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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, SERIES 2012A” authorized for issuance by the Eleventh Supplement.

“Eleventh Supplement” means Ordinance No. 20121108-____ authorizing the issuance of the 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

34 SYSTEM REVENUE REFUNDING BONDS, SERIES 2006A”, dated October 15, 2006,
35 “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE
36 REFUNDING BONDS, SERIES 2007”, dated August 15, 2007, “CITY OF AUSTIN,
37 TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS,
38 TAXABLE SERIES 2008”, dated March 1, 2008, “CITY OF AUSTIN, TEXAS,
39 ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2008A”,
40 dated July 15, 2008, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM
41 REVENUE REFUNDING BONDS, SERIES 2010A”, dated June 1, 2010 and “CITY OF
42 AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS,
43 TAXABLE SERIES 2010B (Direct Subsidy-Build America Bonds)”, dated June 1, 2010.

44 “Prior Supplements” means Ordinances No. 020228-13, 020718-17, 030206-34,
45 20060518-040, 20061019-055, 20070322-026, 20080228-078, 20080724-100, and
46 20100610-049 authorizing the issuance of the Previously Issued Electric Utility
47 Obligations.

48 “Refunded Bonds” means the principal amount of the Series 2003 Bonds identified
49 by the Pricing Officer in the Pricing Certificate.

50 “Refunded Notes” means the principal amount of the Series A Notes, as specified
51 in the Pricing Certificate.

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

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

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

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

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

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

67 “Series A Notes” means the City of Austin, Texas Combined Utility System
68 Commercial Paper Notes, Series A, up to an aggregate principal amount of \$350,000,000
69 to finance the costs of additions, improvements and extensions to the City’s water and
70 wastewater system and the City’s electric light and power system.

71 “Series 2003 Bonds” means the City of Austin, Texas, Electric Utility System
72 Revenue Refunding Bonds, Series 2003.

73 “Twelfth Supplement” means Ordinance No. 20121108-____ authorizing the
74 issuance of the Series 2012B Bonds and passed by the City Council on November 8,
75 2012.

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

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

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

91 In accordance with the provisions of V.T.C.A. Government Code, Chapter 1207,
92 the City Council is delegating to the Pricing Officer (as defined below) the authority to
93 establish the terms and details related to the issuance and sale of the Bonds including:
94 (i) the principal amount of the Refunded Notes and the principal amount of the Refunded
95 Bonds to be refunded, (ii) the form and designation of the Bonds; (iii) the principal
96 amount of the Bonds and the amount of the Bonds to mature in each year; (iv) the dates,
97 price, interest rates, interest payment dates, principal payment dates, and redemption
98 features of the Bonds; and (v) any other details relating to the issuance, sale, delivery,
99 and/or exchange of the Bonds, all within certain specified parameters set forth in the
100 Eleventh Supplement.

101 The Refunded Notes are to be refunded and refinanced into long-term obligations
102 at this time to enable the City’s Electric Utility Department to continue utilizing its

allocated share of Series A Notes and it is a public purpose and in the best interests of the City to refund the Refunded Bonds in order to achieve a present value debt service savings, with such savings, among other information and terms to be included in a pricing certificate (the "Pricing Certificate") to be executed by the Pricing Officer (designated below), all in accordance with the provisions of Section 1207.007, Texas Government Code.

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, SERIES 2012A" (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 Eleventh 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 \$335,000,000;

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

(iii) with respect to the Bonds issued to refund the Refunded Bonds, the refunding must produce a net present value debt service savings of at least 4.25%, net of any contribution by the City; and

(iv) 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 May 1, 2013. 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

176 payment shall be in any coin or currency of the United States of America, which at the
177 time of payment is legal tender for the payment of public and private debts, and shall be
178 without exchange or collection charges to the Holders.

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

196 Principal of and premium, if any, on the Bonds shall be payable at the Stated
197 Maturities or redemption of the Bonds, only upon presentation and surrender of the
198 Bonds to the Paying Agent/Registrar at its designated offices in St. Paul, Minnesota (the
199 "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the
200 Holders whose names appear in the Security Register at the close of business on the
201 Record Date (the last business day of the month next preceding each interest payment
202 date), and such interest shall be paid by the Paying Agent/Registrar (i) by check sent
203 United States Mail, first class postage prepaid, to the address of the Holder recorded in
204 the Security Register or (ii) by such other method, acceptable to the Paying
205 Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for
206 the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a
207 legal holiday, or a day when banking institutions in the city where the Designated
208 Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law
209 or executive order to close, then the date for such payment shall be the next succeeding
210 day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions
211 are authorized to close; and payment on such date shall have the same force and effect as
212 if made on the original date payment was due.

213 In the event of a non-payment of interest on one or more maturities on a scheduled
214 payment date, and for thirty (30) days thereafter, a new record date for such interest

215 payment for such maturity or maturities (a “Special Record Date”) will be established by
216 the Paying Agent/Registrar, if and when funds for the payment of such interest have been
217 received from the City. Notice of the Special Record Date and of the scheduled payment
218 date of the past due interest (which shall be 15 days after the Special Record Date) shall
219 be sent at least five (5) business days prior to the Special Record Date by United States
220 Mail, first class postage prepaid, to the address of each Holder of such maturity or
221 maturities appearing on the Security Register at the close of business on the last business
222 day next preceding the date of mailing of such notice.

223 **SECTION 6: REGISTRATION, TRANSFER, EXCHANGE OF BONDS;**
224 **PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and
225 maintain in the Security Register the name and address of each registered owner of the
226 Bonds issued under and pursuant to the provisions of the Eleventh Supplement. Any
227 Bond may, in accordance with its terms and the terms of the Eleventh Supplement, be
228 transferred or exchanged for Bonds of other authorized denominations upon the Security
229 Register by the Holder, in person or by the authorized agent of such person, upon
230 surrender of the Bond to the Paying Agent/Registrar for cancellation, accompanied by a
231 written instrument of transfer or request for exchange executed by the Holder or by the
232 authorized agent of such person, in form satisfactory to the Paying Agent/Registrar.

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

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

248 All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the
249 Designated Payment/Transfer Office, or sent by United States Mail, first class postage
250 prepaid, to the Holder and, upon the delivery of such Bonds, the same shall be valid
251 obligations of the City, evidencing the same obligation to pay, and entitled to the same
252 benefits under the Eleventh Supplement, as the Bonds surrendered in the transfer or
253 exchange.

254 All transfers or exchanges of Bonds shall be made without expense or service
255 charge to the Holder, except as otherwise provided in the Eleventh Supplement, except
256 that the Paying Agent/Registrar shall require payment by the Holder requesting the
257 transfer or exchange of any tax or other governmental charges required to be paid with
258 respect to the transfer or exchange.

259 Bonds canceled by reason of an exchange or transfer pursuant to the provisions of
260 the Eleventh Supplement are defined to be "Predecessor Bonds," evidencing all or a
261 portion, as the case may be, of the same obligation to pay evidenced by the Bond or
262 Bonds registered and delivered in the exchange or transfer. Additionally, the term
263 "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for
264 which a replacement Bond has been issued, registered and delivered in lieu of a
265 mutilated, lost, destroyed or stolen Bond pursuant to Section 19 of the Eleventh
266 Supplement and such new replacement Bond shall be considered to evidence the same
267 obligation as the mutilated, lost, destroyed, or stolen Bond.

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

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

281 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be
282 deposited with DTC who shall hold said Bonds for its participants (the "DTC
283 Participants"). While the Bonds are held by DTC under the Depository Agreement, the
284 Holder of the Bonds on the Security Register for all purposes, including payment and
285 notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each
286 actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the
287 records of DTC and DTC Participants.

288 In the event DTC determines to discontinue serving as securities depository for the
289 Bonds or otherwise ceases to provide book entry clearance and settlement of securities
290 transactions in general or the City determines that DTC is incapable of properly
291 discharging its duties as securities depository for the Bonds, the City covenants and

292 agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and
293 provide for the Bond certificates to be issued and delivered to DTC Participants and
294 Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be
295 assigned, transferred and exchanged on the Security Register maintained by the Paying
296 Agent/Registrar and payment of such Bonds shall be made in accordance with the
297 provisions of Sections 5 and 6 of the Eleventh Supplement.

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

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

317 **SECTION 9: INITIAL BOND(S).** The Bonds shall be initially issued either (i) as
318 a single fully registered bond in the total principal amount specified in the Pricing
319 Certificate with principal installments to become due and payable as provided in the
320 Pricing Certificate and numbered T-1, or (ii) as multiple fully registered bonds, being one
321 bond for each stated maturity in the applicable principal amount and denomination and to
322 be numbered consecutively from T-1 and upward (the "Initial Bond(s)"). In either case,
323 the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the
324 designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the
325 Attorney General of the State of Texas for approval, certified and registered by the Office
326 of the Comptroller of Public Accounts of the State of Texas and delivered to the initial
327 purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying
328 Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the
329 designee thereof, shall cancel the Initial Bond(s) delivered and exchange for the Initial
330 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 Eleventh 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 Eleventh 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,
SERIES 2012A

Bond Date:
_____, 2012

Interest Rate:

Stated Maturity:

CUSIP NO:

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 Eleventh 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 Eleventh 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 Eleventh 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 2012B 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 2012B 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 2012B 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 authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

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

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

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

538 CITY OF AUSTIN, TEXAS
539

540 _____
541 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, Texas 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,
SERIES 2012A

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 Eleventh 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 Eleventh Supplement for all purposes, except to the extent modified and supplemented by the Prior Supplements and the Eleventh 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 2012B 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 2012B 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 Eleventh Supplement. Additionally, the Bonds, the Series 2012B 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 Eleventh 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 Eleventh Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Eleventh 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 Eleventh 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 Eleventh 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.

SECTION 14: RESERVE FUND.

(a) Establishment. A Reserve Fund shall not be required to be established or maintained by the City for the payment of the Parity Electric Utility Obligations so long as the “Pledged Net Revenues” of the System for a Fiscal Year (the Net Revenues of the

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

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

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

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

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

(iv) forty per cent (40%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net

Revenues for the previous Fiscal Year were less than 120% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 110% of the annual Debt Service Requirement for such Fiscal Year;

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

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.

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

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

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

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

SECTION 16: COVENANTS TO MAINTAIN TAX EXEMPT STATUS.

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

“Closing Date” means the date on which the Bonds are first authenticated and delivered to the purchasers against payment therefor.

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

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

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

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

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

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and Section 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly

with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the preceding, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

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

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

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

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

of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

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

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

(3) As additional consideration for the purchase of the Bonds by the Underwriters and the loan of the money represented thereby and to

917 induce such purchase by measures designed to insure the excludability of the
918 interest thereon from the gross income of the owners thereof for federal
919 income tax purposes, the City shall pay to the United States out of the Debt
920 Service Fund or its general fund, as permitted by applicable Texas statute,
921 regulation or opinion of the Attorney General of the State of Texas, the
922 amount that when added to the future value of previous rebate payments
923 made for the Bonds equals (i) in the case of a Final Computation Date as
924 defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent
925 (100%) of the Rebate Amount on such date; and (ii) in the case of any other
926 Computation Date, ninety percent (90%) of the Rebate Amount on such
927 date. In all cases, the rebate payments shall be made at the times, in the
928 installments, to the place and in the manner as is or may be required by
929 section 148(f) of the Code and the Regulations and rulings thereunder, and
930 shall be accompanied by Form 8038-T or such other forms and information
931 as is or may be required by Section 148(f) of the Code and the Regulations
932 and rulings thereunder.

933 (4) The City shall exercise reasonable diligence to assure that no
934 errors are made in the calculations and payments required by paragraphs (2)
935 and (3), and if an error is made, to discover and promptly correct such error
936 within a reasonable amount of time thereafter (and in all events within one
937 hundred eighty (180) days after discovery of the error), including payment to
938 the United States of any additional Rebate Amount owed to it, interest
939 thereon, and any penalty imposed under Section 1.148-3(h) of the
940 Regulations.

941 (i) Not to Divert Arbitrage Profits. Except to the extent permitted by section
942 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any
943 time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into
944 any transaction that reduces the amount required to be paid to the United States pursuant
945 to Subsection (h) of this Section because such transaction results in a smaller profit or a
946 larger loss than would have resulted if the transaction had been at arm's length and had
947 the Yield of the Bonds not been relevant to either party.

948 (j) Elections. The City directs and authorizes the Mayor, Mayor Pro Tem,
949 City Manager, Chief Financial Officer, Deputy Chief Financial Officer, or City
950 Treasurer, individually or jointly, to make elections permitted or required pursuant to the
951 provisions of the Code or the Regulations, as they deem necessary or appropriate in
952 connection with the Bonds, in the Certificate as to Tax Exemption or similar or other
953 appropriate certificate, form or document.

954 (k) Bonds Not Hedge Bonds. (1) At the time the original obligations refunded
955 by the Bonds were issued, the City reasonably expected to spend at least 85% of the

spendable proceeds of such original obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The payment and discharge of the Refunded Notes will occur within ninety (90) days after the issuance of the Bonds and, therefore, the portion of the Bonds issued to refund such obligations is a current refunding.

(m) Qualified Advance Refunding. The portion of the Bond issued to refund the Refunded Bonds will be issued more than 90 days before the redemption thereof. The City represents as follows:

(1) The Bonds are the first advance refunding of the Refunded Bonds, within the meaning of section 149(d)(3) of the Code.

(2) The Refunded Bonds are being called for redemption, and will be redeemed not later than the earliest date on which such bonds may be redeemed.

(3) The initial temporary period under section 148(c) of the Code will end: (i) with respect to the proceeds of the Bonds not later than 30 days after the date of issue of such Bonds; and (ii) with respect to proceeds of the Refunded Bonds on the Closing Date if not ended prior thereto.

(4) On and after the date of issue of the Bonds, no proceeds of the Refunded Bonds will be invested in Nonpurpose Investments having a Yield in excess of the Yield on such Refunded Bonds.

(5) The Bonds are being issued for the purposes stated in the preamble of the Eleventh Supplement. There is a present value savings associated with the refunding of the Refunded Bonds. In the issuance of the Bonds the City has neither: (i) overburdened the tax exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than reasonably necessary to accomplish the governmental purposes for which the Bonds were issued; (ii) employed on “abusive arbitrage device” within the meaning of Section 1.148-10(a) of the Regulations; nor (iii) employed a “device” to obtain a material financial advantage based on arbitrage, within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates and reduced debt service payments in early years.

SECTION 17: AMENDMENT OF ELEVENTH SUPPLEMENT.

(a) Required Owner Consent for Amendments. The owners of a majority in Outstanding Principal Amount of the Bonds shall have the right from time to time to approve any amendment to the Eleventh Supplement which may be deemed necessary or

desirable by the City; provided, however, nothing contained in the Eleventh Supplement shall permit or be construed to permit the amendment of the terms and conditions in the Eleventh Supplement so as to:

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

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

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

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

(d) Revocation of Consent. Any consent given by the owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Bonds during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, such consent may be revoked by

the owner who gave such consent, or by a successor in title, by filing written notice 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 Eleventh Supplement shall be deemed to be amended, and the respective rights, duties and obligations of the City under the Eleventh 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 Eleventh 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 Eleventh 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 Eleventh 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 Eleventh Supplement, or in regard to clarifying matters or questions arising under the Eleventh Supplement, as are necessary or desirable and not contrary to or inconsistent with the Eleventh 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 Eleventh Supplement in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after all the Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding;

(5) To make such amendments to the Eleventh Supplement as may be required, in the opinion of Bond Counsel, to ensure compliance with

sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

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

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

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

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

SECTION 18: FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS. All or any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the meaning of the Eleventh Supplement when payment of the principal of such Bonds, redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably

1104 depositing with, or making available to, the Paying Agent/Registrar, in trust and
1105 irrevocably set aside exclusively for such payment, (1) money sufficient to make such
1106 payment or (2) Government Obligations, certified by an independent public accounting
1107 firm of national reputation, to mature as to principal and interest in such amounts and at
1108 such times as will insure the availability, without reinvestment, of sufficient money to
1109 make such payment, and all necessary and proper fees, compensation and expenses of the
1110 Paying Agent/Registrar with respect to which such deposit is made shall have been paid
1111 or the payment thereof provided for the satisfaction of the Paying Agent/Registrar. At
1112 such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer
1113 be secured by or entitled to the benefit of the Eleventh Supplement, the Master Ordinance
1114 or a lien on and pledge of the Net Revenues of the Electric Utility System, and shall be
1115 entitled to payment solely from such money or Government Obligations.

1116 Any moneys so deposited with the Paying Agent/Registrar, or an authorized
1117 escrow agent, may at the direction of the City also be invested in Government
1118 Obligations, maturing in the amounts and at the times as set forth in this Section, and all
1119 income from all Government Obligations not required for the payment of the Bonds, and
1120 interest on the Bonds, with respect to which such money has been so deposited, shall be
1121 turned over to the City or deposited as directed by the City. The City covenants that no
1122 deposit will be made or accepted under clause (ii) of this Section and no use made of any
1123 such deposit which would cause the Bonds to be treated as arbitrage bonds within the
1124 meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

1125 Notwithstanding any other provisions of the Eleventh Supplement, all money or
1126 Government Obligations set aside and held in trust pursuant to the provisions of this
1127 Section for the payment of the Bonds, the redemption premium, if any, and interest on the
1128 Bonds, shall be applied to and used for the payment of such Bonds, the redemption
1129 premium, if any, and interest thereon and the income on such money or Government
1130 Obligations shall not be considered to be "Gross Revenues" under the Eleventh
1131 Supplement.

1132 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
1133 **DESTROYED BONDS.** If any Outstanding Bond is damaged, mutilated, lost, stolen, or
1134 destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered,
1135 a new bond of the same principal amount, maturity, and interest rate, as the damaged,
1136 mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner
1137 provided in this Section. An application for the replacement of damaged, mutilated, lost,
1138 stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of
1139 loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to
1140 the City and to the Paying Agent/Registrar such security or indemnity as may be required
1141 by them to save each of them harmless from any loss or damage with respect thereto.
1142 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 Eleventh Supplement equally and proportionately with any and all other Bonds issued under the Eleventh 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 Eleventh Supplement for Bonds issued in exchange for other Bonds.

SECTION 20: ELEVENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the Eleventh 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 Eleventh Supplement by the City and the covenants and agreements set forth in the Eleventh 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 Eleventh Supplement.

SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.

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

“MSRB” means the Municipal Securities Rulemaking Board.

1181 “Rule” means SEC Rule 15c2-12, as amended from time to time.

1182 “SEC” means the United States Securities and Exchange Commission.

1183 (b) Annual Reports. The City shall provide annually to the MSRB (1) within
1184 six months after the end of each fiscal year (beginning with the fiscal year ending in the
1185 year stated in the Pricing Certificate), financial information and operating data with
1186 respect to the City of the general type included in the final Official Statement and which
1187 is described in the Pricing Certificate, and (2) if not provided as part such financial
1188 information and operating data, audited financial statements of the City, when and if
1189 available. Any financial statements so to be provided shall be prepared in accordance
1190 with the accounting principles described in the Pricing Certificate, or such other
1191 accounting principles as the City may be required to employ from time to time pursuant
1192 to state law or regulation, and audited, if the City commissions an audit of such
1193 statements and the audit is completed within the period during which they must be
1194 provided. If audited financial statements are not available by the required time, the City
1195 will provide unaudited financial information of the type included in the Official
1196 Statement by the required time and audited financial statements when and if such audited
1197 financial statements become available.

1198 If the City changes its fiscal year, it will notify the MSRB of the change (and of the
1199 date of the new fiscal year end) prior to the next date by which the City otherwise would
1200 be required to provide financial information and operating data pursuant to this Section.

1201 The financial information and operating data to be provided pursuant to this
1202 Section may be set forth in full in one or more documents or may be included by specific
1203 reference to any document available to the public on the MSRB’s Internet Web site or
1204 filed with the SEC.

1205 (c) Notice of Certain Events. The City shall provide notice of any of the
1206 following events with respect to the Bonds to the MSRB in a timely manner and not more
1207 than 10 Business Days after occurrence of the event:

- 1208 (1) Principal and interest payment delinquencies;
- 1209 (2) Non-payment related defaults, if material;
- 1210 (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 1211 (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 1212 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 1213 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of
1214 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form
1215 5701-TEB), or other material notices or determinations with respect to the tax status of
1216 the Bonds, or other material events affecting the tax status of the Bonds;
- 1217 (7) Modifications to rights of holders of the Bonds, if material;

- 1218 (8) Bond calls, if material, and tender offers;
1219 (9) Defeasances;
1220 (10) Release, substitution, or sale of property securing repayment of the Bonds, if
1221 material;
1222 (11) Rating changes;
1223 (12) Bankruptcy, insolvency, receivership, or similar event of the City, which
1224 shall occur as described below;
1225 (13) The consummation of a merger, consolidation, or acquisition involving the
1226 City or the sale of all or substantially all of its assets, other than in the ordinary course of
1227 business, the entry into of a definitive agreement to undertake such an action or the
1228 termination of a definitive agreement relating to any such actions, other than pursuant to
1229 its terms, if material; and
1230 (14) Appointment of a successor or additional paying agent/registrar or the
1231 change of name of a paying agent/registrar, if material.
1232

1233 For these purposes, any event described in the immediately preceding paragraph 12
1234 is considered to occur when any of the following occur: the appointment of a receiver,
1235 fiscal agent, or similar officer for the City in a proceeding under the United States
1236 Bankruptcy Code or in any other proceeding under state or federal law in which a court
1237 or governmental authority has assumed jurisdiction over substantially all of the assets or
1238 business of the City, or if such jurisdiction has been assumed by leaving the existing
1239 governing body and officials or officers in possession but subject to the supervision and
1240 orders of a court or governmental authority, or the entry of an order confirming a plan of
1241 reorganization, arrangement, or liquidation by a court or governmental authority having
1242 supervision or jurisdiction over substantially all of the assets or business of the City.

1243 The City shall notify the MSRB, in a timely manner, of any failure by the City to
1244 provide financial information or operating data in accordance with this Section by the
1245 time required by this Section.

1246 (d) Filings with the MSRB. All financial information, operating data, financial
1247 statements, notices, and other documents provided to the MSRB in accordance with this
1248 Section shall be provided in an electronic format prescribed by the MSRB and shall be
1249 accompanied by identifying information as prescribed by the MSRB.

1250 (e) Limitations, Disclaimers, and Amendments. The City shall be obligated to
1251 observe and perform the covenants specified in this Section with respect to the City and
1252 the Bonds while, but only while, the City remains an “obligated person” with respect to
1253 the Bonds within the meaning of the Rule, except that the City in any event will give the
1254 notice required by subsection (c) of this Section of any Bond calls and defeasance that
1255 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 22: REMEDY IN EVENT OF DEFAULT. In addition to all rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that if the City (a) defaults in payments to be made to the Debt Service Fund as required by the Eleventh 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 Eleventh 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 Eleventh 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 23: 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;
- (4) A security deposit for the Bonds;
- (5) The representations and warranties of the City to the Purchasers;.

- 1331 (6) The details of the delivery of, and payment for, the Bonds;
- 1332 (7) The Purchasers' obligations under the Purchase Contract;
- 1333 (8) The certain conditions to the obligations of the City under the Purchase
1334 Contract;
- 1335 (9) Termination of the Purchase Contract;
- 1336 (10) Particular covenants of the City;
- 1337 (11) The survival of representations made in the Purchase Contract;
- 1338 (12) The payment of any expenses relating to the Purchase Contract;
- 1339 (13) Notices; and
- 1340 (14) Any and all such other details that are found by the Pricing Officer to be
1341 necessary and advisable for the purchase and sale of the Bonds.

1342 The Pricing Officer may execute said Purchase Contract for and on behalf of the
1343 City and as the act and deed of this City Council.

1344 The Mayor and City Clerk of the City may manually or electronically execute and
1345 deliver for and on behalf of the City copies of a Preliminary Official Statement and
1346 Official Statement, prepared in connection with the offering of the Bonds by the
1347 Purchasers, in final form as may be required by the Purchasers, and such final Official
1348 Statement in the form and content as approved by the Pricing Officer or as manually or
1349 electronically executed by said officials shall be deemed to be approved by the City
1350 Council of the City and constitute the Official Statement authorized for distribution and
1351 use by the Purchasers.

1352 **SECTION 24: SPECIAL ESCROW AGREEMENT.** A "Special Escrow
1353 Agreement" (the "Escrow Agreement") by and between the City and an authorized
1354 escrow agent (the "Escrow Agent"), if any such agreement is required in connection with
1355 the issuance of the Bonds, shall be attached to, and approved in, the Pricing Certificate.
1356 Such Escrow Agreement is authorized to be finalized and executed by the Pricing Officer
1357 for and on behalf of the City and as the act and deed of this City Council; and such
1358 Escrow Agreement as executed by said Pricing Officer shall be deemed approved by the
1359 City Council and constitute the Escrow Agreement approved by this Ordinance. With
1360 regard to the finalization of certain terms and provisions of said Escrow Agreement, a
1361 Pricing Officer is authorized to come to an agreement with the Escrow Agent on the
1362 following details, among other matters:

- 1363 (1) The identification of the Refunded Bonds;

1364 (2) The creation and funding of the Escrow Fund or Funds; and

1365 (3) The Escrow Agent's compensation, administration of the Escrow Fund or
1366 Funds, and the settlement of any paying agents' charges relating to the Refunded Bonds.

1367 Furthermore, appropriate officials of the City in cooperation with the Escrow
1368 Agent are authorized and directed to make the necessary arrangements for the purchase
1369 of the escrowed securities referenced in the Escrow Agreement and the delivery of the
1370 escrowed securities to the Escrow Agent on the day of delivery of the Bonds to the
1371 Purchasers for deposit to the credit of the "CITY OF AUSTIN, TEXAS, ELECTRIC
1372 UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2012A ESCROW
1373 FUND" (referred to as the "Escrow Fund"), or such other designation as specified on the
1374 Pricing Certificate; all as contemplated and provided in V.T.C.A., Government Code,
1375 Chapter 1207, as amended, the Eleventh Supplement, the Pricing Certificate, and the
1376 Escrow Agreement.

1377 On or immediately prior to the date of the delivery of the Bonds to the Purchasers,
1378 the Pricing Officer shall also cause to be deposited (and is authorized to cause to be
1379 deposited) (a) with the Escrow Agent from moneys on deposit in the debt service fund(s)
1380 maintained for the payment of the Refunded Bonds an amount which, together with the
1381 proceeds of sale, and the investment earnings thereon, will be sufficient to pay in full the
1382 Refunded Bonds (or the amount of accrued interest due thereon) scheduled to mature and
1383 authorized to be redeemed on the earliest date established in the Pricing Certificate for
1384 the redemption of any of the Refunded Bonds (or the earliest date of payment, to be made
1385 from moneys in the Escrow Fund(s), as established in the Pricing Certificate, of the
1386 amount of accrued interest due thereon).

1387 **SECTION 25: REFUNDED BONDS.** (a) In order to provide for the refunding,
1388 discharge, and retirement of the Refunded Bonds, the Refunded Bonds identified,
1389 described, and in the amounts set forth in the Pricing Certificate, are called for
1390 redemption on the first date such Refunded Bonds are subject to redemption or such other
1391 date specified by the Pricing Officer in the Pricing Certificate at the price of par plus
1392 accrued interest to the redemption date, and notice of such redemption shall be given in
1393 accordance with the applicable provisions of the ordinance adopted by the City Council
1394 of the City, which authorized the issuance of the Refunded Bonds. The Pricing Officer is
1395 authorized and directed to issue or cause to be issued a Notice of Redemption for the
1396 Refunded Bonds in substantially the form set forth as an Exhibit to the Pricing
1397 Certificate, to the paying agent/registrar for Refunded Bonds, in accordance with the
1398 redemption provisions applicable to the Refunded Bonds.

1399 (b) The paying agent/registrar for Refunded Bonds is directed to provide the
1400 appropriate notice of redemption as required by the ordinance authorizing the Refunded

Bonds and is directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on the redemption date.

(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 26: PROCEEDS OF SALE. Immediately following the delivery of the Bonds, proceeds of sale (less those proceeds of sale designated to pay costs of issuance, proceeds of sale designated to fund the Reserve Fund 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 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 for the Refunded Bonds for the payment and redemption of the Refunded Bonds. The proceeds of sale of the Bonds not so deposited with the Escrow Agent (or the paying agent/registrar for the Refunded Bonds) for the refunding of the Refunded Bonds or with the Deposit Agent for the refunding 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 Eleventh 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 27: 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 28: 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 29: 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 30: PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Whenever under the terms of the Eleventh Supplement or the Bonds, the performance date of any provision of the Eleventh 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 31: LIMITATION OF BENEFITS WITH RESPECT TO THE ELEVENTH SUPPLEMENT. With the exception of the rights or benefits expressly conferred in the Eleventh Supplement, nothing expressed or contained in the Eleventh Supplement or implied from the provisions of the Eleventh 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 Eleventh Supplement or any covenant, condition, stipulation, promise, agreement, or provision contained in the Eleventh Supplement. The Eleventh Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions of the Eleventh 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 Eleventh Supplement and in the Bonds.

SECTION 32: NOTICES TO HOLDERS WAIVER. Wherever the Eleventh Supplement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise expressly provided in the Eleventh 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 Eleventh 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 33: GOVERNING LAW. The Eleventh Supplement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 34: EFFECT OF HEADINGS. The Section headings in the Eleventh Supplement are for convenience only and shall not affect the construction of the Eleventh Supplement.

SECTION 35: CONSTRUCTION OF TERMS. If appropriate in the context of the Eleventh 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 36: SEVERABILITY. If any provision or the application of any provision of the Eleventh Supplement to any circumstance shall be held to be invalid, the remainder of the Eleventh Supplement and the application of the Eleventh Supplement to other circumstances shall nevertheless be valid, and the City Council declares that the Eleventh Supplement would have been enacted without such invalid provision.

SECTION 37: PUBLIC MEETING. It is officially found, determined, and declared that the meeting at which the Eleventh Supplement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be

considered at the meeting, including the Eleventh Supplement, was given; all as required by V.T.C.A., Government Code, Chapter 551.

SECTION 38: EFFECTIVE DATE. The Eleventh Supplement is passed on one reading as authorized by V.T.C.A., Government Code, Section 1201.028, and shall be effective immediately upon its passage and adoption.

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PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

November 8, 2012

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LEE LEFFINGWELL
Mayor

APPROVED:

ATTEST:

KAREN M. KENNARD
City Attorney

SHIRLEY A. GENTRY
City Clerk

(City Seal)