteenth Supplement shall permit or be construed to permit the
812 amendment of the terms and conditions in the Eighteenth 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 Eighteenth 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 United States 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 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 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, the Eighteenth Supplement shall be deemed to be amended, and the respective rights, duties and obligations of the City under the Sixteenth 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 preceding provisions of this Section notwithstanding, the City by action of its governing body may amend the Eighteenth Supplement for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City contained in the Eighteenth Supplement, 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 reserved in the Eighteenth Supplement to or conferred upon the City;

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

(3) To modify any of the provisions of the Eighteenth 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;

886 (4) To make such amendments to the Eighteenth Supplement as
887 may be required, in the opinion of Bond Counsel, to ensure
888 compliance with sections 103 and 141 through 150 of the Code and
889 the regulations promulgated thereunder and applicable thereto;

890 (5) To make such changes, modifications or amendments as
891 may be necessary or desirable to allow the owners of the Bonds to
892 thereafter avail themselves of a book-entry system for payments,
893 transfers and other matters relating to the Bonds, which changes,
894 modifications or amendments are not contrary to or inconsistent with
895 other provisions of the Eighteenth Supplement and which shall not
896 adversely affect the interests of the owners of the Bonds;

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

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

913 (g) Ownership. For the purpose of this Section, the ownership and other
914 matters relating to all Bonds shall be established by the Security Register
915 maintained by the Paying Agent. Furthermore, the owner of any Bonds insured as
916 to the payment of principal shall be deemed to be the insurance company providing
917 the insurance coverage on such Bonds; provided such amendment to the
918 Eighteenth Supplement is an amendment that can be made with the consent of a
919 majority in Outstanding Principal Amount of the Bonds and such insurance
920 company is not in default with respect to its obligations under its insurance policy.

921 **SECTION 18: FINAL DEPOSITS; GOVERNMENTAL OBLI-**
922 **GATIONS.** All or any of the Bonds shall be deemed to be paid, retired and no
923 longer outstanding within the meaning of the Eighteenth Supplement when
924 payment of the principal of, and redemption premium, if any, on such Bonds
925 (whether such due date be by reason of maturity or otherwise) either (i) shall have
926 been made or caused to be made in accordance with the terms of such Bonds, or
927 (ii) shall have been provided by irrevocably depositing with, or making available
928 to, the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for
929 such payment, (1) money sufficient to make such payment or (2) Government
930 Obligations, certified by an independent public accounting firm of national
931 reputation, to mature as to principal and interest in such amounts and at such times
932 as will insure the availability, without reinvestment, of sufficient money to make
933 such payment, and all necessary and proper fees, compensation and expenses of
934 the Paying Agent/Registrar with respect to which such deposit is made shall have
935 been paid or the payment provided for the satisfaction of the Paying
936 Agent/Registrar. At the time a Bond shall be deemed to be paid as stated in this
937 Section 18, it shall no longer be secured by or entitled to the benefit of the
938 Eighteenth Supplement, the Master Ordinance or a lien on and pledge of the Net
939 Revenues of the Water/Wastewater System, and shall be entitled to payment solely
940 from such money or Government Obligations.

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

951 Notwithstanding any other provisions of the Eighteenth Supplement, all
952 money or Government Obligations set aside and held in trust pursuant to the
953 provisions of this Section for the payment of the Bonds and the redemption
954 premium, if any, shall be applied to and used for the payment of such Bonds, the
955 redemption premium, if any, and the income on such money or Government
956 Obligations shall not be considered to be "Gross Revenues" under the Eighteenth
957 Supplement.

958 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
959 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,
960 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be
961 printed, executed, and delivered, a new bond of the same principal amount,
962 maturity and bearing no interest, as the damaged, mutilated, lost, stolen, or
963 destroyed Bond, in replacement for such Bond in the manner provided in this
964 Section. An application for the replacement of damaged, mutilated, lost, stolen, or
965 destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of
966 loss, theft, or destruction of a Bond, the applicant for a replacement bond shall
967 furnish to the City and to the Paying Agent/Registrar such security or indemnity as
968 may be required by them to save each of them harmless from any loss or damage
969 with respect to the replacement of the bond. Also, in every case of loss, theft, or
970 destruction of a Bond, the applicant shall furnish to the City and to the Paying
971 Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of
972 such Bond, as the case may be. In every case of damage or mutilation of a Bond,
973 the applicant shall surrender to the Paying Agent/Registrar for cancellation the
974 Bond so damaged or mutilated. Prior to the issuance of any replacement bond, the
975 Paying Agent/Registrar shall charge the owner of such Bond with all legal,
976 printing, and other expenses in connection with the replacement of the bond.
977 Every replacement bond issued pursuant to the provisions of this Section, if that
978 Bond is lost, stolen, or destroyed, shall constitute a contractual obligation of the
979 City whether or not the lost, stolen, or destroyed Bond shall be found at any time,
980 or be enforceable by anyone, and shall be entitled to all the benefits of the
981 Eighteenth Supplement equally and proportionately with any and all other Bonds
982 issued under the Eighteenth Supplement.

983 Notwithstanding the preceding provisions of this Section, in the event any
984 such Bond shall have matured, and no default has occurred which is then
985 continuing in the payment of the principal of or redemption premium, if any, on
986 the Bond, the City may authorize the payment of the same (without surrender of
987 the Bond except in the case of a damaged or mutilated Bond) instead of issuing a
988 replacement Bond, provided security or indemnity is furnished as above provided
989 in this Section. Furthermore, in accordance with V.T.C.A., Government Code,
990 Section 1206.022, this Section shall constitute authority for the issuance of any
991 such replacement bond without necessity of further action by the governing body
992 of the City or any other body or person, and the duty of the replacement of such
993 bonds is authorized and imposed upon the Paying Agent/Registrar, and the Paying
994 Agent/Registrar shall authenticate and deliver such bonds in the form and manner
995 and with the effect, as provided in Section 6 of the Eighteenth Supplement for
996 Bonds issued in exchange for other Bonds.

997 **SECTION 20: EIGHTEENTH SUPPLEMENT TO CONSTITUTE A**
998 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the
999 Bonds by the Holders from time to time, the Eighteenth Supplement shall be
1000 deemed to be and shall constitute a contract between the City and the Holders from
1001 time to time of the Bonds and the pledge made in the Eighteenth Supplement by
1002 the City and the covenants and agreements set forth in the Eighteenth Supplement
1003 to be performed by the City shall be for the equal and proportionate benefit,
1004 security, and protection of all Holders, without preference, priority, or distinction
1005 as to security or otherwise of any of the Bonds authorized by this Ordinance over
1006 any of the others by reason of time of issuance, sale, or maturity or otherwise for
1007 any cause whatsoever, except as expressly provided in or permitted by the
1008 Eighteenth Supplement.

1009 **SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.**

1010 (a) Definitions. As used in this Section, the following terms have the
1011 meanings ascribed to such terms below:

1012 "**MSRB**" means the Municipal Securities Rulemaking Board.

1013 "**Rule**" means SEC Rule 15c2-12, as amended from time to
1014 time.

1015 "**SEC**" means the United States Securities and Exchange
1016 Commission.

1017 (b) Annual Reports. (a) The City shall cause the Board to provide
1018 annually to the MSRB (1) within six months after the end of each fiscal year
1019 ending in or after 2010, financial information and operating data with respect to the
1020 System of the general type included in the Application, being the information
1021 described in Exhibit B hereto. Any financial statements so to be provided shall be
1022 (i) prepared in accordance with the accounting principles described in Exhibit B
1023 hereto, and (ii) audited, if the Board commissions an audit of such statements and
1024 the audit is completed within the period during which they must be provided. If
1025 the audit of such financial statements is not complete within such period, then the
1026 City shall cause the Board to provide notice that audited financial statements are
1027 not available and shall provide unaudited financial statements for the applicable
1028 fiscal year to the MSRB. Thereafter, when and if audited financial statements
1029 become available, the City will cause the Board to provide such audited financial
1030 statements as required the MSRB.

1031 If the City changes its fiscal year, it will notify the MSRB of the change (and
1032 of the date of the new fiscal year end) prior to the next date by which the City
1033 otherwise would be required to provide financial information and operating data
1034 pursuant to this Section.

1035 The financial information and operating data to be provided pursuant to this
1036 Section may be set forth in full in one or more documents or may be included by
1037 specific reference to any document (including an official statement or other
1038 offering document, if it is available from the MSRB) that was provided to the
1039 MSRB or filed with the SEC.

1040 (c) Material Event Notices. The City shall notify the MSRB, in a timely
1041 manner, of any of the following events with respect to the Bonds, if such event is
1042 material within the meaning of the federal securities laws:

- 1043 (1) Principal and interest payment delinquencies;
- 1044 (2) Non-payment related defaults;
- 1045 (3) Unscheduled draws on debt service reserves reflecting financial
1046 difficulties;
- 1047 (4) Unscheduled draws on credit enhancements reflecting financial
1048 difficulties;
- 1049 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 1050 (6) Adverse tax opinions or events affecting the tax-exempt status of the
1051 Bonds;
- 1052 (7) Modifications to rights of holders of the Bonds;
- 1053 (8) Bond calls;
- 1054 (9) Defeasances;
- 1055 (10) Release, substitution, or sale of property securing repayment of the
1056 Bonds; and
- 1057 (11) Rating changes.

1058 The City shall notify the MSRB, in a timely manner, of any failure by the
1059 City to provide financial information or operating data in accordance with
1060 subsection (b) of this Section by the time required by such Section.

1061 (d) Filings with the MSRB. All financial information, operating data,
1062 financial statements, notices, and other documents provided to the MSRB in
1063 accordance with this Section shall be provided in an electronic format prescribed
1064 by the MSRB and shall be accompanied by identifying information as prescribed
1065 by the MSRB.

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

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

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT 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 the Eighteenth Supplement for purposes of any other provision of the Eighteenth 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 Water/Wastewater 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 the Eighteenth 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 the MSRB pursuant to subsection (b) of this Section 21 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 22: 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 or Reserve Fund as required by the Eighteenth Supplement or the Master Ordinance, (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Eighteenth 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 the Eighteenth 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 provided in this Section shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

1140 **SECTION 23: SALE OF BONDS.** The sale of the Bonds to the Board
1141 (Purchaser) at the price of par pursuant to a loan commitment received from the
1142 Purchaser is confirmed. In conformity with Resolution No. 09-__ of the Purchaser
1143 (Board Resolution), the loan commitment is being funded from the "Clean Water
1144 State Revolving Fund", and in granting the loan commitment, the Board retained
1145 the option to pay for the Bonds in separate lots and/or on an installment basis, with
1146 payment of the purchase price for each installment to be against delivery of the
1147 relevant installment of Bonds as approved by the Executive Administrator of the
1148 Board and in accordance with Section 26 of the Eighteenth Supplement.

1149 **SECTION 24: CONTROL AND CUSTODY OF BONDS.** The City
1150 Manager of the City shall be and is hereby authorized to take and have charge of
1151 all necessary orders and records pending the sale of the Bonds, and shall take and
1152 have charge and control of the Initial Bond(s) pending the approval by the
1153 Attorney General, the registration of the Initial Bond(s) by the Comptroller of
1154 Public Accounts and the delivery to the Purchaser.

1155 Furthermore, the Mayor, Mayor Pro Tem, City Manager, Chief Financial
1156 Officer, Deputy Chief Financial Officer, City Clerk, Deputy City Clerk, City
1157 Treasurer and City Attorney, any one or more of said officials, are hereby
1158 authorized and directed to furnish and execute such documents relating to the City
1159 and its financial affairs as may be necessary for the sale of the Bonds, the approval
1160 of the Attorney General and registration by the Comptroller of Public Accounts
1161 and, together with the City's financial advisor, bond counsel and the Paying
1162 Agent/Registrar, make the necessary arrangements for their delivery to the
1163 Purchaser following such sale.

1164 **SECTION 25: PROCEEDS OF SALE.** Immediately following the delivery
1165 of the Bonds, the proceeds of sale of the Bonds (less amounts deposited to the
1166 Reserve Fund and amounts to pay costs of issuance) shall be deposited in the
1167 "Construction Fund" as provided in Section 26 of this Ordinance.

1168 **SECTION 26: COMPLIANCE WITH STATE REVOLVING LOAN**
1169 **FUND RULES.**

1170 (a) In compliance with the Rules of the Board, the City agrees and
1171 covenants:

1172 (i) to keep and maintain full and complete records and
1173 accounts pertaining to the construction of the project financed with the
1174 proceeds of sale of the Bonds (Project), including the construction

1175 fund account created below, in accordance with the standards set forth
1176 by the Governmental Accounting Standards Board;

1177 (ii) to create and establish at an official depository of the
1178 City a "Special 2010 City of Austin Loan Construction Fund"
1179 (Construction Fund) for the receipt and disbursement of all proceeds
1180 from the sale of the Bonds and all other funds acquired by the City in
1181 connection with the planning and construction of the Project and all
1182 funds deposited to the credit of the Construction Fund shall be
1183 disbursed only for the payment of costs and expenses incurred in
1184 connection with the planning and building of the Project as approved
1185 by the Board and as otherwise allowed by the rules;

1186 (iii) upon completion of the construction of the Project, to
1187 provide (i) to the Executive Administrator of the Board a complete set
1188 of as-built drawings and (ii) to the Board a final accounting of the
1189 total costs of the Project. If the Project as finally completed were built
1190 at a total cost less than the amount of available funds for building the
1191 Project, or if the Executive Administrator of the Board disapproves
1192 construction of any portion of the Project as not being in accordance
1193 with the plans and specifications, the City agrees to immediately, with
1194 filing of the final accounting, return to the Board the amount of any
1195 such excess and/or the cost determined by the Executive
1196 Administrator of the Board relating to the parts of the Project not built
1197 in accordance with the plans and specifications, to the nearest multiple
1198 of the authorized denominations for the Bonds, upon the surrender
1199 and cancellation of a like amount of such Bonds held by the Board in
1200 inverse order of their Stated Maturities. In determining the amount of
1201 available funds for building the Project, the City agrees to account for
1202 all amounts deposited to the credit of the Construction Fund,
1203 including all loan funds extended by the Board, all other funds
1204 available from the Project as described in the project engineer's or
1205 fiscal representative's sufficiency of funds statement and all interest
1206 earned by the City on money in the Construction Fund;

1207 (iv) to maintain adequate insurance coverage customarily
1208 maintained by municipal corporations on the Project in amounts
1209 adequate to protect the Board's interest;

(v) maintain current, accurate and complete records and accounts necessary to demonstrate compliance with financial assistance related legal and contractual provisions;

(vi) to implement any water conservation program required by the Board until all financial obligations to the State have been discharged;

(vii) to comply with any special conditions specified by the Board's environmental determination until all financial obligations to the State have been discharged;

(viii) to abide by the Board's rules and relevant state statutes, including the Texas Water Code, Chapters 15, 16 and 17; and

(ix) to furnish to the Board, Attention: Executive Administrator, Clean Water State Revolving Fund a copy of each annual audit within 120 days of the close of each Fiscal Year

(x) To the extent permitted by law, the City agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport and/or removal and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(b) American Recovery and Reinvestment Act of 2009 Requirements.
The City agrees and covenants as follows:

(i) It will seek written approval from the Executive Administrator prior to making any changes to plans, specifications, objectives, or project scope, including any changes to any Green (as defined in the Board Resolution) portion of the Project;

(ii) All laborers and mechanics employed by contractors and subcontractors for a project that is funded in whole or in part with American Recovery and Reinvestment Act of 2009 (ARRA) funds shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with §1606 of the

ARRA, the Davis-Bacon Act and the United States Department of Labor's implementing regulations;

(iii) None of the proceeds of the Bonds shall be used for the Project unless all of the iron, steel, and manufactured goods used in the Project are produced in the United States in accordance with §1605 of the ARRA, subject to certain limited exceptions established by the U.S. Environmental Protection Agency (EPA);

(iv) It will comply with all federal and state reporting requirements applicable to the receipt and disbursement of ARRA funds, as detailed in a separate Reporting Agreement to be executed by and between the City and the Executive Administrator. No funds shall be released to reimburse expenses or for any other purpose unless the City has complied with all of the ARRA reporting requirements. Compliance with reporting requirements means that the City has submitted accurate, timely reports as required by EPA, the Office of Management and Budget, (OMB), and other applicable federal and state entities;

(v) The proceeds of sale of the Bonds will be kept separate and distinct from other sources of funding from the date of receipt through costing and final disbursement;

(vi) It will require all contractors and subcontractors on the Project to comply with ARRA requirements for the entire Project, whether the Project is funded in whole or in part under ARRA, including but not limited to the "Buy American" requirements set forth in §1605, the reporting requirements set forth in §1512, and the prevailing wage rate requirements set forth in §1606 of the ARRA;

(vii) It will comply with all federal Disadvantaged Business Enterprise and other procurement and contracting requirements established by the ARRA and adopted by the EPA and will provide documentation of such compliance in the form and manner approved by the Board's Executive Administrator;

(viii) It will comply, and will ensure that all of its contractors and subcontractors comply, with §1553 of the ARRA prohibiting the discharge of, demotion of or discrimination against any person disclosing information in accordance with §1553(a) of the ARRA;

(ix) It will require all of its contractors and subcontractors to include in the Project's bid solicitations and project contracts a requirement that they shall promptly refer to an appropriate inspector general any credible evidence that a principal, employee, agent, contractor, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving ARRA funds. Both contractors and subcontractors shall be required to forward to the EPA Office of Inspector General any information, records or other documentation requested by that office within a reasonable time of receiving such request;

(x) It will ensure and its contractors and subcontractors shall ensure that the construction sites display the ARRA logo in a manner that informs the public that the Project is being funded under the ARRA. The ARRA logo may be obtained from:

U.S. Environmental Protection Agency
Grant Programs Section, 6MD-CG
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202-2722

(xi) It accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Ordinance. The City shall comply with directives from the Texas State Auditor and shall cooperate in any such investigation or audit. The City agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The City will require the contractor and subcontractor to submit to audits and investigation by the State Auditor's Office in connection with the Project; and

(xii) The City agrees that the Board, the EPA, and the Comptroller General of the United States shall have full access to any books, documents, papers, and records which are related to the funds expended under this Ordinance and that further these federal entities may make audit, examination, excerpts, and transcriptions of any such books, documents, papers, and records pursuant to §1514 and §1515 of the ARRA.

1314 **SECTION 27: LEGAL OPINION.** The obligation of the Underwriters to
1315 accept delivery of the Bonds is subject to being furnished a final opinion of
1316 Fulbright & Jaworski L.L.P., Attorneys, Dallas, Texas, approving such Bonds as to
1317 their validity, said opinion to be dated and delivered as of the date of delivery and
1318 payment for such Bonds. A true and correct reproduction of said opinion is
1319 authorized to be printed on the definitive Bonds or an executed counterpart of such
1320 opinion shall accompany the global Bonds deposited with The Depository Trust
1321 Company.

1322 **SECTION 28: CUSIP NUMBERS.** CUSIP numbers may be printed or
1323 typed on the definitive Bonds. It is expressly provided, however, that the presence
1324 or absence of CUSIP numbers on the definitive Bonds shall be of no significance
1325 or effect as regards the legality of the Bonds and neither the City nor attorneys
1326 approving said Bonds as to legality are to be held responsible for CUSIP numbers
1327 incorrectly printed or typed on the definitive Bonds.

1328 **SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS**
1329 **DAYS.** Whenever under the terms of the Eighteenth Supplement or the Bonds, the
1330 performance date of any provision of the Eighteenth Supplement or the Bonds,
1331 including the payment of principal of the Bonds, shall occur on a day other than a
1332 Business Day, then such performance, including the payment of principal of the
1333 Bonds, need not be made on such day but may be performed or paid, as the case
1334 may be, on the next succeeding Business Day with the same force and effect as if
1335 made on the date of performance or payment.

1336 **SECTION 30: LIMITATION OF BENEFITS WITH RESPECT TO**
1337 **THE EIGHTEENTH SUPPLEMENT.** With the exception of the rights or
1338 benefits expressly conferred in the Eighteenth Supplement, nothing expressed or
1339 contained in the Eighteenth Supplement or implied from the provisions of the
1340 Eighteenth Supplement or the Bonds is intended or should be construed to confer
1341 upon or give to any person other than the City, the Holders, and the Paying
1342 Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason
1343 of or in respect to the Eighteenth Supplement or any covenant, condition,
1344 stipulation, promise, agreement, or provision contained in the Eighteenth
1345 Supplement. The Eighteenth Supplement and all of its covenants, conditions,
1346 stipulations, promises, agreements, and provisions of are intended to be and shall
1347 be for and inure to the sole and exclusive benefit of the City, the Holders, and the
1348 Paying Agent/Registrar as provided in the Eighteenth Supplement and in the
1349 Bonds.

1350 **SECTION 31: NOTICES TO HOLDERS-WAIVER.** Wherever the
1351 Eighteenth Supplement provides for notice to Holders of any event, such notice
1352 shall be sufficiently given (unless otherwise expressly provided in the Eighteenth
1353 Supplement) if in writing and sent by United States Mail, first class postage
1354 prepaid, to the address of each Holder appearing in the Security Register at the
1355 close of business on the business day next preceding the mailing of such notice.

1356 In any case where notice to Holders is given by mail, neither the failure to
1357 mail such notice to any particular Holders, nor any defect in any notice so mailed,
1358 shall affect the sufficiency of such notice with respect to all other Bonds. Where
1359 the Eighteenth Supplement provides for notice in any manner, such notice may be
1360 waived in writing by the Holder entitled to receive such notice, either before or
1361 after the event with respect to which such notice is given, and such waiver shall be
1362 the equivalent of such notice. Waivers of notice by Holders shall be filed with the
1363 Paying Agent/Registrar, but such filing shall not be a condition precedent to the
1364 validity of any action taken in reliance upon such waiver.

1365 **SECTION 32: GOVERNING LAW.** The Eighteenth Supplement shall be
1366 construed and enforced in accordance with the laws of the State of Texas and the
1367 United States of America.

1368 **SECTION 33: EFFECT OF HEADINGS.** The Section headings in the
1369 Eighteenth Supplement are for convenience of reference only and shall not affect
1370 the construction of the Eighteenth Supplement.

1371 **SECTION 34: CONSTRUCTION OF TERMS.** If appropriate in the
1372 context of the Eighteenth Supplement, words of the singular number shall be
1373 considered to include the plural, words of the plural number shall be considered to
1374 include the singular, and words of the masculine, feminine or neuter gender shall
1375 be considered to include the other genders.

1376 **SECTION 35: SEVERABILITY.** If any provision or the application of any
1377 provision of the Eighteenth Supplement to any circumstance shall be held to be
1378 invalid, the remainder of the Eighteenth Supplement and the application of the
1379 Eighteenth Supplement to other circumstances shall nevertheless be valid, and the
1380 City Council hereby declares that the Eighteenth Supplement would have been
1381 enacted without such invalid provision.

1382 **SECTION 36: PUBLIC MEETING.** It is officially found, determined, and
1383 declared that the meeting at which the Eighteenth Supplement is adopted was open
1384 to the public and public notice of the time, place, and subject matter of the public

1385 business to be considered at such meeting, including the Eighteenth Supplement,
1386 was given; all as required by V.T.C.A., Government Code, Chapter 551.

1387 **SECTION 37: EFFECTIVE DATE.** This Eighteenth Supplement is passed
1388 on one reading as authorized by V.T.C.A., Government Code, Section 1201.028,
1389 and shall be effective immediately upon its passage and adoption.

1390 [remainder of page left blank intentionally]

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

December 17, 2009

§
§
§

APPROVED:

LEE LEFFINGWELL
Mayor

ATTEST:

DAVID ALLAN SMITH
City Attorney

SHIRLEY A. GENTRY
City Clerk

(City Seal)

1391