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

“Bonds” shall mean the “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2012B” authorized for issuance by the Twelfth Supplement.

“Eleventh Supplement” means Ordinance No. 20121108-\_\_\_\_ authorizing the issuance of the Series 2012A Bonds and passed by the City Council on November 8, 2012.

“Master Ordinance” means Ordinance No. 010118-53A, passed by the City Council on January 18, 2001.

“Paying Agent/Registrar” means BOKF, NA dba Bank of Texas, Houston, Texas or other financial institution specified in the Pricing Certificate.

“Previously Issued Electric Utility Obligations” mean the outstanding “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2002”, dated February 15, 2002, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2002A”, dated July 15, 2002, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2003”, dated February 1, 2003, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES

2006”, dated May 15, 2006, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2006A”, dated October 15, 2006, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2007”, dated August 15, 2007, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2008”, dated March 1, 2008, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2008A”, dated July 15, 2008, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2010A”, dated June 1, 2010 and “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2010B (Direct Subsidy-Build America Bonds)”, dated June 1, 2010.

“Prior Supplements” means Ordinances No. 020228-13, 020718-17, 030206-34, 20060518-040, 20061019-055, 20070322-026, 20080228-078, 20080724-100, and 20100610-049 authorizing the issuance of the Previously Issued Electric Utility Obligations.

“Refunded Bonds” means the principal amount of the Series 2002A Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds identified by the Pricing Officer in the Pricing Certificate.

“Refunded Notes” means the principal amount of the Taxable Notes, as specified in the Pricing Certificate.

“Refunded Obligations” means, collectively, the Refunded Bonds and the Refunded Notes.

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

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

“Reserve Fund Obligations” means cash, Eligible Investments, any Credit Facility, or any combination thereof.

“Security Register” shall have the meaning given said term in Section 5 of the Twelfth Supplement.

“Series 2002A Bonds” means the City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2002A.

68 “Series 2006 Bonds” means the City of Austin, Texas, Electric Utility System  
69 Revenue Refunding Bonds, Series 2006.

70 “Series 2007 Bonds” means the City of Austin, Texas, Electric Utility System  
71 Revenue Refunding Bonds, Series 2007.

72 “Series 2008 Bonds” means the City of Austin, Texas, Electric Utility System  
73 Revenue Refunding Bonds, Taxable Series 2008.

74 “Series 2012A Bonds” shall mean the “CITY OF AUSTIN, TEXAS, ELECTRIC  
75 UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2012A” authorized for  
76 issuance concurrently with the Bonds by the Eleventh Supplement.

77 “Taxable Notes” means the City of Austin, Texas Combined Utility Systems  
78 Taxable Commercial Paper Notes, up to an aggregate principal amount of \$50,000,000 to  
79 finance the costs of additions, improvements and extensions to the City’s electric light  
80 and power system.

81 “Twelfth Supplement” means Ordinance No. 20121108-\_\_\_\_ authorizing the  
82 issuance of the Bonds and passed by the City Council on November 8, 2012.

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

85 In accordance with the provisions of V.T.C.A., Government Code, Chapter 1207,  
86 the City is authorized to issue refunding bonds and deposit the proceeds of sale directly  
87 with any place of payment for the Refunded Obligations, or other authorized depository,  
88 and such deposit, when made in accordance with said statute, shall constitute the making  
89 of firm banking and financial arrangements for the discharge and final payment of the  
90 Refunded Obligations.

91 In accordance with the provisions of V.T.C.A., Government Code, Chapter 1371,  
92 the City has authorized by ordinance and provided for the issuance and sale of the  
93 Taxable Notes and the refunding of the Taxable Notes for the purposes of making such  
94 debt long-term fixed rate debt of the City and restructuring the debt payable from the  
95 revenues of the System is in the best interest of the City, and the manner in which such  
96 refunding is being executed does not make it practicable to make the determinations  
97 otherwise required by Section 1207.008(a)(2), Texas Government Code.

98 In accordance with the provisions of V.T.C.A. Government Code, Chapter 1207,  
99 the City Council is delegating to the Pricing Officer (as defined below) the authority to  
100 establish the terms and details related to the issuance and sale of the Bonds including:  
101 (i) the principal amount of the Refunded Notes and the principal amount of the Refunded  
102 Bonds to be refunded, (ii) the form and designation of the Bonds; (iii) the principal

amount of the Bonds and the amount of the Bonds to mature in each year; (iv) the dates, price, interest rates, interest payment dates, principal payment dates, and redemption features of the Bonds; and (v) any other details relating to the issuance, sale, delivery, and/or exchange of the Bonds, all within certain specified parameters set forth in the Twelfth Supplement and the information and terms of the Bonds to be included in a pricing certificate (the "Pricing Certificate" to be executed by the Pricing Officer (designated below).

The Refunded Notes are to be refunded and refinanced into long-term obligations at this time to enable the City's Electric Utility Department to continue utilizing its allocated share of Taxable Notes and it is in the public purpose and in the best interest of the City to refund the Refunded Bonds to more effectively manage debt service notwithstanding the aggregate amount of payments to be made on the refunding bonds authorized by the Twelfth Supplement may exceed the aggregate amount of payments that would have been made on the Refunded Bonds had the refunding not occurred to the extent provided in the Pricing Certificate, all in accordance with the provisions of Section 1207.007, Texas Government.

The Bonds can and shall be on a parity with the outstanding "Parity Electric Utility 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 shall be and are hereby authorized to be issued in the not to exceed aggregate principal amount hereinafter set forth to be designated and bear the title "CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2012B" (hereinafter referred to as the "Bonds"), for the purpose of refinancing and refunding the Refunded Obligations, 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 1207.

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

The Bonds shall bear interest on the unpaid principal amounts from the date and at the rate(s) per annum as specified in the Pricing Certificate (calculated on the basis of a

360-day year of twelve 30-day months). Interest on the Bonds shall be payable on May 15 and November 15 in each year, commencing on the date specified in the Pricing Certificate, until maturity or prior redemption.

#### SECTION 4: DELEGATION OF AUTHORITY TO PRICING OFFICER.

(a) As authorized by Section 1207.007, Texas Government Code, the City Manager or Chief Financial Officer of the City (either one of them, the "Pricing Officer") is authorized to act on behalf of the City in selling and delivering the Bonds and carrying out the other procedures specified in the Twelfth Supplement, including selection of the principal amount of the Refunded Notes to be refunded, the specified maturities or series in whole or in part of the Refunded Bonds to be refunded determining the aggregate principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the first interest payment date, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, the designation of a paying agent/registrar, if different from the Paying Agent/Registrar, and all other matters relating to the issuance, sale, and delivery of the Bonds all of which shall be specified in the Pricing Certificate, provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed \$125,000,000;

(ii) the true interest cost rate for the Bonds shall not exceed 5.50%; and

(iii) the maximum maturity for the Bonds shall not extend beyond November 15, 2043.

The execution of the Pricing Certificate shall evidence the sale date of the Bonds by the City to the Purchasers (defined in (b) of this Section).

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in Subsection (a)(i) above, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. This delegation shall expire if not exercised by the Pricing Officer on or prior to December 31, 2012. The Bonds shall be sold by negotiated sale to the underwriter(s) named in the Pricing Certificate (the "Purchasers"), at such price and with and subject to such terms as set forth in the Pricing Certificate. A finding or determination made by the Pricing Officer acting under authority of this Ordinance with respect to all matters relating to the sale of the Bonds

and the refunding of the Refunded Obligations shall have the same force and effect as a finding or determination made by the City Council of the City.

**SECTION 5: TERMS OF PAYMENT; PAYING AGENT/ REGISTRAR.** The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the Holders appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment shall be 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, and shall be without exchange or collection charges to the Holders.

The selection and appointment of BOKF, NA dba Bank of Texas, Houston, Texas, to serve as Paying Agent/Registrar for the Bonds is approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided in the Twelfth Supplement, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Pricing Officer is authorized to execute and deliver such Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in the capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice of the change to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or redemption of the Bonds, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date), and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law

or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

**SECTION 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 and pursuant to the provisions of the Twelfth Supplement. Any Bond may, in accordance with its terms and the terms of the Twelfth Supplement, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by the authorized agent of such person, upon surrender of the 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 the authorized agent of such person, 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 Twelfth 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 Twelfth Supplement) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office. 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.

255 All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the  
256 Designated Payment/Transfer Office, or sent by United States Mail, first class postage  
257 prepaid, to the Holder and, upon the delivery of such Bonds, the same shall be valid  
258 obligations of the City, evidencing the same obligation to pay, and entitled to the same  
259 benefits under the Twelfth Supplement, as the Bonds surrendered in the transfer or  
260 exchange.

261 All transfers or exchanges of Bonds shall be made without expense or service  
262 charge to the Holder, except as otherwise provided in the Twelfth Supplement, except  
263 that the Paying Agent/Registrar shall require payment by the Holder requesting the  
264 transfer or exchange of any tax or other governmental charges required to be paid with  
265 respect to the transfer or exchange.

266 Bonds canceled by reason of an exchange or transfer pursuant to the provisions of  
267 the Twelfth Supplement are defined to be "Predecessor Bonds," evidencing all or a  
268 portion, as the case may be, of the same obligation to pay evidenced by the Bond or  
269 Bonds registered and delivered in the exchange or transfer. Additionally, the term  
270 "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for  
271 which a replacement Bond has been issued, registered and delivered in lieu of a  
272 mutilated, lost, destroyed or stolen Bond pursuant to Section 18 of the Twelfth  
273 Supplement and such new replacement Bond shall be considered to evidence the same  
274 obligation as the mutilated, lost, destroyed, or stolen Bond.

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

280 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANS-ACTIONS.**  
281 Notwithstanding the provisions contained in Sections 5 and 6 of the Twelfth Supplement  
282 relating to the payment and transfer/exchange of the Bonds, the City approves and  
283 authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer  
284 system provided by The Depository Trust Company (DTC), a limited purpose trust  
285 company organized under the laws of the State of New York, in accordance with the  
286 operational arrangements referenced in the Blanket Issuer Letter of Representations, by  
287 and between the City and DTC (the "Depository Agreement").

288 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be  
289 deposited with DTC who shall hold said Bonds for its participants (the "DTC  
290 Participants"). While the Bonds are held by DTC under the Depository Agreement, the  
291 Holder of the Bonds on the Security Register for all purposes, including payment and  
292 notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each



actual purchaser or owner of each Bond (the “Beneficial Owners”) being recorded in the records of DTC and DTC Participants.

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

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

No Bond shall be entitled to any right or benefit under the Twelfth 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 BOND(S).** The Bonds shall be initially issued either (i) as a single fully registered bond in the total principal amount specified in the Pricing Certificate with principal installments to become due and payable as provided in the Pricing Certificate and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each stated maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the “Initial Bond(s)”). In either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the

Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered and exchange for the Initial Bond(s) definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified for the Holders; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

#### SECTION 10: **FORMS.**

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Twelfth Supplement and the Pricing Certificate 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 if the Bonds, or any maturities of the Bonds, are purchased with insurance and any reproduction of an opinion of counsel) on such Bonds as may, consistently with the provisions of the Twelfth Supplement, be established by the City or determined by the Pricing Officer or officers executing such Bonds as evidenced by their execution of such Bonds. The Pricing Certificate shall set forth the final and controlling terms of the Bonds. Any portion of the text of any Bonds may be set forth on the reverse of the Bond, with an appropriate reference on the face of the Bond.

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

#### (b) Form of Definitive Bond.

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

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

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,

ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,  
TAXABLE SERIES 2012B

Bond Date: Interest Rate: Stated Maturity: CUSIP NO:  
\_\_\_\_\_, 2012 \_\_\_\_\_

Registered Owner:

Principal Amount: DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received, promises to pay to the registered owner named above, or their registered assigns (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date shown above the Principal Amount stated above (or so much of the Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date, in which case it shall bear interest from the \_\_\_\_\_) at the per annum rate of interest specified above; such interest being payable on May 15 and November 15 of each year, commencing \_\_\_\_\_. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, 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. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Twelfth Supplement) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the

next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the 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.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$\_\_\_\_\_ (“Bonds”) for the purpose of refinancing and refunding the Refunded Notes and the Refunded Bonds (identified and defined in the Twelfth Supplement) 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 1207, and pursuant to a Master Ordinance and Twelfth Supplement adopted by the City Council of the City, together with the Pricing Certificate executed pursuant thereto (collectively referred to as the “Ordinances”).

The Bonds maturing on the dates identified below (the “Term Bonds”) are subject to mandatory redemption prior to maturity with funds on deposit in the Debt Service Fund established and maintained for the payment of such Bonds in the Ordinances, and shall be redeemed in part prior to maturity at the price of par and accrued interest on such Bonds to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

<u>Term Bonds due</u>		<u>Term Bonds due</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
15, 20	\$ ,000	15, 20	\$ ,000
15, 20*	\$ ,000	15, 20	\$ ,000
		15, 20*	\$ ,000

\*maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have

been redeemed pursuant to the optional redemption provisions appearing below and not previously credited against a mandatory redemption requirement.

The Bonds maturing on and after \_\_\_\_\_ 15, 20\_\_, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple of \$5,000 (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on \_\_\_\_\_ 15, 20\_\_ or on any date thereafter at the redemption price of par plus accrued interest to the redemption date.

At least thirty days prior to the date fixed for any redemption of Bonds, 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 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, and interest thereon shall cease to accrue from and after said redemption date, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

If 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 interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of such redemption date; 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 the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall

not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Series 2012A Bonds, the Previously Issued Electric Utility Obligations and Prior Subordinate Lien Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Electric Utility System in the manner provided in the Ordinances. Additionally, the Bonds and the Series 2012A Bonds, together with the Previously Issued Electric Utility Obligations, shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and Reserve Fund in accordance with the terms of the Ordinances. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Electric Utility System, except with respect to the Net Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the related terms and conditions, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System, in the same manner and to the same extent as the Previously Issued Electric Utility Obligations, the Bonds and the Series 2012A Bonds.

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

509 authorized agent of the Registered Owner. When a transfer on the Security Register  
510 occurs, one or more new fully registered Bonds of the same Stated Maturity, of  
511 authorized denominations, bearing the same rate of interest, and of the same aggregate  
512 principal amount will be issued by the Paying Agent/Registrar to the designated  
513 transferee or transferees.

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

530 It is certified, recited, represented and covenanted that the City is an organized and  
531 legally existing municipal corporation under and by virtue of the Constitution and laws of  
532 the State of Texas; that the issuance of the Bonds is authorized by law; that all acts,  
533 conditions and things required to exist and be done precedent to and in the issuance of the  
534 Bonds to render the same lawful and valid obligations of the City have been properly  
535 done, have happened and have been performed in regular and due time, form and manner  
536 as required by the Constitution and laws of the State of Texas, and the Ordinances; that  
537 the Bonds do not exceed any constitutional or statutory limitation; and that due provision  
538 has been made for the payment of the Bonds by a pledge of the Net Revenues of the  
539 Electric Utility System. If any provision in this Bond or any application thereof shall be  
540 invalid, illegal, or unenforceable, the validity, legality, and enforceability of the  
541 remaining provisions and applications shall not in any way be affected or impaired by  
542 any such action. The terms and provisions of this Bond and the Ordinances shall be  
543 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.

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 ) REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS )

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and 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 offices of the Paying Agent/Registrar in St. Paul, Minnesota is the Designated Payment/Transfer Office for this Bond.

Registration Date: BOKF, NA dba Bank of Texas,  
Houston, Texas,  
as Paying Agent/Registrar

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

(e) Form of Assignment.

#### ASSIGNMENT

FOR VALUE RECEIVED the undersigned 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 under this Bond, and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration of the Bonds, 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.

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

REGISTERED  
NO. T-1

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

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,

ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,  
TAXABLE SERIES 2012B

Bond Date:  
\_\_\_\_\_, 2012

Registered Owner:

Principal Amount:

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received, hereby promises to pay to the registered owner named above, or their registered assigns (the "Registered Owner"), solely from the revenues identified in this Bond, the Principal Amount above stated on \_\_\_\_\_ in each of the years and in principal installments in accordance with the following schedule:

STATED  
MATURITY

PRINCIPAL  
INSTALLMENTS

INTEREST  
RATE

(Information to be inserted from schedule in the Pricing Certificate).

(or so much thereof as shall not have been redeemed prior to maturity) and to pay interest, computed on the basis of a 360-day year of twelve 30-day months, on the unpaid principal amounts of this Bond from the \_\_\_\_\_ at the per annum rates of interest specified above; such interest being payable on May 15 and November 15 in each year, commencing \_\_\_\_\_. Principal installments of this Bond are payable in the year of maturity to the Registered Owner by BOKF, NA dba Bank of Texas, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the

next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**SECTION 11: CRITERIA FOR ISSUANCE OF PARITY ELECTRIC UTILITY OBLIGATIONS.** The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Electric Utility Obligations of the Electric Utility System pursuant to the Master Ordinance. The Twelfth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds which are a series of Parity Electric Utility Obligations. The Master Ordinance is incorporated by reference and made a part of the Twelfth Supplement for all purposes, except to the extent modified and supplemented by the Prior Supplements and the Twelfth Supplement, and the Bonds are Parity Electric Utility Obligations under the Master Ordinance and the Prior Supplements. The City determines that it will have sufficient funds to meet the financial obligations of the Electric Utility System, including sufficient Net Revenues to pay the Annual Debt Service Requirements of the Bonds and the Series 2012A Bonds and to meet all financial obligations of the City relating to the Electric Utility System.

**SECTION 12: PLEDGE.** Subject to the prior claim on and lien on the Net Revenues of the Electric Utility System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such Prior First Lien Obligations, the Net Revenues of the Electric Utility System are pledged to the payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien Obligations, the Series 2012A Bonds and the Previously Issued Electric Utility Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System in accordance with the terms of the Master Ordinance and the Twelfth Supplement. Additionally, the Bonds, the Series 2012A Bonds and the Previously Issued Electric Utility Obligations shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and the Reserve Fund in accordance with and to the extent required by the terms of the Master Ordinance, the Prior Supplements and the Twelfth Supplement. The Bonds are and will be secured by and payable only from the Net Revenues of the Electric Utility System, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, of the Electric Utility System. It is ordained that the Parity Electric Utility Obligations, and the interest thereon, shall constitute a lien on the Net Revenues of the Electric Utility System and be valid and binding and fully

perfected from and after the date of adoption of the Twelfth Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Twelfth Supplement or any other act; all as provided in V.T.C.A., Government Code, Chapter 1208. The owners of the Parity Electric Utility Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Master Ordinance, the Prior Supplements and the Twelfth Supplement.

V.T.C.A., Government Code, Chapter 1208, applies to the issuance of the Bonds and the pledge of the Net Revenues of the Electric Utility System granted by the City under this Section 12, and such pledge is valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the Electric Utility System granted by the City under this Section 12 is to be subject to the filing requirements of V.T.C.A., Business & Commerce Code, Chapter 9, then to preserve to the Registered Owners 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 V.T.C.A., Business & Commerce Code, Chapter 9, 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 to cause to be deposited to the credit of the Debt Service Fund an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and principal of the Bonds falling due on or before each maturity, mandatory redemption date and interest payment date, and such deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bonds are delivered to the initial purchaser.

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

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

705                    **SECTION 14: RESERVE FUND.**

706            (a)     Establishment. A Reserve Fund shall not be required to be established or  
707 maintained by the City for the payment of the Parity Electric Utility Obligations so long  
708 as the “Pledged Net Revenues” of the System for a Fiscal Year (the Net Revenues of the  
709 System in a Fiscal Year remaining after deducting the amounts, if any, expended to pay  
710 the annual debt service requirements for Prior First Lien Obligations and Prior  
711 Subordinate Lien Obligations in such Fiscal Year) equal or exceed one hundred fifty per  
712 cent (150%) of the Annual Debt Service Requirements of the Parity Electric Utility  
713 Obligations due and payable in such Fiscal Year. If for any Fiscal Year such “Pledged  
714 Net Revenues” do not exceed 150% of the Annual Debt Service Requirements of the  
715 Parity Electric Utility Obligations, the City shall be obligated to establish and maintain on  
716 the books of the City a separate fund or account designated as the “Electric Utility  
717 System Revenue Obligation Reserve Fund” (the “Reserve Fund”). Upon being  
718 established and except as provided in subsection (f) below, the amount on deposit to the  
719 credit of the Reserve Fund shall be maintained for the benefit of the owners of the Parity  
720 Electric Utility Obligations. There shall be deposited into the Reserve Fund any Reserve  
721 Fund Obligations so designated by the City. The amounts deposited to the credit of the  
722 Reserve Fund shall be in a special fund maintained at an official depository of City.  
723 Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring  
724 the last of the Parity Electric Utility Obligations as they become due or paying principal  
725 of and interest on the Parity Electric Utility Obligations when and to the extent the  
726 amounts in the Debt Service Fund are insufficient for such purpose.

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

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

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

740            (iii)   thirty per cent (30%) of the Maximum Debt Service Requirement for  
741 all Parity Electric Utility Obligations then Outstanding if the Pledged Net  
742 Revenues for the previous Fiscal Year were less than 130% of the annual Debt

Service Requirement for such Fiscal Year, but greater than or equal to 120% of the annual Debt Service Requirement for such Fiscal Year;

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

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

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

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

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

In the event of a draw on a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such

reimbursement from Net Revenues shall be subject to the provisions of Section 14(d) below and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Electric Utility Obligations.

(d) Reserve Amount Deficiency. In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, subject to satisfying or making provision for the uses having a priority on the Gross Revenues before any deposits for the payment and security of the Parity Electric Utility Obligations and after making required deposits to the Debt Service Fund in accordance with the terms of the Twelfth Supplement and any Supplement, cause the aggregate Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully restored within 12 months from the date such deficiency, termination or expiration occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before the last day of each month from the available Net Revenues, (ii) depositing Eligible Investments or Credit Facility to the credit of the Reserve Fund or (iii) a combination of (i) and (ii).

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

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

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

**SECTION 16: AMENDMENT OF TWELFTH SUPPLEMENT.**

818 (a) Required Owner Consent for Amendments. The owners of a majority in  
819 Outstanding Principal Amount of the Bonds shall have the right from time to time to  
820 approve any amendment to the Twelfth Supplement which may be deemed necessary or  
821 desirable by the City; provided, however, nothing contained in the Twelfth Supplement  
822 shall permit or be construed to permit the amendment of the terms and conditions in the  
823 Twelfth Supplement so as to:

- 824 (1) Make any change in the maturity of any of the Outstanding Bonds;  
825 (2) Reduce the rate of interest borne by any of the Outstanding Bonds;  
826 (3) Reduce the amount of the principal payable on the Bonds;  
827 (4) Modify the terms of payment of principal of, premium, if any, or interest on  
828 the Outstanding Bonds or impose any conditions with respect to such payment;  
829 (5) Affect the rights of the owners of less than all of the Bonds then  
830 Outstanding;  
831 (6) Amend this subsection (a) of this Section; or  
832 (7) Change the minimum percentage of the principal amount of Bonds  
833 necessary for consent to any amendment;  
834

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

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

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

854 (d) Revocation of Consent. Any consent given by the owner of a Bond  
855 pursuant to the provisions of this Section shall be irrevocable for a period of six months  
856 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 of such revocation 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 Twelfth Supplement shall be deemed to be amended, and the respective rights, duties and obligations of the City under the Twelfth 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 Twelfth Supplement for any one or more of the following purposes:

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

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

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

(4) To modify any of the provisions of the Twelfth 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;

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

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

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

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

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

926 **SECTION 17: FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS.** All  
927 or any of the Bonds shall be deemed to be paid, retired and no longer outstanding within  
928 the meaning of the Twelfth Supplement when payment of the principal of such Bonds,  
929 redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof  
930 (whether such due date be by reason of maturity or otherwise) either (i) shall have been

made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with, or making available to, the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar with respect to which such deposit is made shall have been paid or the payment thereof provided for the satisfaction of the Paying Agent/Registrar. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of the Twelfth Supplement, the Master Ordinance or a lien on and pledge of the Net Revenues of the Electric Utility System, and shall be entitled to payment solely from such money or Government Obligations.

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

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

**SECTION 18: DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** If any Outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner provided in this Section. An application for the replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required

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

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

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

**SECTION 20: CONTINUING DISCLOSURE UNDERTAKING.**

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

1009 “MSRB” means the Municipal Securities Rulemaking Board.

1010 “Rule” means SEC Rule 15c2-12, as amended from time to time.

1011 “SEC” means the United States Securities and Exchange Commission.

1012 (b) Annual Reports. The City shall provide annually to the MSRB (1) within  
1013 six months after the end of each fiscal year (beginning with the fiscal year ending in the  
1014 year stated in the Pricing Certificate), financial information and operating data with  
1015 respect to the City of the general type included in the final Official Statement and which  
1016 is described in the Pricing Certificate, and (2) if not provided as part such financial  
1017 information and operating data, audited financial statements of the City, when and if  
1018 available. Any financial statements so to be provided shall be prepared in accordance  
1019 with the accounting principles described in the Pricing Certificate, or such other  
1020 accounting principles as the City may be required to employ from time to time pursuant  
1021 to state law or regulation, and audited, if the City commissions an audit of such  
1022 statements and the audit is completed within the period during which they must be  
1023 provided. If audited financial statements are not available by the required time, the City  
1024 will provide unaudited financial information of the type included in the Official  
1025 Statement by the required time and audited financial statements when and if such audited  
1026 financial statements become available.

1027 If the City changes its fiscal year, it will notify the MSRB of the change (and of the  
1028 date of the new fiscal year end) prior to the next date by which the City otherwise would  
1029 be required to provide financial information and operating data pursuant to this Section.

1030 The financial information and operating data to be provided pursuant to this  
1031 Section may be set forth in full in one or more documents or may be included by specific  
1032 reference to any document available to the public on the MSRB’s Internet Web site or  
1033 filed with the SEC.

1034 (c) Notice of Certain Events. The City shall provide notice of any of the  
1035 following events with respect to the Bonds to the MSRB in a timely manner and not more  
1036 than 10 Business Days after occurrence of the event:

- 1037 (1) Principal and interest payment delinquencies;  
1038 (2) Non-payment related defaults, if material;  
1039 (3) Unscheduled draws on debt service reserves reflecting financial difficulties;  
1040 (4) Unscheduled draws on credit enhancements reflecting financial difficulties;  
1041 (5) Substitution of credit or liquidity providers, or their failure to perform;  
1042 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of  
1043 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form

5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by this Section.

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

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section with respect to the City and the Bonds 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 this Section 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 financial results, condition, or prospects of the City or the State of Texas or undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided in this Section. 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 this Ordinance for purposes of any other provision of this Ordinance.

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.

Notwithstanding any provisions in this Ordinance to the contrary, 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, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City and the State of Texas (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 next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

**SECTION 21: REMEDY IN EVENT OF DEFAULT.** In addition to all rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that if the City (a) defaults in payments to be made to the Debt Service Fund as required by the Twelfth 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 Twelfth 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 Twelfth Supplement or the Master Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

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

**SECTION 22: SALE OF BONDS; OFFICIAL STATEMENT APPROVAL.** The Bonds are to be sold by the City to the Purchasers in accordance with a bond purchase agreement (the "Purchase Contract"), the terms and provisions of which Purchase Contract are to be determined by the Pricing Officer, in accordance with Section 4 of this Ordinance. With regard to such terms and provisions of said Purchase Contract, the Pricing Officer may come to an agreement with the Purchasers on the following, among other matters:

- (1) The details of the purchase and sale of the Bonds;
- (2) The details of the public offering of the Bonds by the Purchasers;
- (3) The details of an Official Statement (and, if appropriate, any Preliminary Official Statement) relating to the Bonds and the City's Rule 15c2-12 compliance;



- 1158 (4) A security deposit for the Bonds;
- 1159 (5) The representations and warranties of the City to the Purchasers;.
- 1160 (6) The details of the delivery of, and payment for, the Bonds;
- 1161 (7) The Purchasers' obligations under the Purchase Contract;
- 1162 (8) The certain conditions to the obligations of the City under the Purchase  
1163 Contract;
- 1164 (9) Termination of the Purchase Contract;
- 1165 (10) Particular covenants of the City;
- 1166 (11) The survival of representations made in the Purchase Contract;
- 1167 (12) The payment of any expenses relating to the Purchase Contract;
- 1168 (13) Notices; and
- 1169 (14) Any and all such other details that are found by the Pricing Officer to be  
1170 necessary and advisable for the purchase and sale of the Bonds.

1171 The Pricing Officer may execute said Purchase Contract for and on behalf of the  
1172 City and as the act and deed of this City Council.

1173 The Mayor and City Clerk of the City may manually or electronically execute and  
1174 deliver for and on behalf of the City copies of a Preliminary Official Statement and  
1175 Official Statement, prepared in connection with the offering of the Bonds by the  
1176 Purchasers, in final form as may be required by the Purchasers, and such final Official  
1177 Statement in the form and content as approved by the Pricing Officer or as manually or  
1178 electronically executed by said officials shall be deemed to be approved by the City  
1179 Council of the City and constitute the Official Statement authorized for distribution and  
1180 use by the Purchasers.

1181 **SECTION 23: SPECIAL ESCROW AGREEMENT.** A "Special Escrow  
1182 Agreement" (the "Escrow Agreement") by and between the City and an authorized  
1183 escrow agent (the "Escrow Agent"), if any such agreement is required in connection with  
1184 the issuance of the Bonds, shall be attached to, and approved in, the Pricing Certificate.  
1185 Such Escrow Agreement is authorized to be finalized and executed by the Pricing Officer  
1186 for and on behalf of the City and as the act and deed of this City Council; and such  
1187 Escrow Agreement as executed by said Pricing Officer shall be deemed approved by the  
1188 City Council and constitute the Escrow Agreement approved by this Ordinance. With  
1189 regard to the finalization of certain terms and provisions of said Escrow Agreement, a

Pricing Officer is authorized to come to an agreement with the Escrow Agent on the following details, among other matters:

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

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are authorized and directed to make the necessary arrangements for the purchase of the escrowed securities referenced in the Escrow Agreement and the delivery of the escrowed securities to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2012B ESCROW FUND" (referred to as the "Escrow Fund"), or such other designation as specified on the Pricing Certificate; all as contemplated and provided in V.T.C.A., Government Code, Chapter 1207, as amended, the Twelfth Supplement, the Pricing Certificate, and the Escrow Agreement.

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

**SECTION 24: REFUNDED BONDS.** (a) In order to provide for the refunding, discharge, and retirement of the Refunded Bonds, the Refunded Bonds identified, described, and in the amounts set forth in the Pricing Certificate, are called for redemption on the first date(s) such Refunded Bonds are subject to redemption or such other date specified by the Pricing Officer in the Pricing Certificate at the price of par plus accrued interest to the redemption date, and notice of such redemption shall be given in accordance with the applicable provisions of the ordinance adopted by the City Council of the City, which authorized the issuance of the Refunded Bonds. The Pricing Officer is authorized and directed to issue or cause to be issued Notice(s) of Redemption for the Refunded Bonds in substantially the form(s) set forth as Exhibit(s) to the Pricing

Certificate, to each paying agent/registrar for Refunded Bonds, in accordance with the redemption provisions applicable to the Refunded Bonds.

(b) Each paying agent/registrar for Refunded Bonds is directed to provide the appropriate notice of redemption as required by the ordinances authorizing the Refunded Bonds and is directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on the respective redemption date(s).

(c) The source of funds for payment of the principal of and interest on the Refunded Bonds on their respective maturity or redemption dates shall be from the funds deposited with the Escrow Agent or the paying agent/registrar for the Refunded Bonds pursuant to the provisions of V.T.C.A., Government Code, Chapter 1207, as amended, this Ordinance and the Pricing Certificate.

**SECTION 25: PROCEEDS OF SALE.** (a) Immediately following the delivery of the Bonds, proceeds of sale (less those proceeds of sale designated to pay costs of issuance and any accrued interest received from the Purchasers of the Bonds) shall be deposited with (i) U.S. Bank National Association (the "Deposit Agent") for the payment and discharge of all or part of the Refunded Notes or (ii) the Escrow Agent for application and disbursement in accordance with the provisions of the Escrow Agreement or deposited with the paying agent/registrar(s) for the Refunded Bonds for the payment and/or redemption of the Refunded Obligations. The proceeds of sale of the Bonds not so deposited with the Escrow Agent (or the paying agent/registrar for the Refunded Obligations) for the refunding of the Refunded Obligations or with the Deposit Agent for the refunding of all or part of the Refunded Notes shall be disbursed for payment of costs of issuance, or deposited in the Debt Service Fund for the Bonds, all in accordance with written instructions from the City or its Financial Advisor. Accrued interest, if any, received from the Purchasers shall be deposited to the credit of the Debt Service Fund.

Furthermore, appropriate officials of the City in cooperation with the Deposit Agent and the Escrow Agent, as applicable, are authorized and directed to make the necessary arrangements for the deposit of funds for the payment of the Refunded Obligations; all as contemplated and provided in V.T.C.A., Government Code, Chapter 1207, and the Twelfth Supplement.

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

**SECTION 26: CONTROL AND CUSTODY OF BONDS.** The City Manager of the City shall be and is authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval by the Attorney General, the registration by the

Comptroller of Public Accounts and the delivery of the Initial Bond(s) to the Underwriters.

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

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

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

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

**SECTION 30: LIMITATION OF BENEFITS WITH RESPECT TO THE TWELFTH SUPPLEMENT.** With the exception of the rights or benefits expressly conferred in the Twelfth Supplement, nothing expressed or contained in the Twelfth Supplement or implied from the provisions of the Twelfth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the City, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to the Twelfth Supplement or any covenant,

condition, stipulation, promise, agreement, or provision contained in the Twelfth Supplement. The Twelfth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions of the Twelfth Supplement are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders, and the Paying Agent/Registrar as provided in the Twelfth Supplement and in the Bonds.

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

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

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

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

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

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

1337           **SECTION 36: PUBLIC MEETING.** It is officially found, determined, and  
1338 declared that the meeting at which the Twelfth Supplement is adopted was open to the  
1339 public and public notice of the time, place, and subject matter of the public business to be  
1340 considered at the meeting, including the Twelfth Supplement, was given; all as required  
1341 by V.T.C.A., Government Code, Chapter 551.

1342           **SECTION 37: EFFECTIVE DATE.** The Twelfth Supplement is passed on one  
1343 reading as authorized by V.T.C.A., Government Code, Section 1201.028, and shall be  
1344 effective immediately upon its passage and adoption.

1345                           *[remainder of page left blank intentionally]*

1346

**PASSED AND APPROVED**

**CITY OF AUSTIN, TEXAS**

November 8, 2012

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**LEE LEFFINGWELL**  
Mayor

**APPROVED:**

**ATTEST:**

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**KAREN M. KENNARD**  
City Attorney

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**SHIRLEY A. GENTRY**  
City Clerk

(City Seal)

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