
LETTER OF CREDIT REIMBURSEMENT AGREEMENT

between

CITY OF AUSTIN, TEXAS,
(the “*City*”)

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch
(THE “*BANK*”)

Relating to up to

\$400,000,000
CITY OF AUSTIN, TEXAS
COMBINED UTILITY SYSTEMS
COMMERCIAL PAPER NOTES,
SERIES A

Dated as of September 1, 2014

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LETTER OF CREDIT REIMBURSEMENT AGREEMENT

THIS LETTER OF CREDIT REIMBURSEMENT AGREEMENT (this "*Reimbursement Agreement*") is executed and entered into as of September 1, 2014, between THE CITY OF AUSTIN, TEXAS (the "*City*") and THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., acting through its New York Branch (together with its successors and assigns, the "*Bank*"). 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 \$400,000,000 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, the City has requested that the Bank issue the Letter of Credit to the Issuing and Paying Agent, as beneficiary, in substitution for the Existing Letter of Credit in an amount not to exceed the Stated Amount;

WHEREAS, the Bank has agreed to issue such Letter of Credit;

WHEREAS, the Letter of Credit, shall be issued by the Bank 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 Bank to issue the Letter of Credit, the Bank 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 Bank.

“Advance” as defined in Section 2.03(b) hereof.

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

“Bank Note” shall mean the promissory note made by the City to the order of the Bank, evidencing Advances and Term Loans payable from the Security, substantially in the form of Exhibit C attached hereto, with appropriate completions, and any and all renewals, extensions or modifications thereof.

“Bank Note Holder” shall mean the Bank and any other holder of a Bank Note or any Person to which the Bank or any such other holder sells a participation in a Bank Note (whether or not the City was given notice of such sale and whether or not the Bank Note Holder has an interest in a Bank Note at the time amounts are payable to such Bank Note Holder thereunder and under this Reimbursement Agreement).

“Bank Rate” means the rate of interest per annum 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.

“Base Rate” means, for any day, the highest of (i) the Prime Rate in effect on such day *plus* two percent (2.0%), (ii) the Federal Funds Rate in effect on such day *plus* four percent (4.0%) and (iii) eight percent (8.00%); 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. Each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate or Federal Funds Rate, as the case may be.

“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 the office of the Bank at which Drawings under the Letter of Credit are to be honored is located (New York, New York).

“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 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 September __, 2014.

“*Conversion Date*” has the meaning set forth in Section 2.03(e) hereof.

“*Date of Issuance*” means the date on which the Letter of Credit is executed by the Bank and delivered to the Issuing and Paying Agent pursuant to Section 2.01, which shall be September __, 2014.

“*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 Bank to act as a dealer or co-dealer.

“*Dealer Agreement*” means (i) that certain Dealer Agreement, dated September 1, 2014, 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 fluctuating interest rate per annum equal to the sum of the Base Rate from time to time in effect *plus* two percent (2.00%), *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.

“*Existing Letter of Credit*” means the letter of credit supporting the payment of the Notes issued by JPMorgan Chase Bank, National Association.

“Federal Funds Rate” shall mean for any day, a fluctuating interest rate per annum (rounded upwards, if necessary, to the nearest one one-hundredth (1/100th) of one percent (1%)) 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, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Bank from three (3) Federal funds brokers of recognized standing selected by the Bank.

“Fee Agreement” means the Fee Agreement dated September __, 2014, between the City and the Bank, and all amendments, modifications, restatements and extensions of such agreement, entered into from time to time and any other agreement delivered in substitution or exchange for such agreement.

“Final Drawing” means _____.

“Final Drawing Notice” has the meaning set forth in the Letter of Credit.

“Fitch” means Fitch Ratings, Inc.

“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).

“Gross Revenues” shall have the meaning set forth in the Ordinance.

“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 September 1, 2014, by and 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 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 Bank 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 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.

“Net Revenues” shall have the meaning set forth in the Ordinance.

“No-Issuance Notice” means the written instruction given by the Bank 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 \$_____.

“Obligations” means the Reimbursement Obligations, the Letter of Credit Fees and all other obligations of the City to the Bank arising under or in relation to this Reimbursement Agreement, the Bank Note, the Fee Agreement or the Related Documents.

“Offering Memorandum” means the Offering Memorandum delivered in connection with the Notes, as supplemented on September __, 2014, 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. 20140828-____ of the City Council, adopted on August 28, 2014, amending and restating Ordinance No. 961121-A of the City Council, adopted on November 21, 1996, which amended and restated 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 September 1, 2014, 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 the Bank in the Letter of Credit, this Reimbursement Agreement and certain of the Related Documents pursuant to a participation agreement between the 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” shall mean, for any day, the per annum rate of interest for such day announced or otherwise established by the Bank from time to time as its base rate or equivalent rate for United States dollar denominated loans to borrowers located in the United States as in

effect on such day, with any change in such prime rate or equivalent to be effective on the date of the announcement of such change, it being understood that such rate may not be the best or lowest rate offered by the Bank.

“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.

“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 Bank.

“Reimbursement Agreement” means this Letter of Credit Reimbursement Agreement, including such amendments, modifications or supplements permitted pursuant to Section 10.02.

“Reimbursement Obligations” means the obligations of the City under this Reimbursement Agreement to reimburse the Bank for Drawings under the Letter of Credit and all obligations to repay the Bank 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 Fee Agreement, the Dealer Agreement, the Letter of Credit, the Bank Note, the Notes, the Ordinance, the Issuing and Paying Agency Agreement, the Offering Memorandum and any exhibits, instruments or agreements relating thereto.

“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.

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

“Swap Contract” means any rate swap transaction, basis swap, credit derivative transaction, forward rate transaction, commodity swap, commodity option, forward commodity contract, equity or equity index swap, equity or equity index option, bond or bond price or bond index swap or option or forward bond or forward bond price or forward bond index transaction, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot contract, total return swap, credit default swap or any other similar transaction (including any option with respect to any of these transactions) and any other agreement or option involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic,

financial or pricing risk or value or any similar transaction or any combination of these transactions whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement, in each case, entered into by the City and which in each case is related to any debt of the City payable from the Pledged Ravenous.

“*Systems*” has the meaning set forth in the Ordinance.

“*Termination Date*” has the meaning set forth in 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 earliest to occur of (i) the fourth anniversary of the date the related Advance was made, (ii) the fourth anniversary of the Letter of Credit Expiration Date in effect on the date on which the related Advance was made, (iii) the date of effectiveness of a substitute credit facility in accordance with the terms and provisions of the Ordinance, (iv) the date that the Stated Amount is permanently reduced to zero or the Stated Amount is otherwise terminated prior to the Letter of Credit Expiration Date, including as a result of the occurrence of an Event of Default, and (v) the date on which the City issues Notes (or other commercial paper notes) or bonds, the proceeds of which could be used to repay such Term Loan.

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 or the Bank are a party, 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, as applicable.

ARTICLE II

REIMBURSEMENT, REIMBURSEMENT NOTES, FEES AND PAYMENT PROVISIONS

Section 2.01. Issuance of the Letter of Credit. The Bank agrees to issue the Letter of Credit on the Closing Date, if the conditions set forth in this Section and in Article III are satisfied or waived by the Bank in its sole discretion. 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 Bank:

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

(b) 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; Substitution.

(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.

(b) *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 Bank of the Termination Fee, if required and (ii) the payment to the Bank of all Obligations payable hereunder and under the Fee Agreement, and providing the Bank 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 the 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 the Bank at any time without paying the Termination Fee if the short-term unenhanced rating of the Bank is withdrawn or reduced below “P-1” (or its equivalent) by Moody’s, “F1” (or its equivalent) by Fitch, or “A-1” (or its equivalent) by S&P.

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 shall reimburse the Bank, for the full amount of such Drawing by causing the Issuing and Paying Agent to wire transfer to the Bank 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 Bank for Drawings under the Letter of Credit. Such transfer by the Issuing and Paying Agent shall be made not later than the 3:00 p.m. 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 Bank 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 Bank has honored the related Drawing. Subject to the provisions in Section 2.03(b)(i) any amount of a Drawing for which the Bank is not reimbursed on the same day as such Drawing is made (the “*Unpaid Drawing*”) shall bear interest at the Default Rate, payable on demand, until the Bank is reimbursed in full for such Drawing.

(b) *Making of Advances.* The Bank agrees that if (i) the Bank 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 Bank 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 as if made on such date 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 Bank shall automatically constitute an advance made by the Bank 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 Bank (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 Bank in writing, payment by the Bank 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 as if made on such date, (ii) no Default or Event of Default has occurred and is continuing, and (iii) a No-Issuance Notice is not in effect.

(c) *Payment of Principal and Interest on Advances.* Except as otherwise provided by Section 2.03(e) 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 \$100,000 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 **[Stated Expiration Date]** or the Advance Maturity Date (such earlier date, the "*Conversion 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 Conversion Date 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 Bank an amount equal to the unpaid principal amount of each Term Loan made by the Bank together with interest thereon from and including the Conversion Date to but excluding the date the Bank is 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 Bank 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 equal quarterly installments (each such installment herein referred to as a "*Principal Payment*"), such Principal Payments to commence on the Conversion Date, 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 \$100,000 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 not be required to pay any interest pursuant to this

Reimbursement Agreement or the Bank Note in excess of the Maximum Rate, and if the rate of interest that would otherwise be payable under this Reimbursement Agreement or the Bank Note ever exceeds the Maximum Rate, then

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

(ii) any amount of interest collected or received by the Bank pursuant to this Reimbursement Agreement or the Bank Note in excess of the Maximum Rate shall, at the option of the Bank, be either refunded to the City or credited to any amount of principal owing to the Bank 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 Bank under this Reimbursement Agreement or the Bank Note 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 Bank in connection herewith. If at any time and from time to time (A) the amount of interest payable to the Bank 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 Bank would be less than the amount of interest payable to the Bank computed at the Maximum Rate, then the amount of interest payable to the Bank 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 Bank shall be equal to the total amount of interest which would have been payable to the Bank 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.

(j) The City's obligations to repay each Advance and Term Loan and to pay interest thereon as provided herein shall be evidenced and secured by the Bank Note, and the City shall pay amounts under the Bank Note on each date on which the City is required to make a principal payment on an Advance or Term Loan in an amount equal to the Advance or Term Loan payment due on such date.

(k) The Bank shall record the date, amount, type and maturity of each Advance and Term Loan made by it and the date and amount of each payment of principal made by the City with respect thereto; *provided, however*, that the failure of the Bank to make any such

recordation shall not affect the obligations of the City hereunder or under the Bank Note. In any legal action or proceeding in respect of this Reimbursement Agreement or the Bank Note, the Bank's accounting records shall be presumptive evidence of the existence and amount due thereunder, absent of manifest error.

Section 2.04. Costs, Expenses and Taxes. The City shall pay the costs and expenses of the Bank 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 Bank as to its rights and responsibilities under this Reimbursement Agreement and the Related Documents including fees and expenses of counsel to the Bank incurred in connection with such administration. In addition, the City agrees to pay on demand all reasonable costs and expenses of the Bank, 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 Bank 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 other fees and expenses as set forth the Fee Agreement in the amounts and at such times as provided in the Fee Agreement. The terms and provisions of the Fee Agreement are hereby incorporated herein by reference as if fully set forth herein. Any amounts due and payable under the Fee Agreement shall be considered due and payable hereunder for all purposes of this Reimbursement Agreement as if the Fee Agreement were set forth herein in full. All references to amounts or obligations due hereunder or in this Reimbursement Agreement shall be deemed to include all amounts and obligations (including without limitation fees and expenses) under the Fee Agreement. All fees paid under this Reimbursement Agreement and the Fee Agreement shall be fully earned when due and nonrefundable when paid.

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 Bank or a Participant of any amounts payable thereunder (except for taxes on the overall net income of the Bank or a Participant), (ii) impose, modify, or make applicable any reserve, capital, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against loans of or letters of credit issued by the Bank or participated in by a Participant, (iii) subject loans of or letters of credit issued by the Bank, 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 Bank 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 Bank 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 Bank, the City shall immediately pay to the Bank, from time to time as specified by the Bank, such additional amounts as shall be, in the determination of the Bank or such Participant, as the case may be,

sufficient to compensate the Bank 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 Bank 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 Bank or a Participant or any corporation controlling the Bank or a Participant allocates capital or liquidity resources to its commitments, including its obligations under lines of credit) that either (A) affects or would affect the amount of capital or liquidity to be maintained by the Bank or a Participant or any corporation controlling the Bank or a Participant or (B) reduces or would reduce the rate of return on the Bank's or the Participant's or the Bank's or Participant's controlling corporation's capital or liquidity to a level below that which the Bank or Participant or the Bank's or Participant's controlling corporation could have achieved but for such circumstances (taking into consideration the Bank's or Participant's or the Bank's or Participant's controlling corporation's policies with respect to capital or liquidity adequacy), then upon demand by the Bank, the City shall immediately pay to the Bank, from time to time as specified by the Bank, such additional amounts as shall be, in the determination of the Bank or such Participant, as the case may be, sufficient to compensate the Bank or the Participant for such additional amount or amounts as will compensate the Bank or Participant or the Bank's or Participant's controlling corporation for such cost of maintaining such increased capital or liquidity or the reduction in the rate of return on the Bank's or Participant's or the Bank's or Participant's controlling corporation's capital or liquidity together with interest on each such amount from the date of demand until payment in full thereof at the Base Rate.

(c) The Bank shall provide written notice to the City of the occurrence of any event which the Bank 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 Bank 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 Bank or any Participant as a result of any event specified in this Section 2.06 submitted by the Bank to the City, shall be conclusive, absent manifest error, as to the amount thereof. In determining such amount, the Bank 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 Bank 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 Bank 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 Bank 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 Bank (including payments by the Issuing and Paying Agent for the account of the Bank 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 through the Federal Reserve Wire System to The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, Address: 1251 Avenue of the Americas, New York, New York 10020-1104, Facsimile: (201) 521-2312/2336, ABA Number: 0260-0963-2, Account Number: 97770094, Attention: International Operations Department/Standby LC Section, Reference: _____ (or to such other account of the Bank as the Bank may specify by written notice to the City and the Issuing and Paying Agent). Any payment received by the Bank after 4:00 p.m. shall be deemed to have been received by the Bank 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.

Section 2.08. Maintenance of Accounts. The Bank shall maintain in accordance with its 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 Bank on demand any amounts advanced by or on behalf of the Bank to the extent reasonable required to cure any default, event of default, or event of nonperformance under this Reimbursement Agreement or any Related Document. The Bank shall give the City reasonably prompt notice of any such advances. The Bank 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, imposts, deductions, charges, withholdings or liabilities imposed thereon whatsoever, excluding, however, taxes on the overall net income of the Bank or any Participant (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “Taxes”). If the City is required by law to withhold or deduct any Taxes 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 Bank so that, after all withholdings and deductions, the amount received by the Bank shall equal the amount the Bank would have received without any such withholding or deduction. If the City shall make any payment under this Section 2.10(a) to or for the benefit of the Bank or any Participant with respect to Taxes and if the Bank or such Participant shall receive any credit or deduction for such Taxes against any other taxes payable by the Bank or such Participant to any taxing jurisdiction then the Bank or such Participant shall pay to the City an amount equal to the amount by which

such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank or such Participant pursuant to this sentence shall not exceed the aggregate amount previously paid by the City to the Bank or such Participant with respect to such Taxes. In addition, the City agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States or any other taxing jurisdiction from any payment made hereunder or under the Fee Agreement or from the execution or delivery or otherwise with respect to this Reimbursement Agreement (hereinafter referred to as “*Other Taxes*”). The Bank shall provide to the City within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the City to the Bank hereunder; *provided* that the Bank’s failure to send such notice shall not relieve the City of its obligation to pay such amounts hereunder.

(b) *Indemnity.* The City shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.10 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the City shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank’s negligence or willful misconduct. The Bank agrees to give written notice to the City of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank’s failure to notify the City promptly of such assertion shall not relieve the City of its obligation under this Section 2.10. Payments by the City pursuant to this indemnification shall be made within ninety (90) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the City any refund actually received by the Bank (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City pursuant to this Section 2.10 received by the Bank for Taxes or Other Taxes that were paid by the City pursuant to this Section 2.10 net of all out-of-pocket expenses of the Bank (including any Taxes or Other Taxes imposed with respect to such refund) and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund) and to contest, with the cooperation and at the expense of the City, any such Taxes or Other Taxes which the Bank or the City reasonably believes not to have been properly assessed. The City, upon the request of the Bank, shall repay to the Bank the amount paid pursuant to this Section 2.10(b) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event the Bank is required to repay such refund to such Governmental Authority. Notwithstanding anything herein to the contrary in this Section 2.10(b), in no event will the Bank be required to pay any amount to the City pursuant to this Section 2.10(b), the payment of which would place the Bank in a less favorable net after-Tax position than the Bank would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Bank to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the City or any other Person or to apply for, pursue or seek any tax refund.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes or Other Taxes (as defined in Section 2.10(a) hereof) by the City, the City shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival.* The provisions of this Section 2.10 shall survive the termination of this Reimbursement Agreement and the payment in full of the Notes and the Obligations of the City hereunder and thereunder.

Section 2.11. Reserved.

Section 2.12. Reserved.

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 or 366 days, as applicable, 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 Bank pursuant to the Letter of Credit shall be made from funds of the Bank, 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 Bank, no longer be true and correct in any material respect; (iii) a No-Issuance Notice has been issued; (iv) the Issuing and Paying Agent is in receipt of the Final Drawing Notice in substantially the form attached to the Letter of Credit as Annex [___], and (v) the maturity date of any such Notes is later than the Business Day immediately preceding the Stated Expiration Date.

ARTICLE III

CONDITIONS PRECEDENT

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

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

(i) (A) an original counterpart of this Reimbursement Agreement and the Fee Agreement, each executed by all parties thereto and (B) a duly executed original of the Bank Note, complying with the provisions of Section 2.03 hereof and substantially in the form of Exhibit C hereto;

(ii) a copy of the Ordinance, 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 has 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 other 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; (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; (F) since September 30, 2013, no material adverse change in, or a material adverse effect upon, the operations, business, properties, assets, liabilities (actual or contingent), ratings, credit, condition (financial or otherwise) or prospects of the City relating to the Pledged Revenues or the Systems shall have occurred; and (G) all conditions precedent to the issuance of the Letter of Credit set forth in this Section 3.01 have been satisfied;

(iv) written evidence satisfactory to the Bank that (A) a CUSIP number has been obtained and received from Standard & Poor's CUSIP Service for the Bank Note and (B) the Bank Note (and its related CUSIP Number) shall have been assigned a long term rating of at least "Baa3" (or its equivalent) by Moody's or "BBB-" (or its equivalent) by Fitch;

(v) an opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, covering such other matters relating to the transactions contemplated by the Related Documents as the Bank shall reasonably request, including without limitation, that all necessary action on the part of the City shall have been taken to pledge the Pledged Revenues for the benefit of the Bank, the Bank Note and the owners of the Notes and such pledge is valid, binding and enforceable against the City;

(vi) an opinion of Chapman and Cutler LLP, U.S. Counsel for the Bank, and an opinion of Japanese counsel to the Bank;

(vii) a copy of the City's investment policy and a copy of the audited financial statements of the City for the fiscal year ended September 30, 2013, unaudited financial statements and a copy of the City's approved budget for the fiscal year ending September 30, **[2014]**, including such support documents and cash flow projections as may be requested by the Bank;

(viii) (A) satisfactory evidence that the Notes shall have been assigned short-term ratings of "P-1" by Moody's, "F1" by Fitch and "A-1" by S&P after giving effect to the Letter of Credit; and (B) recent evidence that the unenhanced long-term debt rating assigned by **[Moody's, S&P and Fitch]** to any **[Parity Debt]** is at least **["[]," "[]" and "[],"]** respectively;

(ix) a certificate of the Director of Finance of the City will certifying that (A) the City is not now in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the City payable from and secured by a lien on and pledge of the Net Revenues of the Systems, either or both, and (B) all payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the systems, either or both, have been made in full and that the amounts on deposit in such special funds or accounts are the amounts now required to be deposited therein;

[(x) a certificate or opinion of a certified public accountant to the effect that according to the books and records of the City, the Net Earnings (as defined in the most recent ordinance related to the issuance of Prior Lien Bonds) of the Systems for the preceding Fiscal Year immediately preceding adoption of the Ordinance were at least equal to the sum of (a) 1.10 times the average annual requirement for the payment of principal and interest (or other similar payments) for the Subordinate Lien Bonds outstanding and all other outstanding obligations (except the Previously Issued Bonds (as defined in the most recent ordinance related to the issuance of Prior Lien Bonds) and Separate Lien Obligations) that are payable only from and secured solely by a lien on and pledge of the Net Revenues of the Systems, either or both, and (b) 1.25 times the average annual requirement for the payment of principal

and interest (or other similar payments) for all outstanding Prior Lien Bonds and Separate Lien Obligations; and]

(xi) such other documents, instruments, approvals or opinions as the Bank 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 Bank 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 Bank would make it illegal for the Bank 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, (iii) execute and deliver this Reimbursement Agreement and the Related Documents, (iv) issue and deliver the Notes (including the Bank Note), (v) pledge the Security, and (vi) perform fully and completely all its obligations and liabilities under the Ordinance and this Reimbursement Agreement and under the Related Documents;

(b) the adoption and performance of the Ordinance and the issuance of the Notes (including the Bank Note) thereunder 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;

(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 issuance, validity or enforceability of the Notes (including the Bank Note), 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 Bank on or before the Date of Issuance;

(d) the Ordinance, this Reimbursement Agreement and the Related Documents constitute, and the Notes (including the Bank Note), 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 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, including without limitation the Offering Memorandum, furnished by the City to the Bank in connection with the 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 this Reimbursement Agreement creates a valid lien on, pledge of, and security interest in the Security as security for the Notes (including the Bank Note) and for the repayment of the City's obligations under this Reimbursement Agreement and the other Related Documents and all action necessary to perfect the lien on, pledge of, and security interest of the Bank 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. No Default or Event of Default has occurred or is continuing hereunder;

(i) the City hereby makes to the Bank the same representations and warranties as are made by the City in, or are incorporated by the City in, the 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 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 Bank; and

(j) To the extent authorized by Texas Government Code Section 1371.059(c), the City has, in this Reimbursement Agreement, waived sovereign immunity from suit and liability for the purposes of adjudicating a claim to enforce this Reimbursement Agreement, the Fee Letter or the Ordinance or for damages for breach of this Reimbursement Agreement, the Fee Letter or the Ordinance. The City further represents that to the extent its obligations hereunder and under the other Related Documents to which it is a party represent the legal obligations of the City, its non-discretionary duties are subject to enforcement in Texas courts by writ of mandamus, and that it is not immune to an equitable mandamus action.

(k) (i) Neither the City nor any of its affiliates is in violation of any laws relating to terrorism or money laundering (*“Anti-Terrorism Laws”*), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the *“Executive Order”*), and the Patriot Act;

(ii) Neither the City nor any of its affiliates is any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person engaging in any transaction prohibited by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset

Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

Neither the City nor any of its affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(l) The City agrees that the Bank is an express third party beneficiary to the Ordinance.

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 Obligations owing to the Bank:

(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 Bank 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 Bank under or in connection with this Reimbursement Agreement or (ii) enable the Bank to exercise or enforce its rights or remedies under or in connection with this Reimbursement Agreement;

(b) it will not, without the prior written consent of the Bank, enter into or consent to any amendments of or supplements to the 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 Bank, which consent shall not be unreasonably withheld;

(c) it will promptly, and in any event within five (5) Business Days, notify the Bank of the occurrence of any “Event of Default” under the Ordinance or of a default under the Parity Note Ordinance, the Parity Reimbursement Agreement, this Reimbursement Agreement, any Related Document 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 Bank 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 and in the Constitution of the State and in all statutes, laws and regulations binding upon it relating to the Notes (including the Bank Note), 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, and in any event within five (5) Business Days, notify the Bank 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 (including the Bank Note), 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 (including the Bank Note), 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 Priority Lien Obligations 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 Bank under this Reimbursement 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 (including the Bank Note) 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) \$400,000,000 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 Bank on or before August 31 of each year), plus (b) two percent (2%); and

(y) 1.10 times the product of (i) \$50,000,000 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 Bank 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 Bank;

(n) it will deliver to the Bank (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(l) 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(l) 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 Bank 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 Bank 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 Bank. 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 Bank;

(q) it will not issue any Notes to refund Priority Lien Obligations without the prior written consent of the Bank;

(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 Bank) 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 Bank 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 Bank, in its 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 Bank under this Reimbursement Agreement, and the City and the Bank hereby agrees 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 Bank;

(s) it shall at all times maintain the ability to issue bonded indebtedness 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, including without limitation the Bank Note;

(t) (i) it will, at all times, maintain a reputable dealer of recognized national standing for the Notes, and will notify the Bank as promptly as practicable of any appointment of a successor dealer (which successor dealer shall not be appointed without the prior written consent of the Bank, which response to such notice shall be prompt and which consent shall not be unreasonably withheld or delayed) for the Notes before the date such appointment is to take effect. The City will, at all times, maintain a reputable Issuing and Paying Agent of recognized national standing for the Notes.

(ii) 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 Interest Rate (as defined in the Ordinance). If a Dealer fails to sell the Notes for sixty (60) consecutive days, then the City, at the written request of the Bank and with mutual agreement of the City, shall replace the applicable Dealer with a Dealer reasonably satisfactory to the Bank;

(u) it will not, with respect to the Systems, dissolve nor will it sell, lease, assign, transfer or otherwise dispose of all or substantially all of any component of the Systems' assets (including, without limitation, by sale and leaseback) if such event could reasonably be expected to result in a material adverse effect upon the operations, business, properties, assets, liabilities (actual or contingent), ratings, credit, condition (financial or otherwise) or prospects of the Pledged Revenues or the Systems; and

(v) it will not consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it or acquire all or substantially all of the property and assets of any other Person if such event could reasonably be expected to result in a material adverse effect upon the operations, business, properties, assets, liabilities (actual or contingent), ratings, credit, condition (financial or otherwise) or prospects of the City. The City will not consolidate any component of the Systems with or merge into another Person or permit one or more other Persons to consolidate with or merge into any component of the Systems if such event could reasonably be expected to result in a material adverse effect upon the operations, business, properties, assets, liabilities (actual or contingent), ratings, credit, condition (financial or otherwise) or prospects of the Pledged Revenues or the Systems.

(w) after the Closing Date, it will not enter into any new Swap Contract or amend any existing Swap Contract with respect to any Pledged Revenues (i) wherein any termination payments or settlement amounts are senior to or on parity with the payment of the Notes or the Obligations hereunder or (ii) which requires the City to post cash

collateral to secure its obligations thereunder, in each case, without the prior written consent of the Bank.

ARTICLE VI

SECURITY

Section 6.01. Security. (a) The City hereby pledges and grants to the Bank, 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 Bank 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 Bank, 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 Bank 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*." The Bank Note shall further be entitled to the benefits of this Agreement, and secured by the Security.

(c) The Bank acknowledges 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 Bank 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, the Bank Note 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 under the Fee Agreement or the Bank Note; 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 or 10.09 hereof or (B) any other term, covenant (other than a covenant set forth in Section 5.01 or 10.09 hereof) 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 Bank shall have given the City written notice of such default; or

(iv) any of this Reimbursement Agreement, the Bank Note or any other Related Document or any provision hereof or thereof 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, the Bank Note or any other Related Document 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, the Bank Note or any other Related Document 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, receiver, examiner, liquidator, custodian or other similar official shall be appointed for it or for a substantial part of its property or revenues; 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 a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the City by the City or any Governmental Authority with appropriate jurisdiction; 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 or the representations and warranties of the City set forth in Article IV hereof shall, in the reasonable opinion of the Bank, no longer be true and correct in any material respect, then, and in every such event, the Bank, in its 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 B) to the City, the Dealers, the Issuing and Paying Agent and the credit provider under the Parity Reimbursement Agreement that that the Letter of Credit will terminate upon the earlier of (i) 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") and (ii) a Final Drawing. 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 Bank, the Dealers and the City listing the maturity dates of all outstanding Notes. Upon the earlier of (i) payment in full of all such Notes at maturity and (ii) a Final Drawing, the Letter of Credit shall terminate and the Issuing and Paying Agent shall promptly surrender the Letter of Credit to the Bank for cancellation.

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

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

(b) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 10th day after the date of receipt thereof by the Trustee/Paying Agent); and

(c) 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 the Ordinance or to enforce performance or observance of any obligation, agreement or covenant of the City under this Reimbursement Agreement or the Ordinance, whether for specific performance of any agreement or covenant of the City or in aid of the execution of any power granted to the Bank in this Reimbursement Agreement or the Ordinance.

The provisions of this Reimbursement Agreement and the Ordinance shall be a contract with the Bank and the duties of the City shall be enforceable by the Bank and each and every Bank Note Holder by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

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 Bank 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 Bank, 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 or Omissions. No delay or omission by the Bank 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 Bank or to be acquiescence therein. No express or implied waiver by the Bank 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 Bank 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 Bank shall have the unqualified right so to do and, in such event, the City and the Bank shall be restored to its former position with respect to this Reimbursement Agreement, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Bank 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 Bank; therefore, the City agrees that the Bank, if the Bank 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 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 Bank 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;
or
- (f) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Nothing contained in this Section 8.01 shall operate to prevent the City from bringing a cause of action against the Bank for any liability the City may incur as a result of the Bank's negligence or willful misconduct.

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 Bank 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 Bank.

Section 8.03. Liability of the Bank. 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 Bank nor any of its 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 Bank 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 Bank 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 Bank; 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 Bank, and the Bank 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 Bank, as applicable, in connection with clauses (b), (c), (d), (f), (g) and (h) above; or (B) the willful or negligent failure of the 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 Bank may accept documents that appear on their face to be in order, without responsibility for further investigation. The Bank shall not be liable in any way for any failure on its 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 Bank.

Section 8.04. No Implied Covenants. The duties and obligations of the Bank 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 Reimbursement Agreement or the Letter of Credit against the Bank.

Section 8.05. Indemnity. To the extent it legally may, the City hereby indemnifies and holds harmless the Bank, 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, or performance of its obligations under the Letter of Credit or this Reimbursement Agreement;
- (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.

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 Bank. 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 Bank 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 Bank honors 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. The City may, not earlier than one hundred eighty (180) days and not less than ninety (90) days prior to the Letter of Credit Expiration Date, submit to the Bank, a written request for an extension of the Letter of Credit Expiration Date in the form of Exhibit A requesting that the Bank extend the Letter of Credit Expiration Date for an additional period specified in such request. If the City shall make such request, the Bank 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 its consent to such request (which consent may be given or withheld in the sole discretion of the Bank) 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 Bank shall not so notify the City, the Bank shall be deemed not to have consented to such request and the Letter of Credit Expiration Date shall remain unchanged. If the Bank 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 Bank, 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 Bank. All extensions shall be at the sole and absolute discretion of the Bank.

ARTICLE X

MISCELLANEOUS

Section 10.01. Right of Setoff. Upon the occurrence of an Event of Default, the Bank 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 the 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 the 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 Bank. 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 Bank, 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 Bank 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 the 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. The Bank agrees to use commercially reasonable efforts to provide the City notice of any such participation or prospective participation; *provided, however*, that no failure or delay on the part of the Bank to do so shall in any way affect or impair the obligations of the City hereunder. 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 Bank or any Participant with regard to the Participated Obligations. The 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, the 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 the 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 the Bank authorized to issue such Letter of Credit. The transferring Bank shall notify the Bank 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 Reimbursement 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 Bank and the City and fully supersede all prior agreements, both written and oral, between the Bank 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 Bank.

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 Bank.

Section 10.09. Waiver of Sovereign Immunity. To the extent authorized by Texas Government Code Section 1371.059(c), the City, in this Reimbursement Agreement, waives sovereign immunity from suit and liability for the purposes of adjudicating a claim to enforce this Reimbursement Agreement, the Fee Letter or the Ordinance or for damages for breach of this Reimbursement Agreement, the Fee Letter or the Ordinance. The City further covenants that to the extent its obligations hereunder and under the other Related Documents to which it is a party represent the legal obligations of the City, it will not claim any immunity with regard to non-discretionary duties which are subject to enforcement in Texas courts by writ of mandamus, and that it will not claim immunity with regard to an equitable mandamus action.

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 P.O. Box 2106 Austin, Texas 78768 Attention: City Treasurer Telephone: (512) 974-7882 E-mail: debt@austintexas.gov
The Bank:	The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2001 Ross Avenue, Suite 3150 Dallas, Texas 75201 Attention: Nick Boyle Telephone: (214) 954-1242 Facsimile: (214) 954-1007
Issuing and Paying Agent:	U.S. Bank Trust National Association 100 Wall Street Suite 1600 New York, New York 10005 Attention: Patrick J. Healy Telecopy: (212) 361-2458

Dealer: Goldman, Sachs & Co.
85 Broad Street
24th Floor
New York, New York 10004
Attention: Money Market Municipal Department
Telecopy: (212) 357-8350

The Parity Bank:

**[S&P: Standard & Poor's
55 Water Street, 38th Floor
New York, New York 10041
Attention: 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, New York 10007
email: MSPGSurveillance@moodys.com
Telephone: (212) 553-4066]**

and, if addressed to any of the Bank, with copies of such notice(s) addressed to it at the address(es) for notices to the 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 BANK SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. TO THE EXTENT THAT THE BANK HAS GREATER RIGHTS OR REMEDIES UNDER FEDERAL LAW, THIS SECTION WILL NOT BE DEEMED TO DEPRIVE THE BANK OF SUCH RIGHTS AND REMEDIES AS MAY BE AVAILABLE UNDER FEDERAL LAW.

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 Bank; *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 Bank prior to the creation by the City of an independent board to govern the Electric Light and Power System and shall provide to the Bank such information in connection therewith as the Bank may reasonably request.

(b) The Bank may at any time assign the Bank Note or all or any portion of its rights under this Reimbursement Agreement or all or any portion of the Obligations owing to it to a Federal Reserve Bank or the United States Treasury as collateral security. 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 AND THE BANK 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. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

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 Reimbursement 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.

Section 10.18. Government Regulations. The Bank hereby notifies the City that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Act*"), it is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Bank to identify the District and the Corporation in accordance with the Act. The City shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, "know your customer" and anti-money laundering rules and regulations, including the Act, and shall comply, and cause any of their respective affiliates, if any, to comply, with all applicable Bank Secrecy Act ("*BSA*") laws and regulations, as amended.

The City shall (a) ensure that no person who owns a controlling interest in or otherwise controls the City is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("*OFAC*"), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the City or from otherwise conducting business with the City and (b) ensure that the proceeds of the Drawings, any Advance, the Bank Note and any Notes shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 10.19. City Obligations Not Payable from Taxation. None of the Obligations of the City hereunder or the Bank Note shall be payable from funds raised or to be raised from taxation.

[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

BANK:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch

By: _____
Name: _____
Title: _____

For all notices:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
2001 Ross Avenue, Suite 3150
Dallas, Texas 75201
Attention: Nick Boyle
Telephone: (214) 954-1242
Facsimile: (214) 954-1007

with a copy to:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
1251 Avenue of the Americas, 12th Floor
New York, New York 10020
Attention: _____
Telephone: _____
E-mail: _____

For draws under the Letter of Credit:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
c/o International Operations Department/Standby LC Section
1251 Avenue of the Americas, 12th Floor
New York, New York 10020
Attention: Ms. Antonina Bondi or Ms. Ruth Dioquino
Telephone: (201) 413-8823/8160
Facsimile: (201) 521-2312/2236
E-mail: abondi@us.mufg.jp
rdioquino@us.mufg.jp

EXHIBIT A

FORM OF REQUEST FOR EXTENSION

[Date]

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
2001 Ross Avenue, Suite 3150
Dallas, Texas 75201
Attention: Nick Boyle

Re: Request for Extension

Ladies and Gentlemen:

Reference is hereby made to that certain Letter of Credit Reimbursement Agreement, dated as of September 1, 2014 (the "*Agreement*"), between the City of Austin, Texas (the "*City*"), and The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, as Bank. 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 the Stated 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 Bank.

The Bank is requested to notify the City of its decision with respect to this request for extension within 60 days of the date hereof. If the Bank fails to notify the City of its decision, the Bank shall be deemed to have denied such request.

Very truly yours,

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

EXHIBIT B

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 The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, as Bank, under that certain Letter of Credit Reimbursement Agreement dated as of September 1, 2014 (the "*Reimbursement Agreement*"; capitalized terms used herein and not defined shall have the meaning assigned in this Reimbursement Agreement) between the City of Austin, Texas (the "*City*"), and The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, as Bank, 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 Bank 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 _____, ____.

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch, as the
Bank

By: _____
Name: _____
Title: _____

EXHIBIT C

[FORM OF BANK NOTE]

[TO BE PROVIDED]