

ORDINANCE NO. 20121108-045

AN ORDINANCE AUTHORIZING DELIVERY OF A CREDIT AGREEMENT RELATING TO THE CITY'S COMBINED UTILITY SYSTEMS COMMERCIAL PAPER NOTES, SERIES A; AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED AGREEMENTS.

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

PART 1. FINDINGS:

(A) Pursuant to Ordinance No. 961121-A, as amended by Ordinance No. 980513-A (Authorizing Ordinance), the City of Austin (City) has authorized the issuance from time to time of up to \$350,000,000 in aggregate principal amount of its Combined Utility Systems Commercial Paper Notes, Series A (Notes) to finance the costs of additions, improvements, and extensions to the City's Waterworks and Sewer System and the City's Electric Light and Power System in accordance with the provisions of Chapter 1371, Texas Government Code.

(B) The Authorizing Ordinance contains some capitalized terms that are used in this ordinance. Those terms have the same meaning in this ordinance as they do in the Authorizing Ordinance.

(C) The City previously entered into an Amended and Restated Letter of Credit and Reimbursement Agreement, dated March 1, 2010, as amended on February 10, 2011 by that certain First Amendment to Amended and Restated Letter of Credit Reimbursement Agreement (Original Reimbursement Agreement), each among the City, Bank of America, N.A. (BofA), State Street Bank and Trust Company (State Street), and JPMorgan Chase Bank, National Association (JPM), pursuant to which a letter of credit securing the Notes was issued (Original Letter of Credit).

(D) Pursuant to the terms of the Original Letter of Credit, each of BofA, State Street, and JPM are committed to pay a portion of each drawing made on the Original Letter of Credit on a several but not joint basis.

(E) Council finds that it is necessary to replace the Original Letter of Credit with a new letter of credit (New Letter of Credit), pursuant to which only State Street and JPM will be committed to pay drawings made on the New Letter of Credit.

(F) In connection with the delivery of the New Letter of Credit, council finds it necessary to authorize the execution and delivery of: (i) a Second Amended and Restated Letter of Credit Reimbursement Agreement (New Reimbursement Agreement) with State Street and JPM, and (ii) a Fee Agreement (Fee Agreement) among the City, State Street, and JPM.

(G) In connection with the issuance of the New Letter of Credit, council finds it necessary to approve and authorize modifications to be made to the Commercial Paper Offering Memorandum used in connection with the sale of the Notes.

(H) The City is authorized (1) to cause the delivery of the New Letter of Credit, and (2) to execute and deliver the New Reimbursement Agreement and the Fee Agreement, all pursuant to Chapter 1371, Texas Government Code.

PART 2. AUTHORIZATION.

(A) Council authorizes, ratifies, and approves the replacement of the Original Letter of Credit with the New Letter of Credit. The mayor, any designee of the mayor, the city manager, any designee of the city manager, the chief financial officer of the City, the city clerk, and the city treasurer (each, an Authorized Officer, and collectively, Authorized Officers) are authorized and directed to take all actions necessary or desirable to effect the delivery of the New Letter of Credit in accordance with the provisions of the Authorizing Ordinance and this ordinance at the times and in the manner as they decide are appropriate.

(B) Council authorizes the negotiation, execution, and delivery of the New Reimbursement Agreement in substantially the form attached as Exhibit A and (2) the Fee Agreement in substantially the form attached as Exhibit B. Each Authorized Officer is authorized to execute and deliver the New Reimbursement Agreement and the Fee Agreement, with any changes as may be approved by an Authorized Officer. The execution of the New Reimbursement Agreement and the Fee Agreement will be conclusive evidence the City approved each of these agreements.

(C) Council authorizes each Authorized Officer to make such changes to the Commercial Paper Offering Memorandum relating to the Notes as may be necessary in connection with the delivery of the New Letter of Credit.

(D) The Issuing and Paying Agent and the Dealer are authorized and directed to take all actions and give all notices as may be necessary or desirable to effect the delivery of the New Letter of Credit and all other actions authorized by this ordinance.

PART 3. FURTHER PROCEDURES. Each Authorized Officer is authorized and directed to do any and all things necessary or convenient to carry out the terms of this ordinance.

PART 4. SEVERABILITY. The provisions of this ordinance are severable. If any provision of this ordinance or its applications to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this ordinance.

PART 5. OPEN MEETING. The City posted sufficient written notice of the date, hour, place, and subject of the meeting of the city council at which this ordinance was adopted at a place convenient and readily accessible at all times to the general public at the Austin City Hall for the time required by the Open Meetings Law, Chapter 551, Texas Government Code. This meeting has been open to the public as required by law at all times during which this ordinance and its subject matter were discussed, considered, and formally acted upon. The city council ratifies, approves, and confirms such written notice, its contents and its posting.

PART 6. REPEALER. All orders, resolutions, and ordinances (other than the Authorizing Ordinance), or their parts that are inconsistent with this ordinance are repealed only to the extent needed to eliminate the inconsistency.

PART 7. EFFECTIVE IMMEDIATELY. This ordinance takes effect immediately on its passage pursuant to Section 1201.028, Texas Government Code.

PASSED AND APPROVED

_____, November 8, 2012

§
§
§ _____
Lee Leffingwell
Mayor

APPROVED: _____
Karen M. Kennard
City Attorney

ATTEST: _____
Shirley A. Gentry
City Clerk

EXHIBIT A

[New Reimbursement Agreement]

**SECOND AMENDED AND RESTATED
LETTER OF CREDIT REIMBURSEMENT AGREEMENT**

among

CITY OF AUSTIN, TEXAS,
(the "City")

THE BANKS SIGNATORY HERETO,

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
(the "Agent")

Relating to up to

\$350,000,000
City of Austin, Texas
Combined Utility Systems
Commercial Paper Notes,
Series A

Dated as of _____, 2012

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	2
Section 1.01. Definitions.....	2
Section 1.02. Accounting Matters.....	8
Section 1.03. Interpretation.....	8
Section 1.04. Relation to Other Documents.....	9
Section 1.05. Incorporation of Certain Definitions by Reference	9
ARTICLE II REIMBURSEMENT, REIMBURSEMENT NOTES, FEES AND PAYMENT PROVISIONS	9
Section 2.01. Issuance of the Letter of Credit.....	9
Section 2.02. Adjustment in the Stated Amount and Reduction, Expiration and Termination of the Commitment	9
Section 2.03. Reimbursement of Drawings	11
Section 2.04. Costs, Expenses and Taxes	14
Section 2.05. Fees	14
Section 2.06. Increased Costs	14
Section 2.07. Method of Payment.....	16
Section 2.08. Maintenance of Accounts	16
Section 2.09. Cure.....	17
Section 2.10. Withholding	17
Section 2.11. Advances by Agent	17
Section 2.12. Replacement Bank	17
Section 2.13. Computation of Interest and Fees	18
Section 2.14. Payment Due on Non-Business Day to Be Made on Next Business Day	18
Section 2.15. Late Payments	19
Section 2.16. Source of Funds	19
Section 2.17. Issuance Generally	19
ARTICLE III CONDITIONS PRECEDENT	19
Section 3.01. Conditions to Delivery of the Letter of Credit.....	19
ARTICLE IV REPRESENTATIONS AND WARRANTIES	20
Section 4.01. Representations and Warranties of the City.....	20
ARTICLE V COVENANTS.....	22
Section 5.01. Covenants.....	22
ARTICLE VI SECURITY.....	27
Section 6.01. Security	27
ARTICLE VII EVENTS OF DEFAULT; REMEDIES	28
Section 7.01. Events of Default and Termination.....	28
Section 7.02. Remedies.....	31

Section 7.03.	Remedies Cumulative	31
Section 7.04.	Waivers of Omissions	31
Section 7.05.	Continuance of Proceedings	31
Section 7.06.	Injunctive Relief.....	32
ARTICLE VIII NATURE OF OBLIGATIONS; INDEMNIFICATION		32
Section 8.01.	Obligations Absolute	32
Section 8.02.	Continuing Obligation	32
Section 8.03.	Liability of the Agent and the Banks	33
Section 8.04.	No Implied Covenants	34
Section 8.05.	Indemnity	34
Section 8.06.	Facsimile Documents.....	35
ARTICLE IX TRANSFER, REDUCTION OR EXTENSION OF LETTER OF CREDIT		35
Section 9.01.	Transfer, Reduction and Reinstatement.....	35
Section 9.02.	Extension.....	35
ARTICLE X MISCELLANEOUS		36
Section 10.01.	Right of Setoff.....	36
Section 10.02.	Amendments and Waivers	36
Section 10.03.	No Waiver; Remedies	36
Section 10.04.	Participations.....	37
Section 10.05.	Issuing Branch of the Bank.....	37
Section 10.06.	Complete and Controlling Agreement.....	37
Section 10.07.	Amendment of Related Documents	37
Section 10.08.	Fiscal and Other Agents.....	37
Section 10.09.	Waiver of Sovereign Immunity	37
Section 10.10.	Notices	38
Section 10.11.	Severability	40
Section 10.12.	Governing Law	40
Section 10.13.	Successors and Assigns.....	40
Section 10.14.	Counterparts	40
Section 10.15.	Headings	41
Section 10.16.	Waiver of Jury Trial.....	41
Section 10.17.	Notice to Rating Agencies	41
ARTICLE XI THE AGENT		41
Section 11.01.	Appointment	41
Section 11.02.	Delegation of Duties	41
Section 11.03.	Exculpatory Provisions	41
Section 11.04.	Reliance by Agent.....	42
Section 11.05.	Notice of Default.....	42
Section 11.06.	Non-Reliance	42
Section 11.07.	Indemnification	43
Section 11.08.	Administrative Agent in its Individual Capacity	43
Section 11.09.	Successor Agent.....	44

Exhibits

Exhibit A	Form of Request for Adjustment of Stated Amount
Exhibit B	Form Request for Extension
Exhibit C	Commitment Expiration Date Extension Notice
Exhibit D	No-Issuance Notice

**SECOND AMENDED AND RESTATED
LETTER OF CREDIT REIMBURSEMENT AGREEMENT**

THIS SECOND AMENDED AND RESTATED LETTER OF CREDIT REIMBURSEMENT AGREEMENT (this "Reimbursement Agreement") is executed and entered into as of November 1, 2012 by and among **THE CITY OF AUSTIN, TEXAS** (the "City"), **THE BANKS SIGNATORY HERETO** (the "Banks") and **JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**, as Agent for the Banks (in such capacity, the "Agent"). All capitalized terms used herein and not otherwise defined in connection with such use shall have the meanings set forth in Article I.

WHEREAS, pursuant to the provisions of its home rule charter, Chapter 1371, Texas Government Code ("Chapter 1371"), and the Ordinance (as hereinafter defined), the City Council, as the governing body of the City (the "City Council"), has authorized the issuance and delivery from time to time of the City's Combined Utility Systems Commercial Paper Notes, Series A (the "Notes");

WHEREAS, pursuant to the Ordinance, the City Council has authorized the issuance and delivery of the Notes in the aggregate principal amount not to exceed \$350,000,000 at anyone time outstanding;

WHEREAS, Chapter 1371 authorizes the City to execute a letter of credit and a reimbursement agreement with respect to the Notes; and

WHEREAS, Bank of America, N.A. ("Bank of America"), State Street Bank and Trust Company ("State Street") and JPMorgan Chase Bank, National Association ("JPMorgan") (collectively, the "Prior Banks"), the Agent and the City have previously entered into that certain Amended and Restated Letter of Credit Reimbursement Agreement, dated as of March 1, 2010, as amended on February 10, 2011 (together, the "2010 Reimbursement Agreement") and the Prior Banks have issued a Letter of Credit (the "2010 Letter of Credit") for the Notes;

WHEREAS, the City has determined that it is in the best interest of the City to remove Bank of America as a letter of credit provider under the 2010 Letter of Credit and 2010 Reimbursement Agreement;

WHEREAS, Bank of America has not asserted any rights it may have under the 2010 Reimbursement Agreement not to be removed as a letter of credit provider under the 2010 Letter of Credit;

WHEREAS, the City has requested State Street and JPMorgan (the "Banks") to provide the Total Commitment whereby the Banks issue the Letter of Credit to the Issuing and Paying Agent, as beneficiary, in substitution for the 2010 Letter of Credit in an amount not to exceed the Total Commitment;

WHEREAS, the Banks have agreed to issue such Letter of Credit;

WHEREAS, the City, the Agent, State Street and JPMorgan (together, the "Parties") desire to amend and restate the 2010 Reimbursement Agreement to provide for the issuance of the Letter of Credit;

WHEREAS, the Letter of Credit, shall be issued by the Banks on a several but not joint basis, upon the terms and conditions stated in this Reimbursement Agreement; and

WHEREAS, the Obligations of the City hereunder are secured by a pledge of the Pledged Revenues which pledge is subordinate only to the pledge thereof securing the Priority Lien Obligations;

NOW, THEREFORE, in consideration of the agreements set forth herein and in order to induce the Banks to issue the Letter of Credit, and to induce the Agent to act as Agent hereunder, the Banks, the Agent and the City agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to terms defined at other places in this Reimbursement Agreement, the following defined terms are used throughout this Reimbursement Agreement with the following meanings:

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants, selected by the City and satisfactory to the Banks.

"Advance" as defined in Section 2.03(b) hereof.

"Advance Maturity Date" as defined in Section 2.03(c) hereof.

"Bank Rate" means the rate of interest per annum with respect to an Advance (i) for any day commencing on the date such Advance is made up to and including the ninetieth (90th) day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect, and (ii) for any day commencing on or after the ninety-first (91st) day next succeeding the date such Advance is made, equal to the sum of the Base Rate from time to time in effect *plus* 1%; *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, "Bank Rate" shall mean the Default Rate. The Bank Rate shall never be less than the rate of interest on the Notes. Additionally the Bank Rate shall never be greater than the Maximum Rate subject to the clawback provision set forth in Section 2.03(i) hereof.

"Banks" means each bank listed on the signature pages hereof, together with their successors and assigns and any Replacement Bank.

"Base Rate" means a per annum, variable rate of interest equal to the highest of (a) the Prime Rate plus 1.50%; (b) the Fed Funds Rate plus 2.00%; and (c) 7.50% but in no event shall the Base Rate exceed the Maximum Rate subject to the clawback provision set forth in Section 2.03(i) hereof.

"Business Day" means any day other than (a) a Saturday or Sunday or other day on which commercial banks in New York, New York, or the City are authorized or required by law or executive order to close, or (b) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (c) a day on which commercial banks are authorized or required by law or executive order to be closed in the city in which demands for payment are to be presented under the Letter of Credit, which initially shall be Chicago, Illinois.

"Calendar Quarter" means each calendar quarter ending December 31, March 31, June 30 and September 30.

"Change in Law" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" means the date on which all conditions precedent to the effectiveness of this Reimbursement Agreement in Article III are satisfied, which shall be _____, 2012.

"Commitment" means, with respect to each Bank, the amount set forth opposite the name of such Bank on the signature pages hereof, as such amount may be reduced from time to time pursuant to Section 2.02 and Section 7.01(b).

"Commitment Expiration Date" means October 1, 2014, or such later date established as the Commitment Expiration Date pursuant to Section 9.02(b) or such earlier date on which the Banks may terminate their Commitments as provided herein or the date on which the City may terminate the Banks' Commitments as provided herein. In the event the Commitment Expiration Date is scheduled to occur on a day which is not a Business Day, the Commitment Expiration Date shall occur on the next preceding Business Day.

"Commitment Fee" shall have the meaning given to such term in the Fee Agreement.

"Commitment Percentage" means, with respect to each Bank, the percentage set forth opposite the name of such Bank on the signature pages hereof which shall equal a fraction the numerator of which is such Bank's Commitment and the denominator of which is the Total Commitment.

"Conversion Date" means, with respect to a particular Advance, the Advance Maturity Date for such Advance.

"Date of Issuance" means the date on which the Letter of Credit is executed by the Banks and delivered to the Issuing and Paying Agent pursuant to Section 2.01, which shall be _____, 2012.

"Dealers" means Goldman, Sachs & Co. in its capacity as dealer under the Dealer Agreement, together with any successors or assigns, or such other entity or entities as may be selected by the City with the consent of the Agent to act as a dealer or co-dealer.

"Dealer Agreement" means that certain Dealer Agreement, dated December 1, 1996, between the City and Goldman, Sachs & Co., as the same may be amended, supplemented or extended from time to time pursuant to the terms thereof and hereof, and (ii) any other dealer agreement entered into from time to time in connection with the Notes.

"Default" means the occurrence of any event which with the giving of notice or the passage of time or both would constitute an Event of Default.

"Default Rate" means a per annum, variable rate of interest equal to the Base Rate plus 3.50%, provided, however, that the Default Rate shall never exceed the Maximum Rate subject to the clawback provision set forth in Section 2.03(i) hereof.

"Drawing" means a drawing under the Letter of Credit to pay amounts due on Notes at maturity.

"Event of Default" means the occurrence of any of the events defined as such in Section 7.01.

"Fed Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by Agent.

"Fee Agreement" means the Fee Agreement dated _____, 2012 by and among the City and the Banks.

"Fitch" means Fitch, Inc., and its successors and assigns.

"Governmental Approval" means (i) any authorization, consent, approval, license, waiver, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, sanction or publication of, by or with, (ii) any notice to, (iii) any declaration of or with, or (iv) any registration by or with, or any other action or deemed action by or on behalf of, any Governmental Authority.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Interest Portion" means that portion of each Drawing used to pay interest accrued on Notes at maturity.

"Issuing and Paying Agency Agreement" means the Issuing and Paying Agency Agreement, dated as of December 1, 1996, between the Issuing and Paying Agent and the City, as the same may be amended, supplemented or extended from time to time pursuant to the terms thereof and hereof and any other similar agreement between the City and any successor issuing and paying agent.

"Issuing and Paying Agent" means the institution appointed from time to time by the City to act as Issuing and Paying Agent under the Issuing and Paying Agency Agreement, which on the Closing Date is U.S. Bank Trust National Association, New York, New York.

"Law" means all laws, statutes, treaties, ordinances, codes, acts, rules, regulations, Government Approvals and Orders of all Governmental Authorities, whether now or hereafter in effect.

"Letter of Credit" means the Irrevocable Letter of Credit issued by the Banks pursuant to this Reimbursement Agreement dated the Date of Issuance, including such amendments, modifications or supplements permitted pursuant to its terms and this Reimbursement Agreement.

"Letter of Credit Expiration Date" shall have the same meaning given to the term "Stated Expiration Date," as defined in the seventh paragraph of the Letter of Credit, as such date may be extended from time to time.

"Letter of Credit Fee" shall have the meaning given to such term in the Fee Agreement.

"Maximum Rate" means, with respect to any Obligations of the City and at any time, the lesser of (i) the maximum nonusurious rate of interest permitted to be charged on such obligation by applicable federal or State law (whichever shall permit the higher lawful rate) from time to time in effect or (ii) the maximum "net effective interest rate" permitted by present or future law to be paid on Obligations issued or incurred by the City in the exercise of its borrowing powers, as currently prescribed by Chapter 1204, Texas Government Code.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"No-Issuance Notice" means the written instruction given by the Agent to the City and the Issuing and Paying Agent pursuant to Section 7.01(b) hereof.

"Notes" means the City's Combined Utility Systems Commercial Paper Notes, Series A, which may be outstanding at anyone time in an amount which, together with accrued interest to their maturity, will not exceed \$389,375,000.

"Obligations" means the Reimbursement Obligations, the Letter of Credit Fees, Commitment Fees and all other obligations of the City to the Banks arising under or in relation to this Reimbursement Agreement.

"Offering Memorandum" means the Offering Memorandum delivered in connection with the Notes, as supplemented on _____, 2012, together with any material attached or appended thereto, as the same may be amended or supplemented from time to time.

"Order" means an order, writ, judgment, award, injunction, decree, ruling or decision of any Governmental Authority or arbitrator.

"Ordinance" means Ordinance No. 961121-A of the City Council, adopted on November 21, 1996, amending and restating Ordinance No. 930318-A of the City Council and authorizing the issuance of the Notes and as amended by Ordinance No. 980513-A.

"Parity Bank" means any bank that is a party to the Parity Reimbursement Agreement.

"Parity Electric Utility Obligations" are obligations of the City issued pursuant to Ordinance No. 010118-53A adopted on January 18, 2001, governing the issuance of City's electric utility system indebtedness.

"Parity Lien Obligations" means the City's obligations under the Parity Notes and the Parity Reimbursement Agreement.

"Parity Note Ordinance" means Ordinance No. 000629-90 of the City Council, adopted on June 29, 2000, amending and restating Ordinance No. 980513-B of the City Council, adopted on May 13, 1998, authorizing the issuance of Parity Notes.

"Parity Notes" means the City's Combined Utility Systems Taxable Commercial Paper Notes.

"Parity Reimbursement Agreement" means the Letter of Credit Reimbursement Agreement pertaining to the Parity Notes dated as of June 1, 2011, between the City and JPMorgan Chase Bank, National Association, or any other credit facility that provides credit support for the Parity Notes.

"Parity Water/Wastewater Obligations" are obligations of the City issued pursuant to Ordinance No. 930318-A, as amended by Ordinance No. 961121-A and Ordinance No. 980513-A governing the issuance of the City's water/sewer system indebtedness.

"Participant(s)" means any bank(s) or other financial institution(s) which may purchase a participation interest from any Bank in the Letter of Credit, this Reimbursement Agreement and certain of the Related Documents pursuant to a participation agreement between such Bank and the Participant(s).

"Person" means any natural person, corporation, partnership, association, trust, joint venture, public body or other legal entity.

"Pledged Revenues" shall have the meaning set forth in the Ordinance.

"Prime Rate" means the rate of interest announced by JPMorgan from time to time as its prime commercial rate or equivalent, as in effect on such day for United States dollar loans, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate.

"Principal Portion" means that portion of each Drawing used to pay the principal of Notes at maturity.

"Priority Lien Obligations" shall have the meaning set forth in the Ordinance.

"Qualified Bank" means a commercial bank duly organized, existing and licensed under the laws of the United States of America or any state, or any federal branch of a foreign bank certified under the International Banking Act of 1978, as amended, or any branch or agency of a foreign bank licensed by any State which, in any case, is reasonably acceptable to the City and the Agent.

"Rating Agency" means S&P, Moody's or Fitch, or any successor or additional rating agency that rates the Notes at the written request of the City with the written consent of the Agent and the Banks.

"Reimbursement Agreement" means this Second Amended and Restated Letter of Credit Reimbursement Agreement, including such amendments, modifications or supplements permitted pursuant to Section 10.02.

"Reimbursement Agreement Ordinance" means Ordinance No. _____ of the City Council adopted on November 1, 2012, authorizing the execution and delivery of this Reimbursement Agreement.

"Reimbursement Obligations" means the obligations of the City under this Reimbursement Agreement to reimburse the Banks for Drawings under the Letter of Credit and all obligations to repay the Banks for any Advance or Term Loan, including in each instance all interest accrued thereon in accordance with this Reimbursement Agreement.

"Related Documents" means, collectively, this Reimbursement Agreement, the Dealer Agreement, the Letter of Credit, the Notes, the Ordinance, this Reimbursement Agreement Ordinance, the Issuing and Paying Agency Agreement and any exhibits, instruments or agreements relating thereto.

"Replacement Bank" means any commercial bank made party to this Reimbursement Agreement and the Letter of Credit pursuant to Section 2.12.

"Request for Adjustment" as defined in Section 2.02(a) hereof.

"Requestor Adjustment" means a written request in the form of Exhibit A from the City to the Banks, delivered to the Agent, to increase or decrease the Stated Amount.

"S&P" means Standard & Poor's Rating Services, a Standard & Poor's Financial Services, LLC business.

"Security" shall have the meaning given to such term in Section 6.01 of this Reimbursement Agreement.

"Stated Amount" shall have the meaning given to such term in the Letter of Credit.

"Stated Amount Adjustment Date" means each date on which the Stated Amount is adjusted pursuant to Section 2.02(a).

"Subordinate Lien Bonds" shall have the meaning set forth in the Ordinance.

"Termination Date" means the date on which the Letter of Credit terminates or expires as described in the seventh paragraph of the Letter of Credit.

"Termination Fee" has the meaning set forth in the Fee Agreement

"Term Loan" as defined in Section 2.03(e) hereof.

"Term Loan Maturity Date" means with respect to any Term Loan, the third anniversary of the date the related Advance was made,

"Total Commitment" means an amount equal to the sum of all Commitments, which on the Closing Date shall equal \$389,375,000.

"Total Unutilized Commitment" means an amount equal to the sum of all Unutilized Commitments, as the same may be adjusted from time to time.

"Unutilized Commitment" means, with respect to each Bank and as adjusted from time to time, an amount equal to (a) such Bank's Commitment minus such Bank's Commitment Percentage of the Stated Amount, determined without regard to reductions in such Stated Amount subject to automatic reinstatement as provided in the Letter of Credit.

Section 1.02. Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with generally accepted accounting principles, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Reimbursement Agreement shall be made in accordance with generally accepted accounting principles.

Section 1.03. Interpretation. All words used herein shall be construed to be of such gender or number as the circumstances require. Any reference herein to an Article or Section shall constitute a reference to the corresponding Article or Section of this Reimbursement Agreement unless otherwise specified. Reference to any document means such document as amended or supplemented from time to time as permitted under Section 10.07. All references to

time herein shall, unless otherwise specified constitute a reference to the prevailing time in New York, New York.

Section 1.04. Relation to Other Documents. Nothing in this Reimbursement Agreement shall be deemed to amend, or relieve the City of any of its obligations under, any Related Document. To the extent any provision of this Reimbursement Agreement conflicts with any provision of any other Related Document to which the City, the Agent and the Banks are parties, the provisions of this Reimbursement Agreement shall control.

Section 1.05. Incorporation of Certain Definitions by Reference. Any capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Ordinance or the Reimbursement Agreement Ordinance, as applicable.

ARTICLE II

REIMBURSEMENT, REIMBURSEMENT NOTES, FEES AND PAYMENT PROVISIONS

Section 2.01. Issuance of the Letter of Credit. The Banks agree to issue the Letter of Credit on _____, 2012 if the conditions set forth in this Section and in Article III are satisfied or waived by the Banks. In addition to the conditions set forth in Article III, on the Date of Issuance the following conditions shall be satisfied as determined by the Banks:

(a) The Stated Amount of the Letter of Credit shall not exceed the Total Unutilized Commitment.

(b) All representations and warranties of the City contained in Article IV shall be true and correct.

(c) No Default or Event of Default shall have occurred and be continuing and no Default or Event of Default shall occur as a result of the issuance of the Letter of Credit.

Section 2.02. Adjustment in the Stated Amount and Reduction, Expiration and Termination of the Commitment.

(a) *Adjustment of Stated Amount.* The Stated Amount shall be subject to automatic reduction and reinstatement in the amounts and upon the terms and conditions set forth in the Letter of Credit. The City may, however, from time to time, but no more often than twice in any 30-day period, request that the Stated Amount be increased or decreased from time to time by delivery of a Request for Adjustment (a "Request for Adjustment") to the Agent; provided however, such Request for Adjustment shall not duplicate the automatic reduction and reinstatement of the Stated Amount due to any draw and repayment under the Letter of Credit. Delivery of a Request for Adjustment may be accomplished by telecopy to the Agent of an executed Request for Adjustment followed promptly by the submission of an executed original of the Request for Adjustment. The minimum amount of any requested adjustment shall be \$10,000,000 in Principal Portion. Upon receipt of a Request for Adjustment, the Agent shall promptly

provide copies thereof to each Bank. Each Request for Adjustment shall be irrevocable. The Banks agree, upon satisfaction of the conditions set forth in this Section, to adjust the Stated Amount from time to time prior to the Commitment Expiration Date; provided, that no requested increase in the Stated Amount shall be for an amount in excess of the Total Unutilized Commitment on the date of such Request for Adjustment. In no event shall the Stated Amount exceed the Total Commitment. Upon satisfaction of the conditions precedent set forth in Section 2.02(b) the Banks shall execute and deliver a Notice of Adjustment in the Stated Amount in the form of Exhibit F to the Letter of Credit to the Issuing and Paying Agent and upon such delivery and the acknowledgement thereof by the Issuing and Paying Agent the Stated Amount shall be adjusted to the amount set forth in such notice.

(b) ***Conditions Precedent to Adjustment in Stated Amount.*** As a condition precedent to any adjustment in the Stated Amount pursuant to a Request for Adjustment, each of the following conditions shall be satisfied as determined by the Agent, on behalf of the Banks:

(i) The Agent, on behalf of the Banks, shall have received a telecopy or electronic mail transmission of an executed Request for Adjustment at least 10 Business Days prior to the proposed Stated Amount Adjustment Date.

(ii) The Commitment Expiration Date shall not have occurred.

(iii) All representations and warranties of the City contained in Article IV shall be true and correct on the Stated Amount Adjustment Date.

(iv) No Default or Event of Default shall have occurred and be continuing and no Default or Event of Default shall occur as a result of the requested adjustment in the Stated Amount.

(v) If the Request for Adjustment requests an increase in the Stated Amount, the amount of the increase in the Stated Amount shall not exceed the Total Unutilized Commitment.

(vi) If the Request for Adjustment requests an increase in the Stated Amount, the rating on neither the City's Parity Electric Utility Obligations nor the rating on the City's Parity Water/Wastewater Obligations, shall be lower than Baa2 by Moody's and BBB by S&P or Fitch on the Stated Amount Adjustment Date.

(c) ***Commitment Expiration Date.*** On and after the Commitment Expiration Date the Total Unutilized Commitment shall be reduced to zero and the Banks shall no longer be obligated to adjust the Stated Amount pursuant to this Section.

(d) ***Substitute Letter of Credit.*** The City agrees not to replace the Letter of Credit (or to direct the Issuing and Paying Agent to terminate the Letter of Credit without a replacement letter of credit being substituted therefor) prior to the earliest of (a) the Letter of Credit Expiration Date, or (b)(i) the payment by the City to the Agent for the

Account of the Banks the Termination Fee, if required and (ii) the payment to the Banks of all Obligations payable hereunder and under the Fee Agreement, and providing the Banks notice of its intention to do so at least sixty (60) days prior to the date of such termination or replacement; *provided* that all payments to the such Bank referred to in clauses (b)(i) and (b)(ii) above shall be made with immediately available funds. Notwithstanding any provisions of this Section to the contrary, the City may replace a Bank at any time without paying the Termination Fee if a rating of any of the Banks is lowered or withdrawn by Moody's, S&P or Fitch.

(c) ***Reduction in Total Commitment.*** The Total Commitment shall not be permanently reduced or terminated by the City while the Letter of Credit is in effect.

Section 2.03. Reimbursement of Drawings.

(a) ***Reimbursement for Drawings.*** Each time that a Drawing is made under the Letter of Credit to pay the principal of and interest on maturing Notes, the City, after the Agent has honored such Drawing, shall reimburse the Agent, for the account of the Banks, for the full amount of such Drawing by causing the Issuing and Paying Agent to wire transfer to the Agent amounts in the Note Payment Fund held by the Issuing and Paying Agent, which represent (i) the proceeds of refunding Notes issued to refund maturing Notes and (ii) amounts deposited therein by the City for the purpose of reimbursing the Banks for Drawings under the Letter of Credit. Such transfer by the Issuing and Paying Agent shall be made not later than the close of business (New York time) on the date that such Drawing is made. To the extent that the proceeds of refunding Notes deposited in the Note Payment Fund are insufficient to fully reimburse the Agent for any Drawing under the Letter of Credit, the City shall promptly deposit in the Note Payment Fund the amount of such insufficiency from the Security or from other lawfully available funds, in any case, only after the Agent has honored the related Drawing. Subject to the provisions in Section 2.03(b) any amount of a Drawing for which the Agent is not reimbursed on the same day as such Drawing is made (the "*Unpaid Drawing*") shall bear interest at the Default Rate until the Banks are reimbursed in full for such Drawing.

(b) ***Making of Advances.*** The Banks agree that if (i) the Agent, on behalf of the Banks, shall honor any Drawing under the Letter of Credit, (ii) the amount of such Drawing shall not be reimbursed in full on the date of such Drawing by payment to the Agent for the account of the Banks as provided in Section 2.03(a) hereof, and (iii) (A) the representations and warranties of the City contained in Article IV of this Reimbursement Agreement are true and correct as of the date of such Drawing and (B) no Default or Event of Default shall have occurred and be continuing on the date of such Drawing, the amount of such Drawing (or the portion thereof) which is not so reimbursed by the City to the Agent for account of the Banks shall automatically constitute an advance made by the Banks to the City on the date and in an amount equal to the amount of such Drawing (or portion thereof) which is not so reimbursed by the City to the Banks (individually an "*Advance*" and, collectively, the "*Advances*"). For purposes of Section 2.03(a) hereof, each Advance when made shall constitute reimbursement of the related Drawing in an amount equal to the principal amount of such Advance; and each Advance when made

shall preclude, to the extent of the amount of such Advance, the related Drawing from being or constituting an Unpaid Drawing. Unless the City shall have otherwise previously advised the Agent in writing, payment by the Agent on behalf of the Banks of any Drawing under the Letter of Credit shall be deemed to constitute a representation and warranty by the City that on the date of such Drawing (i) the representations and warranties of the City contained in Article IV are true and correct, (ii) no Default or Event of Default has occurred and is continuing, and (iii) a No-Issuance Notice shall not be in effect.

(c) **Payment of Principal and Interest on Advances.** Except as otherwise required or permitted by Section 2.03(e), and 2.03(f) of this Reimbursement Agreement, the City shall repay, or cause to be repaid, the unpaid amount of each Advance on or before the 90th day next following the date of such Advance (with respect to such Advance, the "*Advance Maturity Date*"). The City shall pay interest on the unpaid amount of each Advance from the date of such Advance until paid in full at the Bank Rate from time to time in effect. Interest on each Advance shall be payable monthly, in arrears, on the first day of each month for the immediately preceding calendar month (commencing with the first such date to occur after the making of the related Advance) and upon prepayment or maturity of such Advance.

(d) **Optional Prepayment.** The City may prepay Advances in whole, or in part in a minimum amount of \$1,000,000 and in integral multiples of \$100,000 in excess thereof, in each case without penalty or premium on one Business Day's prior written notice.

(e) **Term Loans.** On the earlier of the Termination Date or the Advance Maturity Date, each Advance maturing on such date, if the conditions set forth in Section 2.03(f) have been satisfied, shall be converted to a loan (a "*Term Loan*").

(f) **Conditions Precedent to Term Loans.** Amounts owed by the City for any Advance remaining unpaid on their respective Advance Maturity Dates shall be converted to Term Loans if and only if:

(i) the representations and warranties of the City contained in Article IV of this Reimbursement Agreement are true and correct on and as of the Conversion Date as though made on and as of such date, and

(ii) no Default or Event of Default has occurred and is continuing or would result from converting the Advance to a Term Loan.

(iii) a No-Issuance Notice shall not be in effect.

(g) **Repayment of Term Loans.** The City agrees to pay to the Agent for the account of the Banks an amount equal to the unpaid principal amount of each Term Loan made by the Banks together with interest thereon from and including the Conversion Date to but excluding the date the Banks are reimbursed therefor at a rate per annum equal to the Base Rate plus 1.00%; *provided* that from and after the occurrence of an Event of Default, each Term Loan shall bear interest at the Default Rate. Interest on the

unpaid balance of each Term Loan shall be paid to the Agent monthly in arrears on the first day of each calendar month during the term of such Term Loan for the immediately preceding calendar month (commencing with the first such date to occur after the Conversion Date) and on the Term Loan Maturity Date. Each Term Loan shall be repaid in 12 equal quarterly installments (each such installment herein referred to as a "*Principal Payment*"), such Principal Payments to be made on or before the date 90 days after the Drawing to which such Term Loan relates, and each date occurring every three (3) months thereafter, until paid in full; *provided* that the unpaid amount of each Term Loan shall be paid in full not later than the applicable Term Loan Maturity Date; *provided further*, that if the City elects to prepay a Term Loan in part, each such prepayment shall be applied (i) to the Term Loans in inverse order of the Conversion Dates of the Term Loans and (ii) to the remaining Principal Payments relating to each Term Loan prepaid in inverse order of the date of such Principal Payment.

(h) *Prepayment of Term Loans.* The City may prepay any Term Loan in whole, or in part in a minimum amount of \$1,000,000 and in integral multiples of \$100,000 in excess thereof, in each case without penalty on one Business Day's prior written notice.

(i) *Maximum Rate of Interest.* Notwithstanding anything in this Reimbursement Agreement to the contrary, the City shall never be required to pay any interest pursuant to this Reimbursement Agreement in excess of the Maximum Rate, and if the effective rate of interest that would otherwise be payable under this Reimbursement Agreement ever exceeds the Maximum Rate, then

(i) the rate of interest that would otherwise be payable under this Reimbursement Agreement shall be reduced to the Maximum Rate, and

(ii) any amount of interest collected or received by the Banks pursuant to this Reimbursement Agreement in excess of the Maximum Rate shall, at the option of the Agent on direction from the Banks, be either refunded to the City or credited to any amount of principal owing to the Banks hereunder and the provisions of this Reimbursement Agreement and the other Related Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder, reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder.

It is further agreed that, without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received by the Banks under this Reimbursement Agreement that are made for the purpose of determining whether such rate exceeds the Maximum Rate shall be made, to the extent permitted by applicable usury laws (now or, to the extent lawful, hereafter enacted), by amortizing, allocating, prorating and spreading in equal parts during the full stated term of this Reimbursement Agreement all interest at any time contracted for, charged or received by the Banks in connection herewith. If at any time and from time to time (A) the amount of interest payable to the Banks on any date shall be computed at the Maximum Rate pursuant to this Section, and (B) in respect

of any subsequent interest computation period, the amount of interest otherwise payable to the Banks would be less than the amount of interest payable to the Banks computed at the Maximum Rate, then the amount of interest payable to the Banks in respect of such subsequent interest computation period shall continue to be computed at the Maximum Rate until the total amount of interest paid to the Banks shall be equal to the total amount of interest which would have been payable to the Banks if the total amount of interest had been computed without giving effect to this Section (the "*Excess Interest*"). Upon termination of the Letter of Credit and this Reimbursement Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, the City, to the extent permitted by law, shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest; provided that in no event shall any such payment result in interest paid hereunder exceeding the Maximum Rate.

Section 2.04. Costs, Expenses and Taxes. The City shall pay the costs and expenses of the Agent and the Banks incurred in connection with the administration of this Reimbursement Agreement and the Related Documents and with respect to seeking the advice of counsel by the Agent and the Banks as to their rights and responsibilities under this Reimbursement Agreement and the Related Documents including fees and expenses of counsel to the Agent and the Banks incurred in connection with such administration. In addition, the City agrees to pay on demand all costs and expenses of the Agent and the Banks, if any, in connection with the enforcement of this Reimbursement Agreement, the Related Documents and such other documents which may be delivered in connection with this Reimbursement Agreement and the Related Documents. Further, the City shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Reimbursement Agreement, the Related Documents and such other documents and agrees that the Agent and the Banks shall have no responsibility for or liability with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 2.05. Fees The City shall pay the Letter of Credit Fee and Commitment Fee and other fees and expenses as set forth the Fee Agreement.

Section 2.06. Increased Costs.

(a) If any Change in Law shall have occurred, which shall (i) change the basis of taxation of payments to the Banks or a Participant of any amounts payable thereunder (except for taxes on the overall net income of the Banks or a Participant), (ii) impose, modify, or make applicable any reserve, capital, special deposit, or similar requirement against loans of or letters of credit issued by the Banks or participated in by a Participant, (iii) subject loans of or letters of credit issued by the Banks, or a participation therein held by any Participant, to any assessment or other cost imposed by the Federal Deposit Insurance Corporation or any successor thereto, or (iv) impose on the Banks or any Participant any other condition regarding this Reimbursement Agreement, the Letter of Credit or advances made hereunder or thereunder, and the result of any event referred to in clause (i), (ii), (iii) or (iv) above shall be to increase the cost to the Banks of issuing, funding or maintaining, or to any Participant of participating in, the Letter of Credit or any obligation hereunder or thereunder, then upon demand by the Agent on behalf of the Banks, the City shall immediately pay to the Agent for the account of the Banks, from

time to time as specified by the Agent on behalf of the Banks, such additional amounts as shall be, in the determination of the Agent on behalf of the Banks or such Participant, as the case may be, sufficient to compensate the Banks or the Participant for such increased direct costs, together with interest on each such amount from the date of demand until payment in full thereof at the Base Rate.

(b) If the Banks or a Participant shall have determined that a Change in Law shall impose, modify or deem applicable any capital adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Banks or a Participant or any corporation controlling the Banks or a Participant allocates capital resources to its commitments, including its obligations under lines of credit) that either (A) affects or would affect the amount of capital to be maintained by the Banks or a Participant or any corporation controlling the Banks or a Participant or (B) reduces or would reduce the rate of return on the Banks' or the Participant's or the Banks' or Participant's controlling corporation's capital to a level below that which the Banks or Participant or the Banks' or Participant's controlling corporation could have achieved but for such circumstances (taking into consideration the Banks' or Participant's or the Banks' or Participant's controlling corporation's policies with respect to capital adequacy), then upon demand by the Agent on behalf of the Banks, the City shall immediately pay to the Agent for the account of the Banks, from time to time as specified by the Agent on behalf of the Banks, such additional amounts as shall be, in the determination of the Agent on behalf of the Banks or such Participant, as the case may be, sufficient to compensate the Banks or the Participant for such additional amount or amounts as will compensate the Banks or Participant or the Banks' or Participant's controlling corporation for such cost of maintaining such increased capital or the reduction in the rate of return on the Banks' or Participant's or the Banks' or Participant's controlling corporation's capital together with interest on each such amount from the date of demand until payment in full thereof at the Base Rate.

(c) The Agent shall provide written notice to the City of the occurrence of any event which the Agent anticipates will give rise to an obligation of the City to pay any amount under subsection (a) or (b) above; provided, however, that failure to provide such notice or any defect therein shall not affect the right of the Banks or a Participant to receive or the obligation of the City to pay any obligation under subparagraph (a) or (b) above. A certificate setting forth such increased costs incurred by the Banks or any Participant as a result of any event specified in this Section 2.06 submitted by the Agent on behalf of the Banks to the City, shall be conclusive, absent manifest error, as to the amount thereof. In determining such amount, the Banks or any Participant may use any reasonable averaging and attribution methods. The City shall pay such increased cost as set forth in the certificate described above within 30 days of receipt of such certificate.

(d) The obligations of the City under this Section 2.06 shall survive the termination of this Reimbursement Agreement for acts or events that occurred during the term of this Reimbursement Agreement.

(e) The protection of this Section 2.06 shall be available to the Banks and Participants regardless of any possible contention of invalidity or inapplicability of the

law, regulation or condition which has been imposed; provided, however, that if it shall be later determined by the Banks or Participants that any amount so paid by the City pursuant to this Section 2.06 is in excess of the amount payable under the provisions hereof, the Banks shall refund such excess amount to the City.

Section 2.07. Method of Payment. All payments by or on behalf of the City to the Agent (including payments by the Issuing and Paying Agent for the account of the Banks pursuant to Section 2.03) shall be made without set-off, counterclaim or deduction of any kind, in lawful currency of the United States of America, by wire transfer in immediately available funds to JPMorgan Chase Bank, National Association as follows:

(a) Payments to the Agent in respect of reimbursement of drawings paid by the Agent and transaction fees as specified in Sections 2.04, 2.05 and 2.06 are to be made to the Agent at ABA 021 000 021, Account No. 3243317541, Attention: Standby Letter of Credit Services, Reference: JPMorgan Chase Bank, National Association, Letter of Credit No. [CPCS-829055;]

(b) Payments to the Agent in respect of all other monies due the Agent are to be made to the Agent at ABA 021 000 021, Account No. 9008113381H0099, Attention: Loan & Agency Services, Reference: Austin Texas Combined Utility System.

Any payment received by the Agent after 4:00 p.m., shall be deemed to have been received by the Agent on the next Business Day. If any payment hereunder is due on a day that is not a Business Day, then such payment shall be due on the immediately succeeding Business Day and such additional time shall be taken into account in calculating the fees or interest paid hereunder on such date. Payments received by the Agent for the account of the Banks shall be promptly remitted to the Banks pro rata on the basis of the Banks' Commitment Percentages. Amounts paid to the Agent for the account of a Bank or Participant shall be paid by the Agent to such Bank or Participant.

Unless the Agent shall have received notice from the City prior to the date on which any payment is due to the Banks hereunder that the City will not make such payment in full, the Agent may assume that the City has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the City shall not have so made such payment, each Bank shall repay to the Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent, at the Fed Funds Rate for the first two days and at the Fed Funds Rate plus 2% for each day thereafter.

Section 2.08. Maintenance of Accounts. The Agent and the Banks shall maintain in accordance with their usual practice an account or accounts evidencing the Reimbursement Obligations of the City and the amounts payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Reimbursement Agreement, the entries made in such account or accounts shall be presumptive evidence, in the absence of manifest error, of the existence and amounts of the Reimbursement Obligations of the City therein recorded. The

failure to record any such amount shall not, however, limit or otherwise affect the obligations of the City hereunder to repay all amounts owed hereunder, together with all interest accrued thereon as provided in this Article II.

Section 2.09. Cure. The City agrees to pay to the Agent on demand any amounts advanced by or on behalf of any of the Banks to the extent required to cure any default, event of default, or event of nonperformance under this Reimbursement Agreement or any Related Document. The Agent or the Bank making such advance shall give the City reasonably prompt notice of any such advances. The Agent and the Banks shall have the right, but not the obligation, to cure any such default, event of default or event of nonperformance.

Section 2.10. Withholding. All payments due hereunder shall be made in the amounts required hereunder without any reduction or setoff, notwithstanding the assertion of any right of recoupment or setoff or of any counterclaim by the City, and without any withholding on account of taxes, levies, duties or any other deduction whatsoever. If the City is required by law to withhold or deduct any sum from payments required under this Reimbursement Agreement, the City shall, to the extent permitted by applicable law, increase the amount paid by it to the Agent so that, after all withholdings and deductions, the amount received by the Agent and the Banks shall equal the amount the Agent and the Banks would have received without any such withholding or deduction. The City shall promptly notify the Agent of each payment made pursuant to this Section.

Section 2.11. Advances by Agent. The Agent has no obligation to advance funds on behalf of any other Bank in connection with a Drawing until the Agent has received funds from such other Bank in an amount sufficient to cover the obligation of such Bank in connection with such Drawing. Unless the Agent shall have received notice from a Bank prior to the date on which any payment is to be made under the Letter of Credit that such Bank will not make such payment in full, the Agent may assume such Bank has made such payment in full to the Agent on such date and the Agent may, in its sole discretion and in reliance upon such assumption, advance its own funds to satisfy the Drawing requested under the Letter of Credit. If and to the extent that such Bank shall not have funded its share of the Drawing requested, such Bank shall repay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount is advanced until the date such Bank repays such amount to the Agent, at the Fed Funds Rate for the first two days and at the Fed Funds Rate plus 2% for each day thereafter. If after two days, the Agent has not been so repaid by such Bank, the Agent shall provide notice to the City of such failure on the part of such Bank. If after five days the Agent has not been so repaid by such Bank, the Agent may make demand on the City and the City shall pay to the Agent the amount advanced by the Agent for which it has not been repaid in accordance with the terms of Section 2.03(a) hereof.

Section 2.12. Replacement Bank. Subject to paying the Termination Fee pursuant to Section 2.02(d) hereof, if required, the City may from time to time remove or replace any Bank as a "Bank" hereunder and under the Letter of Credit by delivery of a written notice to the Agent and the Banks stating:

- (a) The identity of the Bank being removed or replaced; and

(b) The date on which such removal or replacement shall take place (the "Replacement Date").

If the City delivers the notice described above in this Section designating a Bank for removal or replacement, the remaining Banks shall have fifteen days within which to determine if any of them are willing to assume all or any portion of the Commitment of the Bank being replaced. If the remaining Banks are willing to increase their Commitments by an amount equal to that of the Bank being replaced, the Agent, the City, and the remaining Banks shall promptly enter into mutually acceptable amendments to this Reimbursement Agreement and the Letter of Credit which are necessary to document such increase. If the remaining Banks are not willing to increase their Commitments, as described above, the City may designate one or more Replacement Banks to replace the Bank being removed. Each Replacement Bank shall be a Qualified Bank. Upon such designation, the City, the Agent, the remaining Banks and each Replacement Bank shall enter into mutually acceptable amendments to this Reimbursement Agreement and the Letter of Credit necessary to document the addition of the Replacement Banks. If the remaining Banks are unwilling to increase their Commitments and the City does not designate one or more Replacement Banks, the City may rescind its notice designating a Bank for removal and replacement, in which case such Bank shall continue in its role as a Bank hereunder, or request the remaining Banks and the Agent to enter into such amendments to the Related Documents as are mutually acceptable to them and as may be necessary to permit a reduction in the Total Commitment hereunder by an amount equal to the Commitment of the Bank being removed. Notwithstanding anything herein to the contrary:

(i) the conditions for the delivery of a substitute letter of credit under the Related Documents must be satisfied in connection with the removal and replacement of any Bank; and

(ii) on the Replacement Date, the Bank being replaced shall be paid all Letter of Credit Fees and Commitment Fees accrued to such date and all other amounts owed to such Bank hereunder.

Any Bank removed from this Reimbursement Agreement shall cooperate in such removal and shall execute such documentation as is reasonably necessary to achieve such removal.

Section 2.13. Computation of Interest and Fees. Fees payable hereunder and under the Fee Agreement shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest payable hereunder shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.14. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Reimbursement Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.15. Late Payments. If the principal amount of any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate.

Section 2.16. Source of Funds. All payments made by the Agent or the Banks pursuant to the Letter of Credit shall be made from funds of the Banks, and not from the funds of any other Person.

Section 2.17. Issuance Generally. The City will permit Notes to be issued, and authorize the Issuing and Paying Agent to issue Notes, only in accordance with the terms of the Ordinance and this Reimbursement Agreement. The City shall not issue Notes if: (i) a Default or an Event of Default shall have occurred and be continuing or would occur upon issuance of the Notes; or (ii) the representations and warranties of the City set forth in Article IV hereof *shall*, in the reasonable opinion of the Banks, no longer be true and correct in any material respect; or (iii) a No-Issuance Notice has been issued.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.01. Conditions to Delivery of the Letter of Credit. The obligation of the Banks to issue the Letter of Credit is subject to the satisfaction of the following conditions:

(a) On or before the Date of Issuance, the Agent shall receive (or waive receipt of) the following, all of which must be acceptable to the Agent, its counsel and the Banks:

(i) an original counterpart of this Reimbursement Agreement executed by all parties;

(ii) a copy of the Ordinance and the Reimbursement Agreement Ordinance, each certified as being true and correct by the City Clerk, and original executed counterparts or certified copies of the other Related Documents;

(iii) a certificate, dated the Date of Issuance, signed by a duly authorized officer of the City certifying: (A) that the Ordinance and Reimbursement Ordinance have not been amended or further amended, as applicable, or revoked and are in full force and effect; (B) as to the incumbency and genuineness of the signature of each officer of the City executing this Reimbursement Agreement and the Related Documents; (C) that the City, as of such date, has complied in all material respects with all of the terms and provisions of this Reimbursement Agreement; (D) that on such date, and after giving effect to the consummation of the transactions contemplated by this Reimbursement Agreement, no Event of Default, or event which with the passage of time would constitute an Event of Default has occurred or is continuing; and (E) that the representations and warranties of the City contained in Article IV hereof are true and correct in all material respects on and as of the Date of Issuance as though made on and as of such date;

(iv) reserved;

(v) an opinion of Bracewell & Giuliani LLP, Bond Counsel, covering such other matters relating to the transactions contemplated by the Related Documents as the Agent shall reasonably request;

(vi) an opinion of Andrews Kurth LLP, Special Counsel for the Banks;

(vii) audited financial statements of the City for the fiscal year ended September 30, 2010, unaudited financial statements and a copy of the City's approved budget for the fiscal year ending September 30, 2011, including such support documents and cash flow projections as may be requested by the Agent' and

(viii) such other documents, instruments, approvals or opinions as the Agent may reasonably request relating to the Related Documents or the transactions contemplated therein.

(b) There shall have been no material adverse change in the financial condition of the City since the date of the last audited financial statements.

(c) All amounts required to be paid to the Agent and the Banks under this Reimbursement Agreement, including all fees and other costs then due and payable in connection with the negotiation, preparation, execution and delivery of this Reimbursement Agreement, have been paid in full.

(d) On or prior to the Date of Issuance, no change shall have occurred in any law or regulation or in any interpretation thereof that in the opinion of counsel for the Agent and the Banks would make it illegal for the Banks to issue the Letter of Credit as provided herein.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of the City. The City represents and warrants that:

(a) the City is a "Home Rule City," acting as such under the Constitution and laws of the State, and has full legal right, power and authority to (i) own, operate and maintain the Systems, (ii) adopt the Ordinance and the Reimbursement Agreement Ordinance, (iii) execute and deliver this Reimbursement Agreement and the Related Documents, (iv) issue and deliver the Notes, (v) pledge the Security, and (vi) perform fully and completely all its obligations and liabilities under the Ordinance, the Reimbursement Agreement Ordinance and this Reimbursement Agreement and under the Related Documents;

(b) the adoption and performance of the Ordinance and the issuance of the Notes thereunder and the adoption and performance of the Reimbursement Agreement Ordinance and the execution, delivery and performance of this Reimbursement Agreement and the Related Documents on the terms and conditions hereof and thereof have been duly authorized by all necessary action on the part of the City and will not violate or contravene any constitutional provisions or any existing law or regulation, or any order or decree of any Governmental Authority, or violate or cause a default under the Parity Note Ordinance, any ordinance previously issued by the City, the Parity Reimbursement Agreement or any indenture, contract or other agreement to which the City is a party or that is binding upon it or any of its property; provided, however, that no representation or warranty is made hereunder with respect to the indemnification provisions of this Reimbursement Agreement;

(c) no consent of any Person and no license, approval or authorization of, nor notice to or registration, filing or declaration with, any Governmental Authority (other than any action that may be required under any state securities or blue sky laws) is required in connection with the adoption, performance, validity or enforceability of the Ordinance, the Reimbursement Agreement Ordinance, the issuance, validity or enforceability of the Notes, or the execution, delivery, performance, validity or enforceability of this Reimbursement Agreement or the Related Documents or, if required, the same has been obtained and is in full force and effect or, if not yet obtained, will be obtained on or before the Date of Issuance and will be in full force and effect on such date, and true copies thereof have been, or will be, delivered to the Agent on or before the Date of Issuance;

(d) the Ordinance, the Reimbursement Agreement Ordinance, this Reimbursement Agreement and the Related Documents constitute, and the Notes, when issued, will constitute, legal, valid and binding agreements or obligations, as the case may be, of the City enforceable in accordance with their respective terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application affecting creditors' rights generally, (ii) the availability of equitable remedies may be limited by equitable principles of general applicability and (iii) the indemnification provisions therein may be limited by applicable securities laws and public policy;

(e) there are no actions, suits or proceedings pending or, to the knowledge of the City, threatened against or affecting it or its properties before any Governmental Authority in which there is reasonable possibility of an adverse decision which could materially and adversely affect the business, financial position or results of operations of the City or which in any manner questions the validity of the Ordinance, the Reimbursement Agreement Ordinance or this Reimbursement Agreement or any of the Related Documents or the City's ability to carry out the transactions contemplated hereby and thereby;

(f) no written information furnished by the City to the Agent in connection with the Ordinance, the Reimbursement Agreement Ordinance or this Reimbursement Agreement or any Related Documents contains any untrue statement of a material fact or

omits to state a material fact necessary in order to make the statement made therein, in light of the circumstances in which they were made, not misleading in any material respect;

(g) the Ordinance, together with the Reimbursement Agreement Ordinance and this Reimbursement Agreement creates a valid lien on, pledge of, and security interest in the Security as security for the Notes and for the repayment of the City's obligations under this Reimbursement Agreement and all action necessary to perfect the lien on, pledge of, and security interest of the Agent and Banks in the Security has been duly and validly taken;

(h) the City has not taken any action, or omitted to take any action, which constitutes a default, or which with the passage of time or the giving of notice, or both, would constitute a default, under any ordinance, indenture, agreement or other instrument pursuant to which any outstanding Priority Lien Obligations have been issued; and

(i) the City hereby makes to the Banks the same representations and warranties as are made by the City in, or are incorporated by the City in, the Ordinance, the Reimbursement Agreement Ordinance or any of the Related Documents, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and defined term was set forth herein in its entirety. No amendment to any such representation and warranty or defined term made pursuant to the Ordinance, the Reimbursement Agreement Ordinance or any Related Document shall be effective to amend such representation and warranty or such defined term as incorporated by reference herein without the prior consent of the Agent and the Banks.

ARTICLE V

COVENANTS

Section 5.01. Covenants. The City covenants and agrees that, until after the Termination Date and the payment in full of all amounts owing to the Agent and the Banks hereunder:

(a) it will, from time to time, at its expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Agent and the Banks may reasonably request, in order to (i) perfect and protect any lien, pledge, or security interest or other right or interest given, or purported to be given to the Agent and the Banks under or in connection with this Reimbursement Agreement or (ii) enable the Agent and the Banks to exercise or enforce their rights or remedies under or in connection with this Reimbursement Agreement;

(b) it will not, without the prior written consent of the Agent on behalf of the Banks, enter into or consent to any amendments of or supplements to the Ordinance, the Reimbursement Agreement Ordinance or any Related Document or any waiver of the requirements thereof and no such amendment or supplement shall be effective without

the prior written consent of the Agent on behalf of the Banks, which consent shall not be unreasonably withheld;

(c) it will promptly notify the Agent of the occurrence of any "Event of Default" under the Ordinance or of a default under the Parity Note Ordinance, the Parity Reimbursement Agreement, or any ordinance, indenture, agreement or other instrument pursuant to which the Priority Lien Obligations are issued, specifying the details thereof and the action that the City proposes to take with respect thereto;

(d) it will permit, at any reasonable time and from time to time during the City's regular business hours and upon reasonable notice, the Agent or any of its agents or representatives to examine and make copies of and abstracts from the records and books of accounts of the City relating to the Systems, and to discuss the affairs, finances and accounts of the Systems with City officials;

(e) it will comply with and observe all other obligations, covenants, agreements and requirements set forth in the Ordinance, the Reimbursement Ordinance and in the Constitution of the State and in all statutes and regulations binding upon it relating to the Notes, the Letter of Credit, this Reimbursement Agreement and the Related Documents;

(f) it will maintain the Note Payment Fund with the Issuing and Paying Agent as required by the Ordinance;

(g) it will promptly notify the Agent in writing of (i) the occurrence of any material litigation or proceeding affecting the City and of any proceeding or threatened proceeding between the City and any Governmental Authority or any other Person which, in each such case, might substantially interfere with the normal operation of the Systems, or (ii) any amendment to the Act or any other governing instrument of the City, which would have a material adverse effect on the Systems or the Notes, or (iii) the name, address, telephone number, fax number and contact person of any bank(s) which becomes a bank under the Parity Reimbursement Agreement;

(h) it will pay when due all of its obligations in connection with the authorization, issuance and delivery of the Notes, this Reimbursement Agreement, the Letter of Credit and the Related Documents;

(i) it will not enter into any contract, agreement or transaction, or incur any obligation which would have a material adverse effect on the City's ability to meet its obligations under this Reimbursement Agreement or any Related Document;

(j) it will not create, incur, assume or suffer to exist any pledge of, lien on or other security interest in the Security except as provided in the Related Documents, the Parity Note Ordinance and the Parity Reimbursement Agreement;

(k) it will not take any action which would cause the interest on the Notes to become includable in the gross income of the holders thereof for federal income tax purposes;

(l) it will at all times maintain rates and charges for the services furnished, provided and supplied by the Electric Light and Power System and Waterworks and Sewer System which shall comply with the provisions of the ordinances authorizing the issuance of the Priority Lien Obligations, be reasonable and non-discriminatory and produce Gross Revenues in each Fiscal Year from each of the Systems sufficient:

(i) to pay the respective Maintenance and Operating Expenses of the Systems;

(ii) to provide amounts required to establish, maintain or restore, as the case may be, a required balance in any reserve or contingency fund created for the payment and security of Separate Lien Obligations;

(iii) to produce combined Net Revenues of the Systems sufficient to pay the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Prior Lien Bonds, the Subordinate Lien Bonds, and other obligations or evidences of indebtedness issued or incurred that are payable only from and secured solely by a lien on and pledge of the combined Net Revenues of the Systems;

(iv) to produce combined Net Revenues of the Systems (after satisfaction of the amounts required to be paid in (ii) and (iii) above) equal to at least the sum of (A) 1.25 times the annual principal and interest requirements (or other similar payments) for the then outstanding Prior Lien Bonds and Separate Lien Obligations and (B) 1.10 times the total annual principal and interest requirements (or other similar payments) for the then outstanding Subordinate Lien Bonds and all other indebtedness payable only from and secured solely by a lien on and pledge of the Net Revenues of the Systems, either or both;

(v) (A) to pay all amounts owed to the Agent and the Banks under this Agreement and to the bank under the Parity Reimbursement Agreement, as and when the same shall become due, and (B) to the extent the same are reasonably anticipated to be paid from Pledged Revenues, to pay the principal of and interest on the Notes and the Parity Notes, as and when the same shall become due; provided, that in no event shall the amount described in clause (B) above be less than an amount equal to the sum of:

(x) 1.10 times the product of (i) \$350,000,000 multiplied by (ii) the sum of (a) the average daily yield on 30-day tax-exempt commercial paper rated A-1/P-1 during the preceding twelve-month period ending on the last day of July of such year (as calculated by a Dealer and set forth in a written notice to the City and the Agent on or before August 31 of each year), plus (b) two percent (2%); and

(y) 1.10 times the product of (i) \$60,000,000 multiplied by (ii) the sum of (a) the average daily yield on 30-day taxable commercial paper rated A-1/P-1 during the preceding twelve-month period ending on the last day

of July of such year (as calculated by a Dealer and set forth in a written notice to the City and the Agent on or before August 31 of each year), plus (b) two percent (2%); and

(vi) to pay any other legal debt or obligation of the Systems, either or both, as and when the same shall become due;

(m) it shall, in good faith and with due diligence, endeavor to sell a sufficient principal amount of the Bonds (or Notes) in order to have funds available, together with other moneys available therefore, to pay all amounts owed to the Banks;

(n) it will deliver to the Agent and the Banks (i) as soon as available and in any event within ninety (90) days after the end of each fiscal year of the City, the approved budget of the City for the then current fiscal year (including therein detailed budget information relating to the Systems), together with a certificate from an Authorized Representative of the City certifying that (A) the rates and charges for the Systems set forth in such approved budget are sufficient to allow the City to comply with the provisions of Section 5.01(1) at all times during such fiscal year, and (B) containing the City's calculation of its compliance for the preceding fiscal year of the covenant set forth in Section 5.01(1) of this Reimbursement Agreement, (ii) as soon as available and in any event within two hundred and ten (210) days of the end of each fiscal year of the City, an audited financial statement of the City as of the end of such fiscal year and the related statement of changes in the funds and in fund balances for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all audited by an independent public accountant of nationally recognized standing, (iii) as soon as available and in any event within sixty (60) days after the end of each Calendar Quarter, unaudited financial statements of the Systems for such Calendar Quarter (which shall include an income statement, balance sheet and statement of cash flows), and (iv) any other information that the Agent may reasonably request from time to time;

(o) it will maintain and preserve all of its properties that are material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, it being understood that this paragraph relates only to the good working order and condition of such properties and shall not be construed as a covenant not to encumber or dispose of such properties by sale, lease, transfer or otherwise in the ordinary course of business or within the provisions of the ordinances authorizing the Priority Lien Obligations;

(p) it will perform and comply with each and every obligation, covenant and agreement required to be performed or observed by it in or pursuant to the Related Documents and the ordinances pursuant to which any Priority Lien Obligations have been issued, which provisions, as well as the related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that any such incorporated provision permits any Person or Persons to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person or Persons, for purposes of this Reimbursement

Agreement, such provision shall be complied with only if it is waived by the Agent on behalf of the Banks and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Agent. No amendment to such obligations, covenants and agreements or defined terms made pursuant to any of the Related Documents shall be effective to amend such obligations, covenants and agreements and defined terms as incorporated by reference herein without the consent of the Agent on behalf of the Banks; and

(q) it will not issue any Notes to refund Priority Lien Obligations.

(r) In the event that the City shall agree or covenant to maintain financial covenants, financial covenant levels or financial covenant testing periods pursuant to documentation entered into by the City with any Person or Persons (other than the Banks) that undertake to make loans or extend credit or liquidity to the City related to the Parity Lien Obligations, from time to time after the date hereof, the City shall (simultaneously with the execution of such documentation) notify the Banks of such covenants, covenant levels or covenant testing periods, and to the extent such covenants, covenant levels or covenant testing periods are determined by the Banks, in their sole discretion, by written notice to the City to be more restrictive than the covenants, covenant levels or covenant testing periods set forth in this Reimbursement Agreement, the City shall comply with the covenants contained in the new documentation for the benefit of the Banks under this Agreement, and the City and the Banks hereby agree that such covenants, together with the related definition of terms contained therein, are hereby incorporated by reference in this Reimbursement Agreement with the same effect as if each and every such covenant and definition were set forth herein in its entirety, and such more restrictive financial covenants, financial covenant levels or financial covenant testing periods shall replace and supercede the financial covenants, financial covenant levels or financial covenant testing periods contained herein. For purposes of clarification, the terms financial covenants, financial covenant levels, and financial covenant testing periods refer to covenants to maintain coverage ratios at certain levels prior to the incurrence of additional debt, to maintain rates, to maintain certain liquidity levels and similar financial covenants and agreements to deliver financial information and other information within a specified term period. The terms financial covenants, financial covenant levels and financial covenant testing periods specifically excludes collateral posting requirements, reserve requirements, automatic termination events, termination events, additional termination events and pricing levels. Each and every amendment or waiver of such covenants or definitions made pursuant to such other documentation, or the release, termination or other discharge of such other documentation, shall be not effective to amend, release, terminate or discharge (as applicable) such covenants and definitions as incorporated by reference herein without the written consent of the Banks.

(s) The City shall at all times maintain the ability to issue Bonds (as defined in the Ordinance) in an amount at least equal to the sum of (i) the aggregate principal amount of the Notes plus (ii) the aggregate amount of accrued interest to maturity on all Notes, plus (iii) any other obligations owing to any credit enhancer or liquidity provider on the Notes.

(t) The City shall use its best efforts to cause the Dealers and the Issuing and Paying Agent to market, issue, and deliver, as applicable, Notes at the then current market rate, up to the Maximum Rate. If a Dealer fails to sell the Notes for sixty (60) consecutive days, then the City, at the written request of the Agent and with mutual agreement of the City, shall replace the applicable Dealer with a Dealer reasonably satisfactory to the Banks.

ARTICLE VI

SECURITY

Section 6.01. Security.

(a) The City hereby pledges and grants to the Banks, on an equal and ratable basis with the Holders of the Notes and as collateral security for the payment by the City, when due, of all amounts now or at any time hereafter owing to the Banks under this Reimbursement Agreement, the due and punctual observance and performance of all other obligations of the City under this Reimbursement Agreement, and the due and punctual observance and performance of the City's obligations to the Holders of the Notes arising under the Notes, a lien on and security interest in the following:

(i) the proceeds from (a) the sale of Bonds issued to refund outstanding Notes and (b) the sale of Notes issued pursuant to the Ordinance to refund outstanding Notes;

(ii) the amounts held in the Note Payment Fund until the amounts deposited therein are used for authorized purposes; provided, however, that amounts in the Note Payment Fund attributable to and derived from Drawings on the Letter of Credit shall be used only to pay the principal of or interest on maturing Notes; and

(iii) the amounts remaining on deposit in the Note Construction Account after the payment of all Projects Costs.

(b) In addition, the City hereby pledges and grants to the Banks, on an equal and ratable basis with the Holders of the Notes and the holders of the Parity Lien Obligations as collateral security for the payment of the City, when due, of all amounts now or at any time hereafter owing to the Banks under this Reimbursement Agreement, the due and punctual observance and performance of all other obligations of the City under this Reimbursement Agreement, and the due and punctual observance and performance of the City's obligations to the Holders of the Notes arising under the Notes subject only to the provisions of the Ordinance permitting the application thereof for purposes and on the terms and conditions set forth therein, a lien on and security interest in the Pledged Revenues; provided, however, that the lien on and security interest in the Pledged Revenues to secure payment of the Notes and other amounts due under this Reimbursement Agreement shall be subordinate only to the lien and pledge of the Pledged Revenues securing the payment of Priority Lien Obligations. The liens and

security interests described in Section 6.01(a) and (b) are referred to collectively as the "Security."

(c) The Banks acknowledge that the pecuniary obligations of the City under this Reimbursement Agreement in the nature of fees due hereunder, amounts due for Drawings made under the Letter of Credit or any other amounts owed to the Banks hereunder are secured by and payable solely from the Security.

(d) Chapter 1208, Texas Government Code provides that no filing, registering, recording or publication of this Reimbursement Agreement or the Fee Agreement is required to establish a pledge of Pledged Revenues to perfect, protect or maintain the lien securing the obligations of the City under this Reimbursement Agreement or the Fee Agreement. In the event Chapter 1208, Texas Government Code is amended at any time while any obligations of the City remain outstanding under this Reimbursement Agreement or the Fee Agreement, such that the lien on the Pledged Revenues is to be subject to the filing requirements of Chapter 9, Texas Business & commerce code, the City agrees to take such action to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, to maintain perfection of the lien on the Pledged Revenues.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES

Section 7.01. Events of Default and Termination.

(a) The following events shall be considered "Events of Default" for purposes of this Reimbursement Agreement:

(i) the City shall fail to pay when due any amount due and payable hereunder; or

(ii) any representation, warranty, certification or statement made by the City in this Reimbursement Agreement or in any Related Document or in any certificate, financial statement or other document delivered pursuant to this Reimbursement Agreement or any Related Document shall (in any such case) prove to have been incorrect or untrue in any material respect when made or deemed to have been made; or

(iii) the City shall default in the due performance or observance of (A) any covenant set forth in Section 5.01 hereof or (B) any other term, covenant (other than a covenant set forth in Section 5.01) or agreement contained in this Reimbursement Agreement and such default in the due performance or observance of any such other term, covenant or agreement shall remain unremedied for a period of sixty (60) days after the Agent on behalf of the Banks shall have given the City written notice of such default; or

(iv) this Reimbursement Agreement or any provision hereof at any time after its execution and delivery, or any Note, shall, for any reason, cease to be valid and binding on the City or in full force and effect or shall be declared to be null and void, or the validity or enforceability of this Reimbursement Agreement or any Notes shall be contested by the City or by any Governmental Authority having jurisdiction over the City, or the City shall deny that it has any or further liability or obligation under this Reimbursement Agreement or any Notes; or

(v) the City shall admit in writing its inability to pay its debts as they mature or shall declare a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee or receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of thirty (30) days; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the City (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of thirty (30) days; or

(vi) there shall be commenced against the City any case, proceeding or action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of the Systems, which results in the entry of an order for relief which shall not have been vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof; or

(vii) any lien, pledge or security interest created to secure any amount due under this Reimbursement Agreement should fail to be fully enforceable with the same priority as and when such lien, pledge or security interest was first acquired; or

(viii) an "Event of Default" shall have occurred under the Ordinance, any of the Related Documents, the Parity Reimbursement Agreement or the Parity Ordinance as "Event of Default" is defined in such documents; or

(ix) a final, nonappealable judgment or order for the payment of money in excess of \$15,000,000 shall be rendered against the City and such judgment or order shall continue unsatisfied and unstayed for a period of sixty (60) days; or

(x) the City shall fail to pay when due any non-debt obligation in excess of \$5,000,000, which is payable from the City's General Fund or the revenues of the Systems, except for the City's failure to pay any such non-debt obligation where the payment of such non-debt obligation is being contested in good faith by the City and defended in an appropriate proceeding; or

(xi) the City shall (a) fail to pay any indebtedness of the City for borrowed money, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness, or (b) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any ordinance, indenture, agreement or other instrument relating to any such indebtedness when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or permit the acceleration of, with the giving of notice if required, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(xii) the ratings assigned to any of the City's Parity Electric Utility Obligations, Parity Water/Wastewater Obligations, or the Priority Lien Obligations by S&P, Moody's or Fitch shall be lower than BBB-/Baa3/BBB-, respectively; or

(xiii) the ratings assigned to any of the City's Parity Electric Utility Obligations, or Parity Water/Wastewater Obligations, or Priority Lien Obligations by S&P, Moody's or Fitch shall be withdrawn or suspended for reasons other than debt maturity, redemption or defeasance, or non-provision of information; or

(xiv) a court of competent jurisdiction has found any of the City's Parity Electric Utility Obligations, Parity Water/Wastewater Obligations or Priority Lien Obligations to have been issued illegally or in violation of the additional debt test in the related ordinance.

(b) If an Event of Default shall have occurred and be continuing, then, and in every such event, the Agent, at the written direction of the Banks in their sole discretion, may immediately declare the City in default of its obligations under this Reimbursement Agreement and provide written notice (substantially in the form attached hereto as Exhibit F) to the City, the Dealers, the Issuing and Paying Agent and the bank under the Parity Reimbursement Agreement that each of the Banks' Commitments are terminated and that the Letter of Credit will terminate upon payment at maturity of the Notes that are outstanding as of the effective date of such notice and instructing the Issuing and Paying Agent to cease issuing Notes (a "No-Issuance Notice"). Any notice given pursuant to this Section and received by the Dealer and the Issuing and Paying Agent as of 8:30 a.m. on any Business Day shall be effective as of such Business Day and any such notice received by the Dealers and the Issuing and Paying Agent after 8:30 a.m. on any Business Day shall be effective on the immediately succeeding Business Day. As of the effective date of such notice, the Issuing and Paying Agent shall cease to issue Notes and shall provide written notice to the Agent, the Banks, the Dealers and the City listing the maturity dates of all outstanding Notes. Upon payment in full of all such Notes at

maturity, the Letter of Credit shall terminate and the Issuing and Paying Agent shall promptly surrender the Letter of Credit to the Agent for cancellation.

Section 7.02. Remedies. Upon the occurrence of an Event of Default and the giving of notice by the Agent as provided in Section 7.01(b) or upon the receipt by the City or the Agent of notice from a Parity Bank that an Event of Default has occurred under the Parity Reimbursement Agreement, the Agent, on behalf of the Banks may, in its sole discretion:

(a) declare the outstanding principal balance of all amounts owing under this Reimbursement Agreement together with interest accrued thereon and remaining unpaid, immediately due and payable; and

(b) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under this Reimbursement Agreement or to enforce performance or observance of any obligation, agreement or covenant of the City under this Reimbursement Agreement, whether for specific performance of any agreement or covenant of the City or in aid of the execution of any power granted to Agent and the Banks in this Reimbursement Agreement.

Section 7.03. Remedies Cumulative. To the extent permitted by, and subject to the mandatory requirements of, applicable law, each and every right, power and remedy herein specifically given to the Agent and the Banks in this Reimbursement Agreement and in the Related Documents, shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Agent and the Banks, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

Section 7.04. Waivers of Omissions. No delay or omission by the Agent or the Banks in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, remedy or power or be construed to be a waiver of any default on the part of the Agent or the Banks or to be acquiescence therein. No express or implied waiver by the Agent or the Banks of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

Section 7.05. Continuance of Proceedings. In case the Agent or the Banks shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Agent or the Banks shall have the unqualified right so to do and, in such event, the City and the Agent and the Banks shall be restored to their former positions with respect to this Reimbursement Agreement, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Agent and the Banks hereunder shall continue as if the same had never been invoked.

Section 7.06. Injunctive Relief. The City recognizes that, in the event the City fails to perform, observe or discharge any of its obligations or liabilities under this Reimbursement Agreement, any remedy of law may prove to be inadequate relief to the Agent and the Banks; therefore, the City agrees that the Agent and the Banks, if the Agent and the Banks so requests, shall be entitled to temporary and permanent injunctive relief in any such case to the extent allowed by law.

ARTICLE VIII

NATURE OF OBLIGATIONS; INDEMNIFICATION

Section 8.01. Obligations Absolute. The obligations of the City under this Reimbursement Agreement shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Reimbursement Agreement under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of this Reimbursement Agreement, the Letter of Credit or any of the Related Documents;

(b) any amendment or waiver of, or any consent to departure from any provision of, this Reimbursement Agreement, the Notes, the Letter of Credit or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other rights which the City may have at any time against any holder, any beneficiary or any transferee of the Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), the Agent, the Bank or any other Person, whether in connection with this Reimbursement Agreement, the Letter of Credit, the Related Documents, the transactions contemplated hereby or any unrelated transaction;

(d) any statement, certificate, draft, notice or any other document presented under the Letter of Credit proves to have been forged, fraudulent, insufficient or invalid in any respect or any statement therein proves to have been untrue or inaccurate in any respect whatsoever;

(e) payment by the Agent and the Banks under the Letter of Credit against presentation of a draft or certificate or both which does not comply with the terms of the Letter of Credit unless such payment in the circumstances constituted negligence or willful misconduct by the Agent and the Banks; or

(f) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, unless payment by the Agent and the Banks under the Letter of Credit in the circumstances constituted negligence or willful misconduct by the Agent and the Banks.

Section 8.02. Continuing Obligation. This Reimbursement Agreement is a continuing obligation, shall survive the expiration of the Letter of Credit and shall (a) be binding upon the City, its successors and assigns, and (b) inure to the benefit of and be enforceable by the Agent,

the Banks and its successors, transferees and assigns; provided, that the City may not, except as otherwise expressly provided herein, assign all or any part of this Reimbursement Agreement without the prior written consent of the Agent and the Banks.

Section 8.03. Liability of the Agent and the Banks. To the extent it legally may, the City assumes all risks of the acts or omissions of the Issuing and Paying Agent and any transferee of the Letter of Credit with respect to its use of the Letter of Credit. Neither the Agent, the Banks nor any of their respective officers or directors nor any of the Indemnitees referred to in Section 8.05 hereof shall be liable or responsible for:

(a) the use which may be made of the Letter of Credit or for any acts or omissions of the Issuing and Paying Agent and any transferee in connection therewith;

(b) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged;

(c) any payment by the Agent or the Banks against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit;

(d) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign the Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(e) the failure of the Issuing and Paying Agent to comply fully with conditions required in order to draw upon the Letter of Credit;

(f) any loss or delay in the transmission or delivery of any document or draft required in order to make a Drawing under the Letter of Credit;

(g) any payment of a Drawing under the Letter of Credit by inter-bank tested telex notwithstanding that the manually executed draft(s) to be delivered to the Banks following such Drawing do not comply on their face with the terms of the Letter of Credit or failure is made to deliver such manually executed draft(s), in whole or in part, to the Banks; or

(h) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit;

except only that the City shall have a claim against the Agent and the Banks, and the Agent and the Banks shall be liable to the City, to the extent and only to the extent of any direct, as opposed to consequential, damages suffered by the City that the City proves were caused by: (A) the willful misconduct or negligence of the Agent or the Banks, as applicable, in connection with clauses (b), (c), (d), (f), (g) and (h) above; or (B) the willful or negligent failure of the Agent or any Bank to pay under the Letter of Credit after the presentation to it by the Issuing and Paying Agent (or a successor issuing and paying agent under the Issuing and Paying Agency Agreement

to whom the Letter of Credit has been transferred in accordance with its terms) of a drawing strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Banks may accept documents that appear on their face to be in order, without responsibility for further investigation. The Banks shall not be liable in any way for any failure on their part to honor any draft under the Letter of Credit as a result of any act or omission of any Governmental Authority or any other cause beyond the control of the Banks.

Section 8.04. No Implied Covenants. The duties and obligations of the Banks with respect to Drawings under the Letter of Credit shall be determined solely by the express provisions of, or those incorporated by reference into, the Letter of Credit, and no implied covenants or obligations relating to the Letter of Credit or the making of any payment thereunder shall be read into this Agreement or the Letter of Credit against the Banks.

Section 8.05. Indemnity. To the extent it legally may, the City hereby indemnifies and holds harmless the Agent, the Banks, each Participant and each of their respective officers, directors, shareholders, employees, attorneys, agents and servants (the "Indemnitees") from and against any and all claims, damages, losses, liabilities, reasonable costs or out-of-pocket expenses whatsoever, including reasonable attorney's fees and court costs of whatever kind and nature, ordinary, extraordinary, foreseen and unforeseen, which the Indemnitees may incur (or which may be claimed against the Indemnitees by any Person or entity whatsoever) by reason of or in connection with:

- (a) the execution and delivery or transfer of, or payment or failure to pay under, the Letter of Credit;
- (b) the offering, issuance, sale or delivery of the Notes;
- (c) any inaccuracy of any representation or any breach of any warranty of the City set forth in this Reimbursement Agreement or the Related Documents;
- (d) any failure by the City for any reason whatsoever to perform punctually and discharge all of its agreements, covenants, duties and obligations under this Reimbursement Agreement and the Related Documents;
- (e) the payment of a drawing under the Letter of Credit notwithstanding the noncompliance, non-delivery or other improper presentation, of the manually executed draft(s) and certificate(s); or
- (f) any circumstance, happening, event or condition resulting in or from an Event of Default;

provided, however, that the City shall not be required to indemnify the Indemnitees for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of the Indemnitees.

If any action, suit or proceeding is brought against the Indemnitees, the City, to the extent it may legally do so and in the manner directed by the Agent at the direction of the Banks, will resist and defend such action, suit or proceeding, or cause the same to be resisted and defended

by counsel designated by the City, which counsel shall be reasonably satisfactory to the Person or Persons indemnified or intended to be indemnified. The obligations of the City under this Section shall survive the execution and delivery of this Reimbursement Agreement, the Letter of Credit and the Related Documents and the termination or expiration of this Reimbursement Agreement, the Letter of Credit and the Related Documents and shall be binding on the City and inure to the benefit of the Banks. Nothing in this Section is intended to limit any obligations of the City contained in this Reimbursement Agreement.

Section 8.06. Facsimile Documents. At the request of the City, the Letter of Credit provides that demands for payment thereunder may be presented to the Agent and the Banks by, among other methods, facsimile. The City acknowledges and assumes all risks relating to the use of such facsimile demands for payment and agrees that its obligations under this Reimbursement Agreement and the Related Documents shall remain absolute, unconditional and irrevocable as provided in Section 8.01 above if the Agent and the Banks honor such facsimile demands for payment.

ARTICLE IX

TRANSFER, REDUCTION OR EXTENSION OF LETTER OF CREDIT

Section 9.01. Transfer, Reduction and Reinstatement. The Letter of Credit may be transferred, automatically reduced and reinstated, and increased and decreased in accordance with the provisions set forth therein.

Section 9.02. Extension.

(a) *Letter of Credit.* The City may, at any time prior to the Letter of Credit Expiration Date, submit to the Agent, on behalf of the Banks, a request for an extension of the Letter of Credit Expiration Date in the form of Exhibit D requesting that the Banks extend the Letter of Credit Expiration Date for an additional period specified in such request. If the City shall make such request, the Agent on behalf of the Banks shall, no later than thirty (30) days after receipt of such written request, notify the City and the Issuing and Paying Agent in writing of their consent to such request (which consent may be given or withheld in the sole discretion of the Banks) and the conditions of such consent (including conditions relating to legal documentation, the Letter of Credit Amount, the term of the extension and pricing). If the Agent on behalf of the Banks shall not so notify the City, the Banks shall be deemed not to have consented to such request and the Letter of Credit Expiration Date shall remain unchanged. If the Agent on behalf of the Banks consents to such request, the extended Letter of Credit Expiration Date shall take effect on such date as may be agreed to by the City and the Agent on behalf of the Banks, and a Notice of Extension of Stated Expiration Date in the form of Annex G to the Letter of Credit will be delivered to the Issuing and Paying Agent.. The terms of this Section 9.02(a) shall apply to additional extensions of the Letter of Credit Expiration Date if the Letter of Credit Expiration Date is extended at any time upon request of the City in accordance herewith by the Banks. All extensions shall be at the sole and absolute discretion of the Banks.

(b) **Commitment.** The Commitment Expiration Date may be extended by the Banks upon the written request of the City in the form of Exhibit D appropriately completed given to the Agent no more than 90 days prior to the then scheduled Commitment Expiration Date. Within 45 days of receipt of a request for extension, the Agent on behalf of the Banks shall either notify the City that the Commitment Expiration Date is extended, in which case the Commitment Expiration Date shall be extended to a date which is 364 days following the date on which such notice of extension is given by delivery of a Notice of Extension in the form of Exhibit E executed by the Agent and each Bank, or notify the City that the Commitment Expiration Date will not be extended. Failure of the Agent to so respond to any such request for extension shall constitute the Agent's and Banks' denial of such request. All extensions shall be at the sole and absolute discretion of the Banks.

ARTICLE X

MISCELLANEOUS

Section 10.01. Right of Setoff. Upon the occurrence of an Event of Default, each of the Banks may, at any time and from time to time, without notice to the City or any other person (any such notice being expressly waived), set off and appropriate and apply, against and on account of, any obligations and liabilities of the City to such respective Bank arising under or connected with this Reimbursement Agreement and the Related Documents, without regard to whether or not such Bank shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured, any and all deposits (general or special, including but not limited to indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other indebtedness at any time held or owing by such Bank to or for the credit or the account of the City.

Section 10.02. Amendments and Waivers. No amendment or waiver of any provision of this Reimbursement Agreement nor consent to any departure by the City from any such provision shall in any event be effective unless the same shall be in writing and signed by the Agent and the Banks. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the event any agreement contained in this Reimbursement Agreement should be breached by the City and thereafter waived by the Agent and the Banks, such waiver shall be limited to the particular breach so waived for the specific period set out in such waiver and such waiver shall not constitute a waiver of such breach for any other period and shall not waive any other or similar breach hereunder.

Section 10.03. No Waiver; Remedies. No failure on the part of the Agent or any of the Banks to exercise, and no delay in exercising, any right under this Reimbursement Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Reimbursement Agreement preclude any other further exercise of such right or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 10.04. Participations. The City acknowledges and agrees that each Bank may participate portions of its obligations under the Letter of Credit and the obligations of the City under this Reimbursement Agreement and certain of the other Related Documents (collectively, the "*Participated Obligations*") to other financial institutions and waives any notice of such participations. The City further acknowledges and agrees that upon any such participation the Participants will become owners of a pro rata portion of the Participated Obligations and the City waives any right of setoff it may at any time have against the Banks or any Participant with regard to the Participated Obligations. Each Bank shall notify the City of the identity of each Participant. In the event of any such grant by a Bank of a participating interest to a Participant, such Bank shall remain responsible for the performance of its obligations hereunder and under the Letter of Credit and the City and Issuing and Paying Agent shall continue to deal with such Bank in the manner provided herein. The City agrees, to the extent provided in the participation agreement, that a Participant shall be entitled to the benefits of Section 2.06 with respect to its participating interest.

Section 10.05. Issuing Branch of the Bank. Any Bank may, at its sole option and its sole expense and in accordance with the requirements of this Section 10.05, transfer such Letter of Credit obligation on its books to any other United States branch, agency or office of such Bank authorized to issue such Letter of Credit. The transferring Bank shall notify the Agent within ten (10) business days of such transfer of and any changes related to addresses for notices, payment or contact information as contained in Section 10.10 hereof or on the signature page of this Agreement. No amendments to this Reimbursement Agreement or any of the Related Documents shall be required to effect such transfer. All cost incurred as a result of such transfer, including counsel fees, shall be paid by the Bank requesting such transfer.

Section 10.06. Complete and Controlling Agreement. This Reimbursement Agreement and the other Related Documents completely set forth the agreements between the Agent, the Banks and the City and fully supersede all prior agreements, both written and oral, between the Agent, the Banks and the City relating to the issuance of the Letter of Credit and all matters set forth herein and in the Related Documents.

Section 10.07. Amendment of Related Documents. The City shall not amend, supplement or terminate any of the Related Documents without the written consent of the Agent and the Banks.

Section 10.08. Fiscal and Other Agents. The City shall not appoint or provide for the payment of any fiscal, paying or other agents or trustees in addition to those appointed by the Ordinance in connection with the Notes without the written consent of the Agent and the Banks; provided, that such consent will not be required from any Bank that is in default of its obligations under this Reimbursement Agreement.

Section 10.09. Waiver of Sovereign Immunity. To the extent that the City legally may, in any jurisdiction in which proceedings may be taken for enforcement of this Reimbursement Agreement, be entitled at present or in the future to claim for itself any immunity (including, but not limited to, immunity from service of process, jurisdiction, suit, judgment, counterclaim or enforcement of a judgment), and to the extent that in any such jurisdiction there may at any time be attributed any such immunity (whether or not claimed), the City, to the extent allowable under

State law, hereby irrevocably undertakes not to claim and waives such immunity; provided, that this Section is not intended to be a waiver of any immunity that the City may be entitled to under the Texas Tort Claims Act, Chapter 101, Texas Civil Practice and Remedies Code, as amended.

Section 10.10. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wires, telecopy or similar writing and excluding electronic mail) and shall be given to such party, addressed to it, at its address, telecopy number set forth below or such other address, telecopy number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or communication shall be effective (i) if given by telecopy, when such telecopy is transmitted to the telecopy number specified below and the appropriate answerback is received, (ii) if given by mail, upon deposit in the mails with first-class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified below:

Party

Address

City:

City of Austin, Texas
700 Lavaca, Suite 940
Austin, Texas 78701
Attn: Treasurer
Telecopy: (512) 974-7882

The Banks:

JPMorgan Chase Bank, National Association
383 Madison Avenue, 8th Floor
Mail Code: NY1-M076
New York, New York 10179
Attention: David M. Bayer
Tel: (212) 270-4186

State Street Bank and Trust Company
State Street Financial Center
One Lincoln Street, SFC/5
Boston, MA 02111-2900
Attention: Thomas A. Henderson, Vice President
(p): 617.664.1064
(f): 617.946.0358

Issuing and Paying Agent:	U.S. Bank Trust National Association 100 Wall Street Suite 1600 New York, New York 10005 Attn: Patrick J. Healy Telecopy: (212) 361-2458
Dealer:	Goldman, Sachs & Co. 85 Broad Street 24th Floor New York, New York 10004 Attn: Money Market Municipal Department Telecopy: (212) 357-8350
The Parity Bank:	Landesbank Hessen-Thuringen Girozentrale 420 Fifth Avenue New York, New York 10018-2729 Attn: Gudrun Dronca Telecopy: (212) 703-5256 Telephone: (212) 703-5000
with a copy to:	Landesbank Hessen-Thuringen Girozentrale 420 Fifth Avenue New York, New York 10018-2729 Attn: Manager-Public Finance Department Telecopy: (212) 703-5256 Telephone: (212) 703-5000
S&P:	Standard & Poor's 55 Water Street, 38th Floor New York, NY 10041 Attn: Municipal Structured Surveillance email: pubfin_structured@standardandpoors.com
Fitch:	Extension notices: MSF.Surveillance@fitchratings.com . Mailing address for notices of any type, including amendments, extensions redemptions should be sent to: Fitch Ratings, One State Street Plaza, New York, New York 10004, Attention: Municipal Structured Finance
Moody's:	MSPG Surveillance

Public Finance -23rd Floor
7 World Trade Center
250 Greenwich Street
New York, NY 10007
MSPGSurveillance@moodys.com
212-553-4066

and, if addressed to any of the Banks, with copies of such notice(s) addressed to it at the address(es) for notices to such Bank on the signature pages hereto.

Section 10.11. Severability. Any provision of this Reimbursement Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 10.12. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS; PROVIDED, THAT THE OBLIGATIONS OF THE BANKS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 10.13. Successors and Assigns.

(a) The provisions of this Reimbursement Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, that the City may not assign or otherwise transfer any of its rights under this Reimbursement Agreement, or sell or otherwise dispose of the Systems (either or both), without the prior written consent of the Agent and the Banks; provided, further, that the creation by the City of an independent board for the governance of the Electric Light and Power System that does not provide for transfer to such board of (i) the ability to set rates and charges for the Electric Light and Power System, (ii) the ability to issue debt secured by the revenues of the Electric Light and Power System or (iii) the power of eminent domain shall not be considered a sale or disposition of the Electric Light and Power System. The City shall provide notice to the Agent and the Banks prior to the creation by the City of an independent board to govern the Electric Light and Power System and shall provide to the Agent and the Banks such information in connection therewith as the Agent and the Banks may reasonably request.

(b) Each Bank may at any time assign all or any portion of its rights under this Reimbursement Agreement to a Federal Reserve Bank. No such assignment shall release the assigning Bank from its obligations hereunder.

Section 10.14. Counterparts. This Reimbursement Agreement may be executed in counterparts and by the different parties hereto, each of which shall be an original, but taken together shall constitute one instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents (including those documents set forth as exhibits to

this Reimbursement Agreement) shall be deemed to be authentic and said counterparts of such original documents for all purposes.

Section 10.15. Headings. Section headings in this Reimbursement Agreement are included herein for convenience of reference only and shall not constitute a part of this Reimbursement Agreement for any other purpose.

Section 10.16. Waiver of Jury Trial. The City, the Agent and the Banks hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to any Related Document or the transactions contemplated thereby.

Section 10.17. Notice to Rating Agencies. The City shall give notice to S&P, Moody's and Fitch of any extension or amendment to this Agreement or termination of the Letter of Credit prior to the Stated Expiration Date (as defined in the Letter of Credit) pursuant to Section 10.10 hereof.

ARTICLE XI

THE AGENT

Section 11.01. Appointment. Each Bank hereby irrevocably designates and appoints JPMorgan Chase Bank, National Association as the Agent of such Bank under the Letter of Credit and this Reimbursement Agreement, and each Bank hereby irrevocably authorizes the Agent, as the Agent for such Bank, to take such action on its behalf under the provisions of the Related Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of the Related Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Reimbursement Agreement or in any other Related Document, the Agent shall not have any duties or responsibilities except those expressly set forth herein or therein, or have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Related Documents or shall otherwise exist against the Agent.

Section 11.02. Delegation of Duties. The Agent may execute any of its duties under the Related Documents by or through employees, agents or attorneys-in-fact, shall be entitled to rely upon the advice of counsel concerning all matters pertaining to such duties, and shall not be held liable for any action taken or omitted to be taken in good faith upon the advice of such counsel. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.03. Exculpatory Provisions. Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Related Documents (except for its own negligence or willful misconduct), or (b) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by any party contained in the Related Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with,

the Related Documents or for the validity, effectiveness, genuineness, enforceability or sufficiency of any of the Related Documents or for any failure of the City or any other Person to perform its obligations thereunder. The Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, the Related Documents, or to inspect the properties, books or records of the City. Subject to the parenthetical of the first sentence of this Section 11.03, the Agent shall not be under any liability or responsibility to the City, any Bank or any other Person as a consequence of any failure or delay in performance, or any breach, by any Bank of any of its obligations under any of the Related Documents. The Banks acknowledge that the Agent shall not be under any duty to take any discretionary action permitted hereunder unless the Agent shall be requested in writing to do so by the Banks.

Section 11.04. Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying upon, any writing, resolution, notice, consent, certificate, affidavit, opinion, letter, cablegram, telegram, facsimile, teletype message, statement, order or other document or conversation reasonably believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the City), independent accountants and other experts selected by the Agent. The Agent shall not be under any duty to examine or pass upon the validity, effectiveness or genuineness of the Related Documents or any instrument, document or communication furnished pursuant thereto or in connection therewith, and the Agent shall be entitled to assume that the same are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be. The Agent shall be fully justified in failing or refusing to take any action under the Related Documents unless it shall first receive such advice or concurrence of the Banks as it deems appropriate and it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under the Related Documents in accordance with a request of the Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of any Reimbursement Note.

Section 11.05. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Agent shall have received written notice thereof from a Bank or the City referring to this Reimbursement Agreement, describing such Default or Event of Default and stating such notice is a "Notice of Default." In the event that the Agent receives such a notice, it shall promptly give notice thereof to the Banks. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Banks, provided that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action or give such directions, or refrain from taking such action or giving such directions, with respect to such Default or Event of Default as it shall deem to be in the best interests of the Banks.

Section 11.06. Non-Reliance. Each Bank expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the City, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent that it has, independently and without

reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own evaluation of and investigation into the business, operations, property, financial and other condition and creditworthiness of the City and has made its own decision to enter into this Reimbursement Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, evaluations and decisions in taking or not taking action under the Related Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the City. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition, prospects or creditworthiness of the City which may come into the possession of the Agent or any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 11.07. Indemnification. Whether or not the transactions contemplated under the Related Documents are consummated, each Bank agrees to indemnify the Agent, its officers, directors, employees and agents (each an "*Agent-Related Person*") (to the extent not promptly reimbursed by the City and without limiting the obligation of the City to do so), ratably according to its Commitment Percentage, from and against any and all liabilities, obligations, claims, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind whatsoever, including any amounts paid to the Banks by or for the account of the City pursuant to the terms hereof that are subsequently rescinded or avoided (or must otherwise be restored or returned), which may at any time (including at any time following the termination or resignation of the Agent) be imposed on, incurred by or asserted against such Agent-Related Person, in any way relating to or arising out of this Reimbursement Agreement, any other Related Document or any other document contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted to be taken by such Agent-Related Person under or in connection with any of the foregoing; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent any results from the gross negligence or willful misconduct of such Agent-Related Person. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share according to its Commitment Percentage of any costs or out-of-pocket expenses (including, without limitation, counsel fees and expenses) incurred by the Agent in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Reimbursement Agreement, any other Related Document, or any document contemplated by or referred to herein to the extent that the Agent is not reimbursed for such expenses by or on behalf of the City. The agreements in this Section 11.07 shall survive the payment of the Reimbursement Obligations and all other amounts payable under the Related Documents. This Section shall survive the termination of this Reimbursement Agreement.

Section 11.08. Administrative Agent in its Individual Capacity. JPMorgan Chase Bank, National Association and any affiliate thereof may make loans to, accept deposits from, issue letters of credit for the account of, acquire equity interests in and generally engage in any

kind of banking, trust, financial advisory or other business with the City as though it were not the Agent hereunder. With respect to the Commitment made or renewed by JPMorgan Chase Bank, National Association shall have the same rights and powers under this Reimbursement Agreement as any Bank and may exercise the same as if it were not the Agent, and the term "Bank" shall include JPMorgan Chase Bank, National Association.

Section 11.09. Successor Agent. If at any time the Agent deems it advisable, in its sole discretion, it may submit to each of the Banks a written notification of its resignation as Agent under this Reimbursement Agreement, such resignation to be effective on the date upon which any successor to the Agent, in accordance with the provisions of this Section 11.09, shall have accepted in writing its appointment as the successor Agent. Upon any such resignation, the Banks shall, with the consent of the City, which consent shall not be unreasonably withheld, appoint from among the Banks a successor Agent. If no such successor Agent shall have been so appointed by the Banks and shall have accepted such appointment within 15 days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, with the consent of the City, which consent shall not be unreasonably withheld, on behalf of the Banks, appoint a successor Agent therefor which successor shall be a Qualified Bank, or, without the consent of the City, appoint any Bank as successor Agent therefor. Upon the written acceptance of any appointment as an Agent hereunder by a successor Agent, such successor Agent shall automatically become a party to this Reimbursement Agreement and shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent's rights, powers, privileges and duties as the Agent under this Reimbursement Agreement shall be terminated. The City and the Banks shall execute such documents as shall be necessary to effect such appointment. After any retiring Agent's resignation as the Agent, the provisions of this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Reimbursement Agreement.

[Execution Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Letter of Credit Reimbursement Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY OF AUSTIN

By: _____
City Manager

ATTEST:

City Clerk

APPROVED:

City Attorney

[Signatures continued on following page]

[Signature page to Reimbursement Agreement]

Commitment: \$209,375,001.46

AGENT AND BANK:

Commitment Percentage: 53.772071%

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION

By: _____

Name: David M. Bayer

Title: Executive Director

Notice and Payment Information:

Payment Instructions:

JP Morgan Chase Bank
Loan & Agency Services
1111 Fannin, 10th Floor
Houston, Texas 77002
Tel: (713) 750-2503
Fax: (713) 750-2782

Notices:

For purposes of Notices of Bank Purchase, billing and payment:

JP Morgan Chase Bank
Loan & Agency Services
1111 Fannin, 10th Floor
Houston, Texas 77002
Tel: (713) 750-2503
Fax: (713) 750-2782

For purposes of Notices, reimbursements and payments relating to the Letter of Credit:

JPMorgan Chase Bank, N.A.
Standby Letter of Credit Unit
300 South Riverside Plaza
Mail Code: IL-1-0236
Chicago, IL 60606-0236
Attention: Standby Service Team
Tel: (312) 954-1922
Fax: (312) 954-1963

For all other purposes:

JPMorgan Chase Bank, National Association

383 Madison Avenue, 8th Floor

Mail Code: NY1-M076

New York, New York 10179

Attention: David M. Bayer

Tel: (212) 270-4186

[Signatures continued on following page]

Commitment: \$179,999,998.54

AS BANK:

Commitment Percentage: 46.227929%

STATE STREET BANK AND TRUST
COMPANY

By: _____

Name: _____

Title: _____

Notice Address

Presentation Office
State Street Bank and Trust
Company Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0453
100 Huntington Ave., Tower 1
4th Floor
Boston, Massachusetts 02116
Attention: Peter J. Connolly
Telephone: (617) 662-8588
Facsimile: (617) 988-6674

For Return of Funds From Draw Request:

Wire Instructions (Commitment Fees/Draw Fees):
State Street Bank and Trust Company
Boston, MA
ABA Number: 011-000-028
Account Number: 4867-932-8
Account Name: Municipal Finance Fee Receivable
Reference: City of Austin, CP Series A

To Receive LOC Fee Payment: should read
Wire Instructions (Draw Reimbursement):
State Street Bank and Trust Company
Boston, MA
ABA Number: 011-000-028
Account Number: 4867-933-6
Account Name: Municipal Finance Draw Fee Clearing Account
Reference: City of Austin, CP Series A

EXHIBIT A

FORM OF REQUEST FOR ADJUSTMENT
OF STATED AMOUNT

[DATE]

JPMorgan Chase Bank, National Association, as Agent
c/o J.P. Morgan Services, Inc.
500 Stanton Christiana Road
Newark, Delaware 19713-2107
Attn: Letter of Credit Department

\$350,000,000
City of Austin Combined Utility Systems
Commercial Paper Notes
Series A

Ladies and Gentlemen:

This is a Request for Adjustment identified in the Second Amended and Restated Letter of Credit Reimbursement Agreement dated as of _____, 2012 (the "Reimbursement Agreement") by and among the City of Austin, Texas (the "City"), the Banks signatory thereto and JPMorgan Chase Bank, National Association, as agent (the "Agent"). Capitalized terms used herein and not defined shall have the meaning assigned in this Reimbursement Agreement.

The Agent is hereby directed to request the Banks to adjust the Stated Amount of the Letter of Credit relating to the above-referenced Commercial Paper Notes by completing a Notice of Adjustment in the Stated Amount in the form of Exhibit F to the Letter of Credit (a copy of which is attached hereto) and delivering the same to the Issuing and Paying Agent as described in paragraph 4 of the Letter of Credit. Please be informed of the following:

- (a) The amount of the requested [increase-or-decrease] is \$_____, of which \$_____ is with respect to the Principal Portion (as defined in the Letter of Credit) and \$_____ is with respect to the Interest Portion (as defined in the Letter of Credit).
- (b) Once so [increased-or-decreased], the Stated Amount, without taking into account reductions in the Stated Amount subject to reinstatement, shall equal \$_____, of which \$_____ will be available to pay principal of Notes at maturity and \$_____ will be available to pay interest on Notes at maturity.
- (c) The Stated Amount Adjustment Date for which such adjustment is requested is [DATE] which is at least 10 Business Days after the date the Agent receives this Request for Adjustment and is prior to the Commitment Expiration Date.
- (d) The City hereby represents and warrants that:

Exhibit A-1

(i) all representations and warranties of the City contained in Article IV of this Reimbursement Agreement shall be true and correct on the Stated Amount Adjustment Date identified in paragraph (c) above;

(ii) this Request for Adjustment has been duly authorized and validly executed by a duly authorized representative of the City; [and]

(iii) no Default or Event of Default has occurred and is continuing and no default or Event of Default will occur as a result of the adjustment in the Stated Amount hereby requested; [and]

(iv) the rating on the Subordinate Lien Bonds is not lower than Baa2 by Moody's and BBB by S&P and Fitch.].

[(e) The amount of the total increase in the Stated Amount requested hereby and identified in paragraph (a) above does not exceed the Total Unutilized Commitment.

Please have a Notice of Adjustment in the Stated Amount executed and delivered by the Banks, in the form of Exhibit F to the Letter of Credit, to the Issuing and Paying Agent as provided in Section 2.02 of this Reimbursement Agreement on the Stated Amount Adjustment Date identified in paragraph (c) above.

Sincerely,

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF REQUEST FOR EXTENSION

[Date]

JPMorgan Chase Bank, National Association, as Agent
60 Wall Street
33rd Floor
New York, New York 10620
Attn: David M. Bayer, Executive Director

Re: Request for Extension

Ladies and Gentlemen:

Reference is hereby made to that certain Second Amended and Restated Letter of Credit Reimbursement Agreement, dated as of _____, 2012 (the "Agreement"), among the City of Austin, Texas (the "City"), the Banks signatory thereto and JPMorgan Chase Bank, National Association, as Agent. All capitalized terms contained herein which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The City hereby requests that [COMPLETE AS APPROPRIATE] the Commitment Expiration Date be extended by 364 days - the Expiration Date of the Letter of Credit be extended to [DATE]. Pursuant to the Agreement, we have enclosed along with this request the following information:

1. The nature of any and all Events of Default and all conditions, events and acts which with notice or lapse of time or both would become an Event of Default; and
2. Any other pertinent information previously requested by the Banks.

The Banks are requested to notify the City of their decision with respect to this request for extension within [COMPLETE AS APPROPRIATE] 30 days of the date of receipt hereof-- 45 days of the date hereof. If the Banks fail to notify the City of their decision, the Banks shall be deemed to have denied such request.

Very truly yours,

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

EXHIBIT C

COMMITMENT EXPIRATION DATE EXTENSION NOTICE

City of Austin, Texas
Combined Utility Systems
Commercial Paper Notes,
Series A

Pursuant to Section 9.02(b) of the Second Amended and Restated Letter of Credit Reimbursement Agreement dated as of _____, 2012 (the "Agreement"; capitalized terms used herein and not defined shall have the meaning assigned in the Agreement) among the City of Austin, Texas (the "City"), the Banks signatory thereto and JPMorgan Chase Bank, National Association, as Agent, relating to the above referenced Notes, the City has requested the Banks to extend the Commitment Expiration Date which is currently _____. Please be advised that:

[COMPLETE AS APPROPRIATE]

(1) At the request and for the account of the City, the Banks hereby extend the Commitment Expiration Date to _____. [INCLUDE ADDITIONAL TERMS IF APPLICABLE].

(2) Except as specifically provided in paragraph (1) above, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.

(3) This Commitment Expiration Date Extension Notice is an integral part of the Agreement.

[OR]

The Banks hereby elect not to extend the Commitment Expiration Date.

This Commitment Expiration Date Extension Notice maybe executed in one or more counterparts which together shall constitute a single instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Commitment
Expiration Date Extension Notice as of the _____ day of _____.

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION

By: _____
Name: _____
Title: _____

STATE STREET BANK AND TRUST
COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT D

NO-ISSUANCE NOTICE

U.S. Bank Trust National Association
100 Wall Street
Suite 1600
New York, New York 10005

Attention: _____

The undersigned, a duly authorized signatory of JP Morgan Chase Bank, National Association, as Agent, under that certain Second Amended and Restated Letter of Credit Reimbursement Agreement dated as of _____, 2012 (the "Reimbursement Agreement"; capitalized terms used herein and not defined shall have the meaning assigned in this Reimbursement Agreement) among the City of Austin, Texas (the "City"), the Banks signatory thereto and JPMorgan Chase Bank, National Association, as Agent, hereby certify to _____ (the "*Issuing and Paying Agent*"), with reference to Irrevocable Letter of Credit No. _____ (the "*Letter of Credit*," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. You are hereby notified that, in accordance with the terms of this Reimbursement Agreement, an Event of Default (as defined in this Reimbursement Agreement) has occurred and is continuing.

2. Subject to the following sentence, you are instructed to cease issuing Notes, as provided in Section 7.02(b) of this Reimbursement Agreement, unless and until we rescind this No-Issuance Notice. If you receive this No-Issuance Notice after 9:00 A.M., Chicago time, on a Business Day you shall cease issuing Notes on the next Business Day.

3. This No-Issuance Notice shall not affect the obligation of the Banks to honor demands for payment under the Letter of Credit with respect to Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, on the same Business Day that you receive this No-Issuance Notice), and you shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, authenticated on the same Business Day that you receive this No-Issuance Notice).

IN WITNESS WHEREOF, the undersigned have executed and delivered this Notice as of the _____ day of _____, _____.

Exhibit D-1

JP MORGAN CHASE BANK, NATIONAL
ASSOCIATION, as the Agent

By _____
Name: _____
Title: _____

EXHIBIT B

[Fee Agreement]

FEE AGREEMENT

This Fee Agreement dated _____, 2012 (this "Fee Agreement"), is by and among the City of Austin, Texas (the "City"), JPMorgan Chase Bank, National Association, ("JPMorgan"), State Street Bank and Trust Company ("State Street," together with JPMorgan, the "Banks", and each individually a "Bank") and JPMorgan as agent for the Banks (the "Agent"). Reference is hereby made to the Second Amended and Restated Letter of Credit Reimbursement Agreement dated _____ 2012 (the "Reimbursement Agreement") by and among the Banks, the Agent and the City relating to the City's Combined Utility Systems Commercial Paper Notes, Series A (the "Notes").

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Reimbursement Agreement.

The purpose of this Fee Agreement is to set forth the agreement among the City, the Banks and the Agent with respect to fees payable to the Banks and the Agent related to the Reimbursement Agreement and the Letter of Credit. This Fee Agreement constitutes the "Fee Agreement" as such term is defined in the Reimbursement Agreement.

Article I

Section 1.1 Definitions. The terms "*Applicable Commitment Fee Percentage*" and "*Applicable Letter of Credit Fee Percentage*" have the meanings set forth below:

(a) "*Applicable Commitment Fee Percentage*" means the percentage amount determined as a function of the unenhanced rating assigned by a Rating Agency to either of the City's Parity Electric Utility Obligations or Parity Water/Wastewater Obligations, whichever obligations have the lowest rating, in accordance with the schedule below.

Schedule

<u>Level</u>	<u>Rating</u> <u>Moody's/S&P/Fitch</u>	<u>Applicable</u> <u>Commitment Fee</u> <u>Percentage</u>
Level 1	A1 / A+/A+	.85%
Level 2	A2 / A/A	1.05%
Level 3	A3 / A-/A-	1.25%
Level 4	Baa1 / BBB+/BBB+	1.45%
Level 5	Baa2 / BBB/BBB	1.65%
Level 6	Baa3 / BBB-/BBB-	1.85%

In the event of split ratings among Moody's, S&P and Fitch, the Applicable Commitment Fee Percentage shall be determined from the lowest of the three ratings. Any change in the

Applicable Commitment Fee Percentage resulting from a change in a rating shall be and become effective as of and on the date of the announcement of the change in such rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, each of the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The City acknowledges, and the Banks agree, that as of the Closing Date the Applicable Commitment Fee Percentage is that specified above for Level 1. Upon the occurrence and during the continuance of an Event of Default or in the event that any rating is suspended, withdrawn or is otherwise unavailable, in each case for credit related reasons, the Applicable Commitment Fee Percentage shall be increased from the rate then in effect by an additional one and one-half percent (1.50%). The Commitment Fee shall be payable quarterly in arrears, together with interest on the Commitment Fees from the date payment is due until payment in full at the Default Rate.

(b) *"Applicable Letter of Credit Fee Percentage"* means the percentage amount determined as a function of the unenhanced rating assigned by a Rating Agency to either of the City's Parity Electric Utility Obligations or Parity Water/Wastewater Obligations, whichever obligations have the lowest rating, in accordance with the schedule below.

Schedule

<u>Level</u>	<u>Rating</u> <u>Moody's/S&P/Fitch</u>	<u>Applicable</u> <u>Letter of Credit Fee</u> <u>Percentage</u>
Level 1	A1 / A+/A+	.90%
Level 2	A2 / A/A	1.10%
Level 3	A3 / A-/A-	1.30%
Level 4	Baa1 / BBB+/BBB+	1.50%
Level 5	Baa2 / BBB/BBB	1.70%
Level 6	Baa3 / BBB-/BBB-	1.90%

In the event of split ratings among Moody's, S&P and Fitch, the Applicable Letter of Credit Fee shall be determined from the lowest of the three ratings. Any change in the Applicable Letter of Credit Fee Percentage resulting from a change in a rating shall be and become effective as of and on the date of the announcement of the change in such rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, each of the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The City acknowledges, and the Banks agree, that as of the Closing Date the Applicable Letter of Credit Fee Percentage is that specified above for Level 1. Upon the occurrence and during the continuance of an Event of Default or in the event that any rating is suspended, withdrawn or is otherwise unavailable, in each case for credit related reasons, the Applicable Letter of Credit Fee Percentage shall be

increased from the rate then in effect by an additional one and one-half percent (1.50%). The Letter of Credit Fees shall be payable quarterly in arrears, together with interest on the Letter of Credit Fees from the date payment is due until payment in full at the Default Rate.

Section 1.2 Letter of Credit and Commitment Fee.

(a) Letter of Credit Fee. As of (A) the last Business Day in each Calendar Quarter (or portion thereof), commencing on the Date of Issuance for the Letter of Credit and ending on the Termination Date, and (B) the Termination Date for the Letter of Credit, the City shall pay to the Agent for the account of the Banks a letter of credit fee for the Letter of Credit (the "Letter of Credit Fee") for the Calendar Quarter (or portion thereof) then ending. The Letter of Credit Fee for such Calendar Quarter (or portion thereof) shall be an amount equal to the product of (1) the Applicable Letter of Credit Fee Percentage times (2) the Stated Amount times (3) a fraction, the numerator of which is the number of days in such Calendar Quarter (or portion thereof) and the denominator of which is 360. The Letter of Credit Fee shall be due and owing as referenced above, and shall be payable, in arrears, as set forth in Section 1.2(c) below. In the event more than one Applicable Letter of Credit Fee Percentage or Stated Amount is in effect during a Calendar Quarter, the Letter of Credit Fee shall be determined by calculating a separate fee for each portion of such Calendar Quarter to which a different Applicable Letter of Credit Fee Percentage or Stated Amount applied and adding such separate fees together to determine the total Letter of Credit Fee for such Calendar Quarter.

(b) Commitment Fee. As of (A) the last Business Day in each Calendar Quarter (or portion thereof), commencing on the Date of Issuance for the Letter of Credit and ending on the Commitment Expiration Date, and (B) the Commitment Expiration Date the City shall pay to the Agent for the account of the Banks a commitment fee for the Total Unutilized Commitment (the "Commitment Fee") for the Calendar Quarter (or portion thereof) then ending. The Commitment Fee for such Calendar Quarter (or portion thereof) shall be an amount equal to the product of (1) the Applicable Commitment Fee Percentage times (2) the amount of the Total Unutilized Commitment times (3) a fraction, the numerator of which is the number of days in such Calendar Quarter (or portion thereof) and the denominator of which is 360. The Commitment Fee shall be due and owing as referenced above, and shall be payable, in arrears, as set forth in Section 1.2 (c) below. In the event more than one Applicable Commitment Fee Percentage or Total Unutilized Commitment amount is in effect during a Calendar Quarter, the Commitment Fee shall be determined by calculating a separate fee for each portion of such Calendar Quarter to which a different Applicable Commitment Fee Percentage or Total Unutilized Commitment amount applied and adding such separate fees together to determine the total Commitment Fee for such Calendar Quarter.

(c) Payment of Letter of Credit Fee and Commitment Fee. All fees payable to the Banks under subsection (a) and (b) above shall be paid to the Agent for the account of the Banks on or before the twelfth (12th) Business Day following the date on which the City receives written notice from the Agent specifying the amount of such fees, which notice shall be given as soon as practicable following the end of each Calendar Quarter. All calculations of the fees payable under this Reimbursement Agreement shall be made by the Agent and such calculations, absent manifest error, shall be conclusive of the amount due and shall be binding on the City.

No fees payable to the Agent and the Banks may be paid from Note proceeds. No fees paid to the Agent and the Banks shall be refundable for any reason other than a manifest error in the calculation of the fee. As used herein "manifest error" means an arithmetic mistake.

(d) Payment of Letter of Credit Fee and Commitment Fee under 2010 Reimbursement Agreement. The City hereby agrees that fees accruing under the 2010 Reimbursement Agreement prior to the Closing Date for the Reimbursement Agreement shall be payable pursuant to the terms of the 2010 Reimbursement Agreement together with the fees due under this Fee Agreement on the date fees described herein are due for the Calendar Quarter ending December 31, 2012.

Section 1.3 Drawing Fee. The City agrees to pay to the Agent for the account of the Banks a drawing fee of \$500 per Bank for each Drawing under the Letter of Credit. The drawing fee shall be payable on the same day as the related Drawing.

Section 1.4 Change in Stated Amount Fee. Upon any adjustment in the Stated Amount of the Letter of Credit pursuant to Section 2.02 of the Reimbursement Agreement, the City shall pay a fee of \$250 per Bank to the Agent for the account of the Banks, plus the Agent's and the Banks' actual costs and expenses associated with such amendment, payable on the date of such change.

Section 1.5 Amendment and Transfer Fee. The City agrees to pay, or cause to be paid, to the Agent for the account of the Banks, on the date of each amendment to the Letter of Credit or the Reimbursement Agreement, transfer of the Letter of Credit to a successor beneficiary, or execution of any standard waiver or consent, a non-refundable fee equal to \$5,000 per Bank, plus, in each case, the reasonable fees and expenses of counsel to the Banks; *provided, however*, that the fee payable pursuant to this Section 1.5 shall not be required in connection with an amendment executed solely for the purpose of extending the Letter of Credit Expiration Date in accordance with the terms of the Letter of Credit or making adjustments to the Stated Amount pursuant to Section 2.02 of the Reimbursement Agreement.

Section 1.6 Termination Fee. If required under the Reimbursement Agreement, upon a termination or replacement of the Letter of Credit, the City shall pay to the Agent for the account of the Banks a termination fee in an amount equal to the Letter of Credit Fee and the Commitment Fee (based upon the amount of the Total Commitment in effect on March 29, 2010, the Closing Date of the 2010 Reimbursement Agreement) that would be due up to and including the Letter of Credit Expiration Date, less the actual amount of Letter of Credit Fees and Commitment Fees the City has previously paid to the Banks.

Section 1.7 Legal Fees. The City shall pay on the Closing Date the legal fees of Andrews Kurth LLP for preparation of the Reimbursement Agreement and this Fee Agreement.

Section 1.8 Bank Out of Pocket Expenses. On the Closing Date, the City shall pay the Banks' out-of-pocket expenses (if any) in an amount not to exceed \$2,500 per Bank.

Section 1.9 Agent Expenses. As a condition of closing on the Reimbursement Agreement, the City shall pay to the Agent an amount not to exceed \$3,000, in connection with

the preparation, execution and delivery of the Reimbursement Agreement, the Related Documents and any other documents which may be delivered in connection with this Reimbursement Agreement and the Related Documents.

Section 1.10 Past Due Amounts. Any amounts due to the Banks or the Agent hereunder that are past due shall accrue interest at the Default Rate from the date due but excluding the date of payment in full.

Section 1.11 Fee Calculation. Fees payable hereunder shall be calculated on the basis of a year of 360 days and the actual number of days elapsed.

Article II. Miscellaneous.

Section 2.1 Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of the Banks, the Agent and the City.

Section 2.2. Governing Law. **THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS; PROVIDED, THAT THE OBLIGATIONS OF THE BANK SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

Section 2.3. Counterparts. This Fee Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by email with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 2.4. Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION, AS BANK

By: _____
Name: _____
Title: _____

STATE STREET BANK AND TRUST
COMPANY, AS BANK

By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION, AS AGENT

By: _____
Name: _____
Title: _____