

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of November 18, 2010 (this “Agreement”), by and between the City of Austin, Texas (the “Issuer”), and Bank of Texas, N.A., a banking corporation organized and existing under the laws of the United States of America, or its successors (the “Bank”),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the execution and delivery of its “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Taxable Series 2010B” (Direct Subsidy-Build America Bonds) (the “Obligations”), dated November 1, 2010, which Obligations are scheduled to be delivered to the initial purchaser on or about December 16, 2010; and

WHEREAS, the Obligations are scheduled to be delivered to the initial purchaser thereof as provided in the “Authorizing Document” (hereinafter defined);

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Obligations and with respect to the registration, transfer, and exchange thereof by the registered owners thereof;

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Obligations;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. **Appointment.** The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Obligations. As Paying Agent for the Obligations, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Obligations as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the Authorizing Document.

The Issuer hereby appoints the Bank as Registrar with respect to the Obligations. As Registrar for the Obligations, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Obligations and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Obligations.

Section 1.02. **Compensation.** As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Schedule A** attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE II DEFINITIONS

Section 2.01. **Definitions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Authorized Representative of the Issuer" means (i) the Mayor, (ii) the City Manager, (iii) the Chief Financial Officer, (iv) the Treasurer, (v) the City Clerk, of the Issuer or (vi) such other officer of the Issuer designated as an "Authorized Representative" in writing to the Bank by any of the officers listed in clauses (i), (ii), (iii), (iv) or (v).

"Bank Office" means the designated offices of the Bank at the addresses reflected in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"BAB Subsidy Account" means the subaccount established by Section 6.02 hereof relating solely to the Obligations.

"Code" means the Internal Revenue Code of 1986, as amended.

"Department of the Treasury" means the United States Department of the Treasury.

“Federal Income Tax Laws” means the Code, the regulations promulgated thereunder and applicable rulings, announcements, notices and other United States Treasury Department and Internal Revenue Services promulgations, and judicial decisions.

“Holder” and “Security Holder” each means the Person in whose name a Obligation is registered in the Security Register.

“Interest and Sinking Fund” shall mean the “Debt Service Fund” defined in the Authorizing Document.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Obligations are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the City Clerk of the Issuer or any other officer of the Issuer and delivered to the Bank.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Obligations” of any particular Obligation means every previous Obligation evidencing all or a portion of the same obligation as that evidenced by such particular Obligation (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Obligation for which a replacement Obligation has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

“Record Date” means the last business day of the month next preceding an interest payment date established by the Authorizing Document.

“Redemption Date” when used with respect to any Obligation to be redeemed means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

“Responsible Officer” when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the Chair, any Vice Chair, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with

respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Obligations.

“Stated Maturity” means the date specified in the Authorizing Document on which the principal of a Obligation is scheduled to be due and payable.

“Subsidy Payments” has the meaning set forth in Section 6.01 hereof.

Section 2.02. **Other Definitions.** The terms “Bank,” “Issuer,” and “Obligations” have the meanings assigned to them in the recital paragraphs of this Agreement.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE III PAYING AGENT

Section 3.01. **Duties of Paying Agent.** As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Obligation at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Obligation to the Bank at the Bank Office at the following address:

Bank of Texas, N.A.
One Williams Center, 10 NW
Tulsa, Oklahoma 74103

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Obligation when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first class, postage prepaid, on each payment date, to the Holders of the Obligations (or their Predecessor Obligations) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02. **Payment Dates.** The Issuer hereby instructs the Bank to pay the principal of and interest on the Obligations on the dates specified in the Authorizing Document.

ARTICLE IV REGISTRAR

Section 4.01. **Security Register - Transfers and Exchanges.** The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Obligations, the transfer, exchange, and replacement of the Obligations, and the payment of the principal of and interest on the Obligations to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges, and replacement of Obligations shall be noted in the Security Register. The Bank shall maintain a copy of the Security Register within the State of Texas.

Every Obligation surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Obligations.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Obligations, the exchange or transfer by the Holders thereof will be completed and new Obligations delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Obligations to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. **Certificates.** If the book-entry system of securities transfer and registrations shall be discontinued, the Issuer shall provide an adequate inventory of printed Obligations to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Obligations will be kept in safekeeping pending their use, and reasonable care will be exercised by the

Bank in maintaining such Obligations in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. **Form of Security Register.** The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Obligations in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. **List of Obligation Holders.** The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

Unless required by law, the Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. **Destruction of Paid Certificates.** At any time subsequent to six months after the payment thereof, the Bank is authorized to cancel and destroy any Obligations duly paid and shall furnish to the Issuer a certificate evidencing such destruction.

Section 4.06. **Mutilated, Destroyed, Lost, or Stolen Obligations.** The Issuer hereby instructs the Bank, subject to the applicable provisions of the Authorizing Document, to deliver and issue Obligations in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations as long as the same does not result in an over issuance.

In case any Obligation shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Obligation of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Obligation, or in lieu of and in substitution for such destroyed, lost, or stolen Obligation, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss, or theft of such Obligation, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution, and delivery of a replacement Obligation shall be borne by the Holder of the Obligation mutilated, or destroyed, lost, or stolen.

Section 4.07. **Transaction Information to Issuer.** The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01, Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01, and Obligations it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations pursuant to Section 4.06.

Section 4.08. **U.S. Federal Income Tax Reporting and Withholding.**

The Bank shall timely comply with all applicable requirements of the Federal Income Tax Laws, with respect to obtaining and retaining all documents required to be obtained or retained in connection with the performance of its duties hereunder, including, without limitation, the obtaining and retaining, to the extent applicable, Forms W-8, W-9, 1099, 1042 and 1042S to be furnished by Holders. The Bank agrees that it will timely and accurately file with the Internal Revenue Service and send to Holders all information returns, statements and forms required under the Federal Income Tax Laws and will show on such returns, statements and forms, in addition to certain identifying information about itself, the name, address and taxpayer identification number of the Issuer and that the Bank is making such return or statement as the Issuer's Paying Agent/Registrar. The Bank further agrees to include in information returns, statements or forms sent to any Holders such explanatory information as the Issuer may timely furnish to the Bank for inclusion in such information returns, statements or forms. The Bank shall also, pursuant to the applicable Federal Income Tax Laws, withhold from the amounts payable to the Holders all applicable withholding and/or back up withholding, if any, required to be so withheld and remit the same to the Internal Revenue Service on a timely basis and shall furnish the Issuer within five days following written request therefor, a statement or statements showing amounts withheld, the dates of

remittance to the Internal Revenue Service, the reasons for withholding, identifying information with respect to the Holders subject to withholding and such other information or documents as the Issuer may reasonably request concerning such withholding. The Bank shall also, within five days following receipt of a written request from the Issuer, furnish the Issuer with originals or copies (as specified by the Issuer in such written request) of all Internal Revenue Service forms or other documents, including, but not limited to Forms W-8, W-9, 1099, 1042 and 1042S or substitutes thereof, in the possession of the Bank which relate to the Obligations.

ARTICLE V THE BANK

Section 5.01. **Duties of Bank.** The Bank undertakes to perform the duties set forth herein and in the Authorizing Document and agrees to use reasonable care in the performance thereof. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer.

Section 5.02. **Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the

proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Obligations, but is protected in acting upon receipt of Obligations containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. **Recitals of Issuer.** The recitals contained herein with respect to the Issuer and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Obligation, or any other Person for any amount due on any Obligation from its own funds.

Section 5.04. **May Hold Obligations.** The Bank, in its individual or any other capacity, may become the owner or pledgee of Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. **Money Held by Bank.** The Bank shall deposit any money received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Obligations, with such money in the account that exceeds the deposit insurance available to the Issuer, provided by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Obligations shall, at its own expense and risk, request such other medium of payment.

All funds at any time and from time to time provided to or held by the Bank hereunder shall be deemed, construed, and considered for all purposes as being provided to or held by the Bank in trust. The Bank acknowledges, covenants, and represents that it is acting herein in trust in relation to such funds, and is not accepting, holding, administering, or applying such funds as a banking depository, but solely as a paying agent for and on behalf of the Obligation thereto. The Holders shall be entitled to the same preferred claim and first lien on the funds so provided as are enjoyed by the beneficiaries of trust funds generally. The funds provided to the Bank hereunder shall not be subject to warrants, drafts or checks drawn by the Issuer and, except as expressly provided herein, shall not be subject to compromise, set off, or other charge or diminution by the Bank.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the unclaimed property laws of the State of Texas and any provisions in the Authorizing Document to the contrary, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Obligation and remaining unclaimed for three years after final maturity of the Obligation has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Obligation shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such money shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title 6 of the Texas Property Code, as amended.

Section 5.06. **Indemnification.** To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. **Interpleader.** The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in

any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. **Depository Trust Company Services.** It is hereby represented and warranted that, in the event the Obligations are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the “Operational Arrangements,” effective on the date hereof or as amended, which establishes requirements for securities to be eligible for such type of depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Section 5.09. **Reporting Requirements of Paying Agent/Registrar.** To the extent required by the Code and the regulations promulgated and pertaining thereto, it shall be the duty of the Paying Agent/Registrar, on behalf of the Issuer, to report to the owners of the Obligations and the Internal Revenue Service (i) the amount of “reportable payments”, if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Obligations and (ii) the amount of interest or amount treating as interest on the Obligations and required to be included in gross income of the owner thereof.

ARTICLE VI PROVISIONS RELATING TO THE ISSUER’S RECEIPT OF THE DIRECT FEDERAL SUBSIDY

Section 6.01. **Receipt and Deposit of Federal Subsidy Payments; Investment.**

The Issuer has irrevocably elected to receive directly from the Department of the Treasury subsidy payments equal to 35% of the interest paid on the Obligations by the Issuer (the “Subsidy Payments”), which election is based on the Obligations’ qualification as “Build America Bonds” under section 54AA of the Code and as “qualified bonds” under subsection 54AA(g) of the Code, and the Issuer’s irrevocable election to treat the Obligations as such at the time of their issuance. The Issuer has the sole and complete authority for the receipt, allocation, accounting, and transfer of the Subsidy Payments and hereby authorizes the Bank to receive any and all direction with respect to the Subsidy Payments from the Authorized Representative of the Issuer. In each Form 8038-CP to be filed by the Issuer, with the Internal Revenue Service, the Issuer may direct the Department of the Treasury to send the Subsidy Payment, on its behalf, directly to the Bank, in its

capacity as Paying Agent for the Obligations. Alternatively, the Issuer may transfer the Subsidy Payments when received to the Bank. Regardless, upon receipt by the Bank, the Issuer hereby directs the Bank to immediately deposit the Subsidy Payments to the BAB Subsidy Account upon its receipt of the same to make a portion of the debt service payments on the Obligations.

The Bank agrees to cooperate with Issuer and take such reasonable actions as directed by Issuer to enable or assist the Issuer with respect to the payment of the Subsidy Payments and to enable the Bank as Paying Agent (or if Bank ceases to be Paying Agent or the Issuer decides to receive the Subsidy Payment directly or to direct that the Subsidy Payment be paid to another designee) to enable the Issuer or such other designee, to receive the Subsidy Payment.

Money on deposit in the BAB Subsidy Account shall be invested by the Bank as directed in writing by an Authorized Representative of the Issuer in investments as authorized by the Ordinance.

Section 6.02. Establishment of BAB Subsidy Account.

Pursuant to Section 17(f) of the Ordinance, the Paying Agent hereby establishes the BAB Subsidy Account as follows:

Bank of Texas, N.A.

City of Austin Water and Wastewater System BAB Subsidy Account

Account Number: _____

It is anticipated that the Subsidy Payments will initially be paid by the Department of Treasury by a check made payable to the Issuer for deposit to the BAB Subsidy Account until the Department of Treasury implements regulations and procedures to provide for the wire transfer, or other electronic transfer, of the Subsidy Payments to the Bank for immediate deposit into the BAB Subsidy Account.

Section 6.03. Notice to Issuer of Subsidy Payment Deposit; Off-Set by Issuer.

As soon as practicable, but in no event later than two (2) business days, after depositing a Subsidy Payment to the BAB Subsidy Account, the Bank will send written notice of such deposit (including the amount thereof) to the Issuer. The Issuer shall then take such deposit into account, for so long as all or any part of the same is held in the BAB Subsidy Account and has not otherwise been used or allocated to make payment in the manner hereinafter described, when forwarding

to the Bank regularly scheduled debt service payments on the Obligations, as required under the Ordinance, so that such requisite payments are reduced in an aggregate amount equal to the sum of the Subsidy Payment.

Section 6.04. Use of the Subsidy Payments to Off-Set Debt Service Requirements on the Obligations.

When making the payments at the times and in the manner described in Article Three hereof, the Bank shall first withdraw funds on deposit in the BAB Subsidy Account prior to withdrawing the necessary balance from the Interest and Sinking Fund (or from any other available source from which such payments may be legally made) to make the debt service payments on the Obligations. Accordingly, since money (being the Subsidy Payments and investment earnings thereon) on deposit in the BAB Subsidy Account may only be utilized to pay a portion of the debt service requirements on the Obligations, such funds shall reduce the payment obligations related thereto and, as such, shall be taken into account as a direct off-set to the payment of the maximum principal and/or interest, as applicable, on the Obligations for all purposes of the Ordinance.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 7.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 7.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 7.05. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 7.06. **Severability.** In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7.07. **Benefits of Agreement.** Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 7.08. **Entire Agreement.** This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 7.09. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 7.10. **Termination.** This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Obligations to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days' written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Obligations of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay, or otherwise adversely affect the payment of the Obligations.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Obligations, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement

Section 7.11. **Governing Law.** This Agreement shall be construed in accordance with and governed by the law of the State of Texas.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BANK OF TEXAS, N.A.

Attest:

BY _____ Title:

Address: 1401 McKinney,
Suite 100
Houston, Texas 77010

Title:

CITY OF AUSTIN, TEXAS

Attest:

BY _____
Lee Leffingwell, Mayor

Address: P. O. Box 1088
Austin, Texas 78767

Shirley A. Gentry, City Clerk

SCHEDULE A

Paying Agent/Registrar Fee Schedule

(See attached.)

DRAFT