

1                                   **ORDINANCE NO. 20101118-\_\_\_\_\_**

2           **AN ORDINANCE AUTHORIZING THE ISSUANCE AND**  
3           **SALE OF “CITY OF AUSTIN, TEXAS, WATER AND**  
4           **WASTEWATER SYSTEM REVENUE REFUNDING BONDS,**  
5           **SERIES 2010A” AND “CITY OF AUSTIN, TEXAS, WATER**  
6           **AND WASTEWATER SYSTEM REVENUE REFUNDING**  
7           **BONDS, TAXABLE SERIES 2010B (DIRECT SUBSIDY-BUILD**  
8           **AMERICA BONDS)” AND RELATED DOCUMENTS.**

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

11          **SECTION 1: DEFINITIONS AND FINDINGS.** The following terms have  
12          the meanings set forth below, unless the text specifically states otherwise:

13                “2010A Refunded Notes” means \$75,000,000 in principal amount of the  
14          Series A Notes being refunded by the Series 2010A Bonds.

15                “2010B Refunded Notes” means \$100,000,000 in principal amount of the  
16          Series A Notes being refunded by the Series 2010B Bonds and more particularly  
17          described in Exhibit A.

18                “Bonds” means collectively the Series 2010A Bonds and the Series 2010B  
19          Bonds.

20                “Business Day” means a day other than a Sunday, Saturday, a legal holiday,  
21          or a day on which banking institutions in the city where the principal corporate  
22          trust office of the Paying Agent/Registrar is located is authorized by law or  
23          executive order to close.

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

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

28                “Holders” means the registered owners or holders of the Bonds.

29                “Master Ordinance” means Ordinance No. 000608-56A passed by the city  
30          council on June 8, 2000.

“Nineteenth Supplement” means Ordinance No. 20101118-\_\_\_\_ authorizing the issuance of the Bonds and passed by the City Council on November 18, 2010.

“Paying Agent/Registrar” means the financial institution specified in Section 4 of the Nineteenth Supplement.

“Previously Issued Parity Water/Wastewater Obligations” mean the outstanding (1) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2001A”, (2) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2001B”, (3) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2001C”, (4) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2002A”, (5) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2003”, (6) “City of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2004”, together with certain regularly scheduled payments under the Interest Rate Swap Agreement, the Liquidity Agreement and the Insurance Obligation (as these terms are defined in Ordinance No. 040812-43), (7) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2004A”, (8) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2005”, (9) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2005A”, (10) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006”, (11) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006A”, (12) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2007”, (13) “City of Austin, Texas, Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008”, together with certain regularly scheduled payments under the Series 2008 Interest Rate Management Agreement and the Series 2008 Liquidity Agreement (as these terms are defined in Ordinance No. 20080306-053), (14) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2009”, (15) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2009A”, and (16) “City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2010”.

“Prior Supplements” mean Ordinances Nos. 010419-77, 011129-65, 020718-15, 030206-35, 040617-45, 040812-43, 040930-83, 050519-37, 051020-051, 20051117-060, 20061116-051, 20071108-081, 20080306-052, 20080306-053, 20081211-77, 20091105-051 and 20091217-004 authorizing the issuance of the Previously Issued Parity Water/Wastewater Obligations.

68 “Refunded Notes” means \$175,000,000 in principal amount of the Series A  
69 Notes being refunded by the Bonds.

70 “Regulations” means any proposed, temporary, or final Income Tax  
71 Regulations issued pursuant to Sections 54A, 54AA, 103, 141 through 150, and  
72 6431 of the Code, and 103 of the Internal Revenue Code of 1954, which are  
73 applicable to the Series 2010A Bonds. Any reference to any specific Regulation  
74 shall also mean, as appropriate, any proposed, temporary or final Income Tax  
75 Regulation designed to supplement, amend or replace the specific Regulation  
76 referenced.

77 “Security Register” shall have the meaning given in Section 4 of the  
78 Nineteenth Supplement.

79 “Series 2010A Bonds” shall mean the “CITY OF AUSTIN, TEXAS,  
80 WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS,  
81 SERIES 2010A” authorized for issuance by the Nineteenth Supplement.

82 “Series 2010B Bonds” shall mean the “CITY OF AUSTIN, TEXAS,  
83 WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS,  
84 TAXABLE SERIES 2010B (Direct Subsidy-Build America Bonds)” authorized  
85 for issuance by the Nineteenth Supplement.

86 “Series A Notes” means the City of Austin, Texas Combined Utility System  
87 Commercial Paper Notes, Series A, up to an aggregate principal amount of  
88 \$350,000,000 to finance the costs of additions, improvements and extensions to the  
89 City’s water and wastewater system and the City’s electric light and power system.

90 The terms used in the Nineteenth Supplement and not otherwise defined  
91 have the meanings given in the Master Ordinance or the Prior Supplements.

92 The City has previously authorized the issuance of the Series A Notes.

93 The best interest of the City is served by issuing the Bonds to refund short  
94 term obligations into long term obligations and the manner in which the refunding  
95 is executed does not make it practicable to make the determination required by  
96 Texas Government Code, Section 1207.008(a)(2).

97 The Refunded Notes should be refunded and refinanced into long term  
98 obligations at this time to enable the City’s Water and Wastewater Department to  
99 continue utilizing its allocated share of the City’s commercial paper program.

The Bonds can and shall be on a parity with the outstanding “Parity Water/Wastewater Obligations” issued in accordance with and under the terms and provisions of the Master Ordinance and the Prior Supplements.

The Series 2010B Bonds are issued as and the City will irrevocably elect to apply (i) section 54AA of the Code to each of the Series 2010B Bonds as a “build America bond” and (ii) subsection 54AA(g) of the Code to each of the Series 2010B Bonds as a “qualified bond”, and, accordingly, the Bonds herein authorized shall be issued as two separate and distinct series of bonds .

**SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are hereby authorized to be issued (a) in the aggregate principal amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) to be designated and bear the title “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2010A”, for the purpose of refinancing and refunding the 2010A Refunded Notes and paying costs of issuance and (b) in the aggregate principal amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) to be designated and bear the title “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2010B (DIRECT SUBSIDY-BUILD AMERICA BONDS)”, for the purpose of refinancing and refunding the 2010B Refunded Notes and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapters 1207 and 1371.

**SECTION 3: FULLY REGISTERED OBLIGATIONS - AUTHORIZED DENOMINATIONS – STATED MATURITIES - DATE.** The Bonds shall be issued as fully registered obligations, without coupons, shall be dated November 1, 2010 (the “Bond Date”) and, other than the single fully registered Initial Bond referenced in Section 9 of this Ordinance, shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), shall be numbered consecutively from One (1) upward and shall become due and payable on November 15 and in principal amounts (the “Stated Maturities”) in accordance with the following schedule:

132            Series 2010A Bonds:

Stated Maturity	Principal Amount (\$)	Interest Rate(s)	Stated Maturity	Principal Amount (\$)	Interest Rate(s)
2011			2026		
2012			2027		
2013			2028		
2014			2029		
2015			2030		
2016			2031		
2017			2032		
2018			2033		
2019			2034		
2020			2035		
2021			2036		
2022			2037		
2023			2038		
2024			2039		
2025			2040		

133            Series 2010B Bonds:

Stated Maturity	Principal Amount (\$)	Interest Rate(s)	Stated Maturity	Principal Amount (\$)	Interest Rate(s)
2011			2026		
2012			2027		
2013			2028		
2014			2029		
2015			2030		
2016			2031		
2017			2032		
2018			2033		
2019			2034		
2020			2035		
2021			2036		
2022			2037		
2023			2038		
2024			2039		
2025			2040		

The Bonds shall bear interest on the unpaid principal amounts from the Bond Date or the most recent interest payment date to which interest has been paid or provided for, at the rate(s) per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on May 15 and November 15 in each year, commencing May 15, 2011, until maturity or prior redemption.

**SECTION 4: TERMS OF PAYMENT - PAYING AGENT/REGISTRAR.** The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the Holders appearing on the respective registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of Bank of Texas, N.A., Houston, Texas, to serve as Paying Agent/Registrar for the Bonds is approved and confirmed. Separate books and records relating to the registration, payment, transfer and exchange of the Series 2010A Bonds and the Series 2010B Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar as provided in the Nineteenth Supplement and in accordance with the terms and provisions of a separate "Paying Agent/Registrar Agreement", substantially in the form attached to this Ordinance as **Exhibit B** (with respect to the Series 2010A Bonds) and **Exhibit C** (with respect to the Series 2010B Bonds), and the reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Clerk or Deputy City Clerk are authorized to execute and deliver separate Paying Agent/Registrar Agreements for the Series 2010A Bonds and the Series 2010B Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in the capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Series 2010A Bonds or the Series 2010B Bonds, the City agrees to promptly cause a written notice to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or upon prior redemption, only upon presentation and surrender of the

Bonds to the Paying Agent/Registrar at its designated offices in Tulsa, Oklahoma (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date), and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

**SECTION 5: REDEMPTION.** (a) Optional Redemption. (i) The Series 2010A Bonds having Stated Maturities on and after November 15, 2021, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/ Registrar), on November 15, 2020 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(ii) The Series 2010B Bonds maturing on November 15, 20\_\_\_\_ and bearing interest at a rate of \_\_\_\_% (the "Par Call Bonds") shall be subject to redemption prior to their Stated Maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a

210 Stated Maturity, selected at random and by lot by the Paying Agent/Registrar), on  
211 November 15, 2020 or on any date thereafter at the redemption price of par plus  
212 accrued interest to the date of redemption.

213 (iii) The Series 2010B Bonds maturing on November 15, 20\_\_ and  
214 bearing interest at a rate of \_\_\_\_% (the “Non-Par Call Bonds”) shall be subject  
215 to redemption prior to maturity, at the option of the City, in whole or in part in  
216 principal amounts of \$5,000 or any integral multiple of \$5,000 (and if within a  
217 Stated Maturity, selected at random and by lot by the Paying Agent/Registrar), on  
218 any date at the Make-Whole Redemption Price. The Par Call Bonds shall be  
219 subject to redemption prior to their Stated Maturity, at the option of the City, on  
220 any date from the date of delivery of the Bonds through November 14, 2020, in  
221 whole or in part, in principal amounts of \$5,000 or any integral multiple thereof  
222 (and if within a Stated Maturity, selected at random and by lot by the Paying  
223 Agent/Registrar) at the Make-Whole Redemption Price.

224 “Make-Whole Redemption Price” means an amount equal to the greater of:  
225 (1) the issue price (but not less than 100%) of the principal amount of the Series  
226 2010B Bonds to be redeemed; or (2) the sum of the present value of the remaining  
227 scheduled payments of principal and interest to the maturity date of the Series  
228 2010B Bonds to be redeemed, not including any portion of those payments of  
229 interest accrued and unpaid as of the date on which the Series 2010B Bonds are to  
230 be redeemed, discounted to the date on which the Series 2010B Bonds are to be  
231 redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve  
232 30-day months, at the Treasury Rate, plus twenty (20) basis points, plus accrued  
233 interest on the Series 2010B Bonds to be redeemed to the redemption date.

234 “Treasury Rate” means, with respect to any redemption date for a particular  
235 Series 2010B Bond, the yield to maturity as of the redemption date of United  
236 States Treasury securities with a constant maturity (as compiled and published in  
237 the most recent Federal Reserve Statistical Release H.15 (519) that has become  
238 publicly available at least two (2) Business Days prior to the redemption date  
239 (excluding inflation indexed securities) (or, if such Statistical Release is no longer  
240 published, any publicly available source of similar market data)) most nearly equal  
241 to the period from the redemption date to the maturity date of the Series 2010B  
242 Bonds to be redeemed; provided, however, that if the period from the redemption  
243 date to such maturity date is less than one year, the weekly average yield on  
244 actually traded United States Treasury securities adjusted to a constant maturity of  
245 one year will be used.



(iv) The Series 2010B Bonds shall be subject to redemption prior to their Stated Maturity, at the option of the City and upon the occurrence of an Extraordinary Event, on any date with respect to the Non-Par Call Bonds and on any date from the Closing Date through November 15, 2020 with respect to the Par Call Bonds, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity, selected at random and by lot by the Paying Agent/Registrar) at the Extraordinary Redemption Price.

“Extraordinary Event” means the occurrence of a change to sections 54AA or 6431 (as such sections were added by Section 1531 of the Recovery Act, pertaining to Build America Bonds) of the Code, or if there is any guidance published by the Internal Revenue Service (the “IRS”) or the United States Department of the Treasury with respect to such sections or any other determination by the IRS or the United States Department of the Treasury, which determination is not the result of an act or omission by the City to satisfy the requirements to receive the subsidy payments with respect to the Series 2010B Bonds from the United States Department of the Treasury (the “Subsidy Payments”), pursuant to which the City’s Subsidy Payment is reduced or eliminated.

“Extraordinary Redemption Price” means an amount equal to the greater of: (1) the issue price (but not less than 100%) of the principal amount of the Series 2010B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010B Bonds to be redeemed to the maturity date of such Series 2010B Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the Series 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus one hundred (100) basis points, plus accrued interest on the Series 2010B Bonds to be redeemed to the redemption date.

At least forty-five days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption. The decision of the City to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(b) Mandatory Redemption. (1) The Series 2010A Bonds having Stated Maturities of November 15, 20\_\_ and November 15, 20\_\_ (the “Series 2010A

283 Term Bonds”) shall be subject to mandatory redemption in part prior to maturity at  
284 the redemption price of par and accrued interest to the date of redemption on the  
285 respective dates and in principal amounts as follows:

Series 2010A Term Bonds due November 15, 20__	
<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 20__	\$ ___,000
November 15, 20__	\$ ___,000
November 15, 20__	\$ ___,000
November 15, 20__	\$ ___,000 (maturity)

Series 2010A Term Bonds due November 15, 20__	
<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 20__	\$ ___,000
November 15, 20__	\$ ___,000
November 15, 20__	\$ ___,000
November 15, 20__	\$ ___,000 (maturity)

286 Approximately forty-five days prior to each mandatory redemption date for  
287 the Series 2010A Term Bonds, the Paying Agent/Registrar shall select by lot the  
288 numbers of the Series 2010A Term Bonds within the applicable Stated Maturity to  
289 be redeemed on the next following November 15 from moneys set aside for that  
290 purpose in the Debt Service Fund. Any Series 2010A Term Bond not selected for  
291 prior redemption shall be paid on the date of their Stated Maturity.

292 The principal amount of the Series 2010A Term Bonds for a Stated Maturity  
293 required to be redeemed on a mandatory redemption date may be reduced, at the  
294 option of the City, by the principal amount of Series 2010A Term Bonds of like  
295 Stated Maturity which, at least fifty days prior to the mandatory redemption date,  
296 (1) shall have been acquired by the City at a price not exceeding the principal  
297 amount of the Series 2010A Term Bonds plus accrued interest to the date of  
298 purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or  
299 (2) shall have been redeemed pursuant to the optional redemption provisions set  
300 forth in paragraph (a) of this Section and not theretofore credited against a  
301 mandatory redemption requirement.

302 (2) The Series 2010B Bonds having Stated Maturities of November 15,  
303 20\_\_ and November 15, 20\_\_ (the “Series 2010B Term Bonds”) shall be subject  
304 to mandatory redemption in part prior to maturity at the redemption price of par

305 and accrued interest to the date of redemption on the respective dates and in  
306 principal amounts as follows:

Series 2010B Term Bonds due November 15, 20__	
<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000 (maturity)

Series 2010B Term Bonds due November 15, 20__	
<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000 (maturity)

307        Approximately forty-five days prior to each mandatory redemption date for  
308 the Series 2010B Term Bonds, the Paying Agent/Registrar shall select pro rata (if  
309 administratively permitted by the Paying Agent/Registrar or the administrator of  
310 the securities depository system in which such mandatorily redeemed Series 2010B  
311 Bonds are then enrolled) or (if pro rata selection methodology is administratively  
312 unavailable) by lot or other customary method, the numbers of the Series 2010B  
313 Term Bonds within the applicable Stated Maturity to be redeemed on the next  
314 following November 15 from moneys set aside for that purpose in the Debt Service  
315 Fund. Any Series 2010B Term Bond not selected for prior redemption shall be  
316 paid on the date of their Stated Maturity.

317        The principal amount of the Series 2010B Term Bonds for a Stated Maturity  
318 required to be redeemed on a mandatory redemption date may be reduced, at the  
319 option of the City, by the principal amount of Series 2010B Term Bonds of like  
320 Stated Maturity which, at least fifty days prior to the mandatory redemption date,  
321 (1) shall have been acquired by the City at a price not exceeding the principal  
322 amount of the Series 2010B Term Bonds plus accrued interest to the date of  
323 purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or  
324 (2) shall have been redeemed pursuant to the optional redemption provisions set  
325 forth in paragraph (a) of this Section and not theretofore credited against a  
326 mandatory redemption requirement.

(c) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same series and same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bonds by \$5,000 and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing the notice, and any notice of redemption so mailed shall be conclusively presumed to have been given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the series of Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount of the Bonds to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been given or waived as provided in the Nineteenth Supplement, such Bond (or the principal amount of the Bond to be redeemed) shall become due and payable, and interest shall cease to accrue from and after the redemption date therefor, provided moneys sufficient for the payment of the Bonds (or of the principal amount of the Bond to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the

notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

**SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS-PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and maintain in the appropriate Security Register the name and address of each registered owner of the Bonds issued under the provisions of the Nineteenth Supplement. Any Bond may, in accordance with its terms and the terms of this Ordinance, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by the authorized agent of such person, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange executed by the Holder or by the authorized agent of such person, in form satisfactory to the Paying Agent/ Registrar.

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

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

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States Mail, first class postage prepaid, to the Holder and, upon the delivery of such Bonds, the same shall be valid obligations of the City, evidencing

the same obligation to pay, and entitled to the same benefits under the Nineteenth Supplement, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds under this Section shall be made without expense or service charge to the Holder, except as otherwise provided in the Nineteenth Supplement, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer under the provisions of this Ordinance are defined as "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof under Section 20 of the Nineteenth Supplement and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

**SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANS-ACTIONS.** Notwithstanding the provisions contained in Sections 4, 5 and 6 of the Nineteenth Supplement relating to the payment, and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of the "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations, by and between the City and DTC (the "Depository Agreement").

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

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general, or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred, and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 4, 5 and 6 of the Nineteenth Supplement.

**SECTION 8: EXECUTION - REGISTRATION.** The Bonds of each series shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Clerk or Deputy Clerk. The signature of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be executed on behalf of the City, notwithstanding that the individuals or either of them shall have ceased to hold their offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201.

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

**SECTION 9: INITIAL BOND(S).** The Bonds of each series shall be initially issued either (i) as a single fully registered bond in the total principal amount referenced in Section 2 of the Nineteenth Supplement with principal

installments to become due and payable as provided in Section 3 and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each stated maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the "Initial Bond(s)"). In either case, the Initial Bond(s) of each series shall be registered in the name of the initial purchaser(s) or the purchaser(s)' designee. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the purchaser(s)' designee, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses the holders identified; all pursuant to and in accordance with the written instructions from the initial purchaser(s), or the purchaser(s)' designee, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

**SECTION 10: FORMS.** (a) Forms Generally. The Bonds of each series, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Nineteenth Supplement and may have letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and legends and endorsements (including insurance legends in the event the Bonds, or any of their maturities, are purchased with insurance and any reproduction of an opinion of counsel) as may, consistently with the Nineteenth Supplement, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse of such Bonds, with an appropriate reference thereto on the face of the Bond.

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



512 (b) Form of Definitive Bond.

513 Series 2010A Bonds

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

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

514 UNITED STATES OF AMERICA  
515 STATE OF TEXAS  
516 CITY OF AUSTIN, TEXAS,  
517 WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BOND,  
518 SERIES 2010A

Bond Date: November 1, 2010      Interest Rate: \_\_\_\_\_      Stated Maturity: \_\_\_\_\_      CUSIP NO: \_\_\_\_\_

Registered Owner:

Principal Amount: \_\_\_\_\_ DOLLARS

519 The City of Austin (the "City"), a body corporate and municipal corporation  
520 in the Counties of Travis, Williamson and Hays, State of Texas, for value received,  
521 hereby promises to pay to the registered owner named above, or the registered  
522 assigns thereof (the "Registered Owner"), solely from the revenues identified in  
523 this Bond, on the Stated Maturity date specified above the Principal Amount stated  
524 above (or so much of such principal amount as shall not have been paid upon prior  
525 redemption), and to pay interest (computed on the basis of a 360-day year of  
526 twelve 30-day months) on the unpaid Principal Amount hereof from the interest  
527 payment date next preceding the "Registration Date" of this Bond appearing below  
528 (unless this Bond bears a "Registration Date" as of an interest payment date, in  
529 which case it shall bear interest from such date, or unless the "Registration Date"  
530 of this Bond is prior to the initial interest payment date in which case it shall bear  
531 interest from the Bond Date) at the per annum rate of interest specified above; such  
532 interest being payable on May 15, 2011 and on each November 15 and May 15  
533 thereafter until maturity or prior redemption. Principal of this Bond is payable at  
534 its Stated Maturity or redemption to the Registered Owner, upon presentation and  
535 surrender, at the Designated Payment/Transfer Office of the Paying  
536 Agent/Registrar executing the registration certificate appearing hereon, or its  
537 successor; provided, however, while this Bond is registered to Cede & Co., the  
538 payment of principal upon a partial redemption of the principal amount of this  
539 Bond may be accomplished without presentation and surrender of this Bond.

Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Nineteenth Supplement) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") for the purpose of refinancing and refunding the 2010A Refunded Notes (identified and defined in the Nineteenth Supplement), in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapters 1207 and 1371, and pursuant to a Master Ordinance and Nineteenth Supplement adopted by the City Council of the City (collectively referred to as the "Ordinances").

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

573

Term Bonds due November 15, 20\_\_

Redemption Date

Principal Amount

November 15, 20\_\_

\$ \_\_,000

November 15, 20\_\_

\$ \_\_,000

November 15, 20\_\_

\$ \_\_,000

November 15, 20\_\_

\$ \_\_,000 (maturity)

Term Bonds due November 15, 20\_\_

Redemption Date

Principal Amount

November 15, 20\_\_

\$ \_\_,000

November 15, 20\_\_

\$ \_\_,000

November 15, 20\_\_

\$ \_\_,000

November 15, 20\_\_

\$ \_\_,000 (maturity)

574           The particular Term Bonds of a stated maturity to be redeemed on each  
575 redemption date shall be chosen by lot by the Paying Agent/Registrar; provided,  
576 however, that the principal amount of Term Bonds for a stated maturity required to  
577 be redeemed on a mandatory redemption date may be reduced, at the option of the  
578 City, by the principal amount of Term Bonds of like stated maturity which, at least  
579 fifty days prior to the mandatory redemption date, (1) shall have been acquired by  
580 the City at a price not exceeding the principal amount of such Term Bonds plus  
581 accrued interest to the date of purchase thereof, and delivered to the Paying  
582 Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the  
583 optional redemption provisions appearing below and not theretofore credited  
584 against a mandatory redemption requirement.

585           The Bonds maturing on and after November 15, 2021, may be redeemed  
586 prior to their Stated Maturities, at the option of the City, in whole or in part in  
587 principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated  
588 Maturity by lot by the Paying Agent/Registrar), on November 15, 2020 or on any  
589 date thereafter at the redemption price of par plus accrued interest thereon to the  
590 redemption date.

591           Not less than thirty days prior to a redemption date, the City shall cause a  
592 written notice of such redemption to be sent by United States Mail, first class  
593 postage prepaid, to the registered owners of each Bond to be redeemed at the  
594 address shown on the Security Register and subject to the terms and provisions

relating thereto contained in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within forty-five days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Prior Subordinate Lien Obligations, the Previously Issued Separate Lien Obligations, Previously Issued Parity Water/Wastewater Obligations currently Outstanding and the Series 2010B Bonds, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Water/Wastewater System in the manner provided in the Ordinances. Additionally, the Bonds, the Series

2010B Bonds and Previously Issued Parity Water/Wastewater Obligations referenced above shall be equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund and the Reserve Fund in accordance with the terms of the Ordinances. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Water/Wastewater System, except with respect to the Net Revenues. The Holder of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System, in the same manner and to the same extent as the Bonds.

Reference is hereby made to the Ordinances, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the Water/Wastewater System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinances may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used in this Bond have the same meanings assigned in the Ordinances.

This Bond, subject to certain limitations contained in the Ordinances, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by, the Registered Owner, or the authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of

670 interest, and of the same aggregate principal amount will be issued by the Paying  
671 Agent/Registrar to the designated transferee or transferees.

672 The City and the Paying Agent/Registrar, and any agent of either, may treat  
673 the Registered Owner of this Bond whose name appears on the Security Register  
674 (i) on the Record Date as the owner entitled to payment of interest on this Bond,  
675 (ii) on the date of surrender of this Bond as the owner entitled to payment of  
676 principal of this Bond at its Stated Maturity, or its redemption, in whole or in part,  
677 and (iii) on any other date as the owner for all other purposes, and neither the City  
678 nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice  
679 to the contrary. In the event of non-payment of interest on a scheduled payment  
680 date and for thirty days thereafter, a new record date for such interest payment (a  
681 "Special Record Date") will be established by the Paying Agent/Registrar, if and  
682 when funds for the payment of such interest have been received from the City.  
683 Notice of the Special Record Date and of the scheduled payment date of the past  
684 due interest (which shall be fifteen days after the Special Record Date) shall be  
685 sent at least five business days prior to the Special Record Date by United States  
686 Mail, first class postage prepaid, to the address of each Holder appearing on the  
687 Security Register at the close of business on the last business day next preceding  
688 the date of mailing of such notice.

689 It is hereby certified, recited, represented and covenanted that the City is a  
690 organized and legally existing municipal corporation under and by virtue of the  
691 Constitution and laws of the State of Texas; that the issuance of the Bonds is  
692 authorized by law; that all acts, conditions and things required to exist and be done  
693 precedent to and in the issuance of the Bonds to render the same lawful and valid  
694 obligations of the City have been properly done, have happened and have been  
695 performed in regular and due time, form and manner as required by the  
696 Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do  
697 not exceed any constitutional or statutory limitation; and that due provision has  
698 been made for the payment of the principal of and interest on the Bonds by a  
699 pledge of the Net Revenues of the Water/Wastewater System as aforestated. In  
700 case any provision in this Bond or any application thereof shall be invalid, illegal,  
701 or unenforceable, the validity, legality, and enforceability of the remaining  
702 provisions and applications shall not in any way be affected or impaired thereby.  
703 The terms and provisions of this Bond and the Ordinances shall be construed in  
704 accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF AUSTIN, TEXAS

\_\_\_\_\_  
Mayor

COUNTERSIGNED:

\_\_\_\_\_  
City Clerk

(SEAL)

Series 2010B Bonds

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

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

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,  
WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BOND,  
TAXABLE SERIES 2010B  
(DIRECT SUBSIDY-BUILD AMERICA BOND)

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP NO:
November 1, 2010	_____	_____	_____

Registered Owner:

Principal Amount: \_\_\_\_\_ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received, hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much of such Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360-day year of

twelve 30-day months) on the unpaid Principal Amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the Bond Date) at the per annum rate of interest specified above; such interest being payable on May 15, 2011 and on each November 15 and May 15 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the registered owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of this Bond may be accomplished without presentation and surrender of this Bond. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Nineteenth Supplement) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") for the purpose of refinancing and refunding the 2010B Refunded Notes (identified and defined in the Nineteenth Supplement), in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapters 1207 and 1371, and pursuant to a



771 Master Ordinance and Nineteenth Supplement adopted by the City Council of the  
772 City (collectively referred to as the “Ordinances”).

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

Term Bonds due November 15, 20\_\_

<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000 (maturity)

Term Bonds due November 15, 20\_\_

<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000
November 15, 20__	\$____,000 (maturity)

779 The particular Term Bonds of a stated maturity to be redeemed on each  
780 redemption date shall be selected by the Paying Agent/Registrar pro rata (if  
781 administratively permitted by the Paying Agent/Registrar or the administrator of  
782 the securities depository system in which such mandatorily redeemed Series 2010B  
783 Bonds are then enrolled) or (if pro rata selection methodology is administratively  
784 unavailable) by lot or other customary method; provided, however, that the  
785 principal amount of Term Bonds for a stated maturity required to be redeemed on a  
786 mandatory redemption date may be reduced, at the option of the City, by the  
787 principal amount of Term Bonds of like stated maturity which, at least fifty days  
788 prior to the mandatory redemption date, (1) shall have been acquired by the City at  
789 a price not exceeding the principal amount of such Term Bonds plus accrued  
790 interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar  
791 for cancellation or (2) shall have been redeemed pursuant to the optional

redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.

The Series 2010B Bonds maturing on November 15, 20\_\_\_\_ and bearing interest at a rate of \_\_\_\_% (the “Par Call Bonds”) are subject to redemption prior to their Stated Maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity, selected at random and by lot by the Paying Agent/Registrar), on November 15, 2020 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

The Series 2010B Bonds maturing on November 15, 20\_\_\_\_ and bearing interest at a rate of \_\_\_\_% (the “Non-Par Call Bonds”) are subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple of \$5,000 (and if within a Stated Maturity, selected at random and by lot by the Paying Agent/Registrar), on any date at the Make-Whole Redemption Price. The Par Call Bonds shall be subject to redemption prior to their Stated Maturity, at the option of the City, on any date from the date of delivery of the Bonds through November 14, 2020, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity, selected at random and by lot by the Paying Agent/Registrar) at the Make-Whole Redemption Price.

“Make-Whole Redemption Price” means an amount equal to the greater of: (1) the issue price (but not less than 100%) of the principal amount of the Series 2010B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the Series 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus twenty (20) basis points, plus accrued interest on the Series 2010B Bonds to be redeemed to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2010B Bond, the yield to maturity as of the redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal

to the period from the redemption date to the maturity date of the Series 2010B Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The Series 2010B Bonds are subject to redemption prior to their Stated Maturity, at the option of the City and upon the occurrence of an Extraordinary Event, on any date with respect to the Non-Par Call Bonds and on any date from the Closing Date through November 15, 2020 with respect to the Par Call Bonds, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity, selected at random and by lot by the Paying Agent/Registrar) at the Extraordinary Redemption Price.

“Extraordinary Event” means the occurrence of a change to sections 54AA or 6431 (as such sections were added by Section 1531 of the Recovery Act, pertaining to Build America Bonds) of the Internal Revenue Code of 1986, as amended (the “Code”), or if there is any guidance published by the Internal Revenue Service (the “IRS”) or the United States Department of the Treasury with respect to such sections or any other determination by the IRS or the United States Department of the Treasury, which determination is not the result of an act or omission by the City to satisfy the requirements to receive the Subsidy Payments from the United States Department of the Treasury, pursuant to which the City’s Subsidy Payment is reduced or eliminated.

“Extraordinary Redemption Price” means an amount equal to the greater of: (1) the issue price (but not less than 100%) of the principal amount of the Series 2010B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010B Bonds to be redeemed to the maturity date of such Series 2010B Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the Series 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus one hundred (100) basis points, plus accrued interest on the Series 2010B Bonds to be redeemed to the redemption date.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms

and provisions contained in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after said redemption date, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

If a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of such redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Prior Subordinate Lien Obligations, the Previously Issued Separate Lien Obligations, Previously Issued Parity Water/Wastewater Obligations currently Outstanding and the Series 2010A Bonds, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Water/Wastewater System in the manner provided in the Ordinances. Additionally, the Bonds, the Series

2010A Bonds and Previously Issued Parity Water/Wastewater Obligations referenced above shall be equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund and the Reserve Fund in accordance with the terms of the Ordinances. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Water/Wastewater System, except with respect to the Net Revenues. The Holder of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System, in the same manner and to the same extent as the Bonds.

Reference is hereby made to the Ordinances, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the Water/Wastewater System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinances may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used in this Bond have the same meanings assigned in the Ordinances.

This Bond, subject to certain limitations contained in the Ordinances, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by, the Registered Owner, or the authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of

941 interest, and of the same aggregate principal amount will be issued by the Paying  
942 Agent/Registrar to the designated transferee or transferees.

943         The City and the Paying Agent/Registrar, and any agent of either, may treat  
944 the Registered Owner of this Bond whose name appears on the Security Register  
945 (i) on the Record Date as the owner entitled to payment of interest on this Bond,  
946 (ii) on the date of surrender of this Bond as the owner entitled to payment of  
947 principal of this Bond at its Stated Maturity, or its redemption, in whole or in part,  
948 and (iii) on any other date as the owner for all other purposes, and neither the City  
949 nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice  
950 to the contrary. In the event of non-payment of interest on a scheduled payment  
951 date and for thirty days thereafter, a new record date for such interest payment (a  
952 "Special Record Date") will be established by the Paying Agent/Registrar, if and  
953 when funds for the payment of such interest have been received from the City.  
954 Notice of the Special Record Date and of the scheduled payment date of the past  
955 due interest (which shall be fifteen days after the Special Record Date) shall be  
956 sent at least five business days prior to the Special Record Date by United States  
957 Mail, first class postage prepaid, to the address of each Holder appearing on the  
958 Security Register at the close of business on the last business day next preceding  
959 the date of mailing of such notice.

960         It is hereby certified, recited, represented and covenanted that the City is a  
961 organized and legally existing municipal corporation under and by virtue of the  
962 Constitution and laws of the State of Texas; that the issuance of the Bonds is  
963 authorized by law; that all acts, conditions and things required to exist and be done  
964 precedent to and in the issuance of the Bonds to render the same lawful and valid  
965 obligations of the City have been properly done, have happened and have been  
966 performed in regular and due time, form and manner as required by the  
967 Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do  
968 not exceed any constitutional or statutory limitation; and that due provision has  
969 been made for the payment of the principal of and interest on the Bonds by a  
970 pledge of the Net Revenues of the Water/Wastewater System as aforesated. In  
971 case any provision in this Bond or any application thereof shall be invalid, illegal,  
972 or unenforceable, the validity, legality, and enforceability of the remaining  
973 provisions and applications shall not in any way be affected or impaired thereby.  
974 The terms and provisions of this Bond and the Ordinances shall be construed in  
975 accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF AUSTIN, TEXAS

\_\_\_\_\_  
Mayor

COUNTERSIGNED:

\_\_\_\_\_  
City Clerk

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond(s) of each series only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER )  
 )  
OF PUBLIC ACCOUNTS )  
 )  
THE STATE OF TEXAS )

REGISTER NO. \_\_\_\_\_

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds of each series only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinances; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar in Tulsa, Oklahoma is the Designated Payment/Transfer Office for this Bond.

BANK OF TEXAS, N.A.,  
Houston, Texas,  
as Paying Agent/Registrar

Registration date:

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

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee):

\_\_\_\_\_  
(Social Security or other identifying number (\_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.



DATED:

\_\_\_\_\_  
Signature guaranteed:

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

1030

1031 (f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of  
1032 this Section, except that the form of a single fully registered Initial Bond(s) shall  
1033 be modified as follows:

1034

Series 2010A Initial Bond:

1035

REGISTERED  
NO. T-1

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

1036

UNITED STATES OF AMERICA

1037

STATE OF TEXAS

1038

CITY OF AUSTIN, TEXAS,

1039

WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BOND,

1040

SERIES 2010A

Bond Date: November 1, 2010

Registered Owner:

Principal Amount:

1041 The City of Austin (the "City"), a body corporate and municipal corporation  
1042 in the Counties of Travis, Williamson and Hays, State of Texas, for value received,  
1043 hereby promises to pay to the registered owner named above, or the registered  
1044 assigns thereof (the "Registered Owner"), solely from the revenues identified in  
1045 this Bond, the Principal Amount stated above on November 15 in each of the years  
1046 and in principal installments in accordance with the following schedule:

1047

STATED  
MATURITY

PRINCIPAL  
INSTALLMENTS

INTEREST  
RATE

(Information to be inserted from schedule in Section 3 of the  
Nineteenth Supplement).

1048 (or so much thereof as shall not have been paid upon prior redemption) and to pay  
1049 interest, computed on the basis of a 360-day year of twelve 30-day months, on the  
1050 unpaid principal amounts hereof from the interest payment date next preceding the  
1051 "Registration Date" of this Bond appearing below (unless this Bond bears a  
1052 "Registration Date" as of an interest payment date, in which case it shall bear  
1053 interest from such date, or unless the "Registration Date" of this Bond is prior to  
1054 the initial interest payment date in which case it shall bear interest from the Bond  
1055 Date) at the per annum rates of interest specified above; such interest being  
1056 payable on May 15, 2011 and on each November 15 and May 15 thereafter until  
1057 maturity or prior redemption. Principal installments of this Bond are payable to the  
1058 Registered Owner by Bank of Texas, N.A., Houston, Texas (the "Paying  
1059 Agent/Registrar"), upon presentation and surrender, at its designated offices in  
1060 Tulsa, Oklahoma (the "Designated Payment/Transfer Office"). Interest is payable  
1061 to the Registered Owner whose name appears on the "Security Register"  
1062 maintained by the Paying Agent/Registrar at the close of business on the "Record  
1063 Date", which is the last business day of the month next preceding each interest  
1064 payment date and interest shall be paid by the Paying Agent/Registrar by check  
1065 sent United States Mail, first class postage prepaid, to the address of the registered  
1066 owner recorded in the Security Register or by such other method, acceptable to the  
1067 Paying Agent/Registrar, requested by, and at the risk and expense of, the registered  
1068 owner. If the date for the payment of the principal of or interest on the Bonds shall  
1069 be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the  
1070 city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar  
1071 is located are authorized by law or executive order to close, then the date for such  
1072 payment shall be the next succeeding day which is not such a Saturday, Sunday,  
1073 legal holiday, or day when banking institutions are authorized to close; and  
1074 payment on such date shall have the same force and effect as if made on the  
1075 original date payment was due. All payments of principal of, premium, if any, and  
1076 interest on this Bond shall be without exchange or collection charges to the  
1077 Registered Owner and in any coin or currency of the United States of America  
1078 which at the time of payment is legal tender for the payment of public and private  
1079 debts.

1080 Series 2010B Initial Bond:

1081 REGISTERED REGISTERED  
NO. T-1 \$\_\_\_\_\_

1082 UNITED STATES OF AMERICA  
1083 STATE OF TEXAS  
1084 CITY OF AUSTIN, TEXAS,  
1085 WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BOND,  
1086 TAXABLE SERIES 2010B  
1087 (DIRECT SUBSIDY-BUILD AMERICA BOND)

Bond Date: November 1, 2010

Registered Owner:

Principal Amount:

1088 The City of Austin (the “City”), a body corporate and municipal corporation  
1089 in the Counties of Travis, Williamson and Hays, State of Texas, for value received,  
1090 hereby promises to pay to the registered owner named above, or the registered  
1091 assigns thereof (the “Registered Owner”), solely from the revenues identified in  
1092 this Bond, the Principal Amount stated above on November 15 in each of the years  
1093 and in principal installments in accordance with the following schedule:

<u>STATED</u> <u>MATURITY</u>	<u>PRINCIPAL</u> <u>INSTALLMENTS</u>	<u>INTEREST</u> <u>RATE</u>
----------------------------------	---	--------------------------------

(Information to be inserted from schedule in Section 3 of the  
Nineteenth Supplement).

1094 (or so much thereof as shall not have been paid upon prior redemption) and to pay  
1095 interest, computed on the basis of a 360-day year of twelve 30-day months, on the  
1096 unpaid principal amounts hereof from the interest payment date next preceding the  
1097 “Registration Date” of this Bond appearing below (unless this Bond bears a  
1098 “Registration Date” as of an interest payment date, in which case it shall bear  
1099 interest from such date, or unless the “Registration Date” of this Bond is prior to  
1100 the initial interest payment date in which case it shall bear interest from the Bond  
1101 Date) at the per annum rates of interest specified above; such interest being  
1102 payable on May 15, 2011 and on each November 15 and May 15 thereafter until

maturity or prior redemption. Principal installments of this Bond are payable to the Registered Owner by Bank of Texas, N.A., Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Tulsa, Oklahoma (the "Designated Payment/Transfer Office"). Interest is payable to the Registered Owner whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Registered Owner and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**SECTION 11: CRITERIA FOR ISSUANCE OF PARITY WATER/WASTEWATER OBLIGATIONS.** The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Water/Wastewater Obligations of the Water/Wastewater System pursuant to the Master Ordinance and Prior Supplements. The Nineteenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment, and security of the Bonds which are Parity Water/Wastewater Obligations. The Master Ordinance is incorporated by reference and made a part of the Nineteenth Supplement for all purposes, except to the extent modified and supplemented by the Prior Supplements and the Nineteenth Supplement, and the Bonds are declared to be Parity Water/Wastewater Obligations under the Master Ordinance and Prior Supplements. The City finds and determines that it will have sufficient funds to meet the financial obligations of the Water/Wastewater System, including sufficient Net Revenues to pay the Annual Debt Service Requirements of the Bonds and the Previously Issued Parity

Water/Wastewater Obligations and to meet all financial obligations of the City relating to the Water/Wastewater System.

**SECTION 12: PLEDGE.** Subject to the prior claim and lien on the Net Revenues of the Water/Wastewater System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such Prior First Lien Obligations, the Net Revenues of the Water/Wastewater System are hereby pledged to the payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien Obligations, the Previously Issued Separate Lien Obligations and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of the Master Ordinance and the Nineteenth Supplement. Additionally, the Bonds and the Previously Issued Parity Water/Wastewater Obligations shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and Reserve Fund in accordance with the terms of the Master Ordinance, the Prior Supplements and the Nineteenth Supplement. It is ordained that the Parity Water/Wastewater Obligations, and the interest on these obligations, shall constitute a lien on the Net Revenues of the Water/Wastewater System and be valid and binding and fully perfected from and after the date of adoption of the Nineteenth Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Nineteenth Supplement or any other act, all as provided in Chapter 1208 of the Texas Government Code. The owners of the Parity Water/Wastewater Obligations shall never have the right to demand payment out of funds raised, or to be raised, by taxation, or from any source other than specified in the Master Ordinance, the Prior Supplements and the Nineteenth Supplement.

Section 1208 of the Texas Government Code applies to the issuance of the Bonds and the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9,

Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 13: DEBT SERVICE FUND.** By reason of the issuance of the Bonds, the City need not establish any special accounts within the Debt Service Fund and following the delivery of the Bonds, the City agrees and covenants that in addition to the deposits for the payment of the Previously Issued Parity Water/Wastewater Obligations there shall be deposited to the credit of the Debt Service Fund an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and principal of the Bonds falling due on or before each maturity, mandatory redemption date and interest payment date, and these deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bonds are delivered to the initial purchaser(s).

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

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

**SECTION 14: RESERVE FUND.** In accordance with the provisions of the Prior Supplements authorizing the issuance of the Previously Issued Water/Wastewater Obligations, the Required Reserve Amount is funded with surety bonds issued by MBIA Insurance Corporation, Financial Security Assurance Inc., Ambac Assurance Corporation and XL Capital Assurance Inc. By reason of the issuance of the Bonds, the total amount to be accumulated and maintained as a Required Reserve Amount has been determined to be \$\_\_\_\_\_. The Required Reserve Amount allocable to the Series 2010A Bonds in the amount of \$\_\_\_\_\_ will be funded in full on the date of the delivery of the Bonds with proceeds of sale of the Series 2010A Bonds and the Required Reserve Amount allocable to the Series 2010B Bonds in the amount of \$\_\_\_\_\_ will be funded in full on the date of the delivery of the Bonds with other available cash of the

City. Any draws on the surety bonds or other credit agreements funding the Required Reserve Amount on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such surety bond or credit agreement) after applying available cash and investments in the Reserve Fund.

The provisions of Section 8 of the Master Ordinance relating to the Reserve Fund, particularly paragraphs (b), (c) and (d) of the Master Ordinance, are incorporated by reference and made a part of the Nineteenth Supplement as if the same were restated in full in this Section, and to the extent of any conflict between the provisions of the Section 8 of the Master Ordinance and the provisions of the Nineteenth Supplement with respect to draws on any Credit Agreement and the reinstatement of the full amount afforded by Credit Agreement, the provisions of the Prior Supplements with respect to the Credit Agreement and the Credit Agreement shall govern. Furthermore, in accordance with Section 10(d) of the Master Ordinance, the City Council finds that the Gross Revenues will be sufficient to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water Wastewater Obligations currently Outstanding and the financial obligations of the City under any Credit Agreement entered into with the above-named surety bond providers.

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

**SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT STATUS WITH RESPECT TO THE SERIES 2010A BONDS.**

(a) Definitions. When used in this Section 16, the following terms mean:

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

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Series 2010A Bonds.

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

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Series 2010A Bonds are invested and which is not acquired to carry out the governmental purposes of the Series 2010A Bonds.

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

“*Yield*” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Series 2010A Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Series 2010A Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Series 2010A Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Series 2010A Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Series 2010A Bonds (including property financed with Gross Proceeds of the 2010A Refunded Notes), and not use or permit the use of such Gross



Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Series 2010A Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the 2010A Refunded Notes), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Series 2010A Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Series 2010A Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Series 2010A Bonds.

1321 (f) Not Federally Guaranteed. Except to the extent permitted by section  
1322 149(b) of the Code and the Regulations and rulings thereunder, the City shall not  
1323 take or omit to take any action which would cause the Series 2010A Bonds to be  
1324 federally guaranteed within the meaning of section 149(b) of the Code and the  
1325 Regulations and rulings thereunder.

1326 (g) Information Report. The City shall timely file the information  
1327 required by section 149(e) of the Code with the Secretary of the Treasury on  
1328 Form 8038-G or such other form and in such place as the Secretary may prescribe.

1329 (h) Rebate of Arbitrage Profits. Except to the extent otherwise provided  
1330 in section 148(f) of the Code and the Regulations and rulings thereunder:

1331 (1) The City shall account for all Gross Proceeds (including all  
1332 receipts, expenditures and investments thereof) on its books of  
1333 account separately and apart from all other funds (and receipts,  
1334 expenditures and investments thereof) and shall retain all records of  
1335 accounting for at least six years after the day on which the last  
1336 outstanding Series 2010A Bond is discharged. However, to the extent  
1337 permitted by law, the City may commingle Gross Proceeds of the  
1338 Series 2010A Bonds with other money of the City, provided that the  
1339 City separately accounts for each receipt and expenditure of Gross  
1340 Proceeds and the obligations acquired therewith.

1341 (2) Not less frequently than each Computation Date, the City  
1342 shall calculate the Rebate Amount in accordance with rules set forth  
1343 in section 148(f) of the Code and the Regulations and rulings  
1344 thereunder. The City shall maintain such calculations with its official  
1345 transcript of proceedings relating to the issuance of the Series 2010A  
1346 Bonds until six years after the final Computation Date.

1347 (3) As additional consideration for the purchase of the Series  
1348 2010A Bonds by the Underwriters and the loan of the money  
1349 represented thereby and in order to induce such purchase by measures  
1350 designed to insure the excludability of the interest thereon from the  
1351 gross income of the owners thereof for federal income tax purposes,  
1352 the City shall pay to the United States out of the Debt Service Fund or  
1353 its general fund, as permitted by applicable Texas statute, regulation  
1354 or opinion of the Attorney General of the State of Texas, the amount  
1355 that when added to the future value of previous rebate payments made  
1356 for the Series 2010A Bonds equals (i) in the case of a Final

Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Series 2010A Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Series 2010A Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial Officer or City Treasurer, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Series 2010A Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Series 2010A Bonds Not Hedge Bonds. (1) At the time the original obligations refunded by the Series 2010A Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such original obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations refunded by the Series 2010A

Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The 2010A Refunded Notes being refunded by the Series 2010A Bonds constitute a current refunding as the payment of such 2010A Refunded Notes will occur within 90 days of the delivery of the Series 2010A Bonds.

## **SECTION 17: SERIES 2010B BONDS DESIGNATED AS BUILD AMERICA BONDS**

(a) The City hereby irrevocably elects to apply (i) section 54AA of the Code to each of the Series 2010B Bonds as a “build America bond” and (ii) subsection 54AA(g) of the Code to each of the Series 2010B Bonds as a “qualified bond.”

(b) With respect to the Series 2010B Bonds which have been designated as “build America bonds,” the City shall:

(i) not permit the Issue Price of such Series 2010B Bonds to have original issue premium of more than one-quarter of one percent of the stated redemption price at maturity times the number of complete years to maturity;

(ii) not use more than two percent of the Issue Price of such Series 2010B Bonds to pay or finance costs of issuance of the Series 2010B Bonds; and

(iii) use 100% of the available project proceeds, as defined in Section 54A(e)(4) of the Code, of such Series 2010B Bonds less any amounts deposited to a reasonably required reserve or replacement fund (as defined in Section 1.148-2(f) of the Regulations) to pay or finance capital expenditures, as defined in Section 1.150-1(b) of the Regulations.

(c) The City hereby directs and authorizes the Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial Officer and the City Treasurer, either or any combination of the foregoing, to (i) make such elections permitted or required pursuant to the provisions of the Code, or Regulations as they deem necessary or appropriate in connection with the Series 2010B Bonds; (ii) enter into such agreements, provide certificates and take other action as Bond Counsel may require to enable such counsel to provide such federal income tax opinions to the

City as they deem necessary or proper; (iii) authorize and direct to whom and which account any subsidy payable by the United States with respect to the Series 2010B Bonds under section 6431 of the Code, or any successor, similar or related provision may be deposited provided however, such deposit shall be made on a basis consistent with Section 17(f) hereof; (iv) apply for subsidies under section 6431 of the Code payable to the City or to the party or parties determined by the Council; and (v) take any related act or action as they deem necessary or advisable. Such elections shall be deemed to be made on the Closing Date.

(d) The City Council authorizes the Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial Officer and/or the City Treasurer to review, approve, and execute the Tax Certificate with respect to the Series 2010B Bonds (the "Tax Certificate") in the form prepared by Bond Counsel for the purposes of complying with the applicable provisions of the Code, as necessary to maintain the validity of the elections made in this Section 17.

(e) Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 17 shall survive the defeasance and discharge of the Series 2010B Bonds.

(f) A subaccount within the Debt Service Fund is established (the "BAB Subsidy Subaccount"). The City will deposit all subsidy payments received from the United States Treasury with respect to the Series 2010B Bonds into the BAB Subsidy Subaccount. All money deposited into the BAB Subsidy Subaccount shall be held in trust solely for the benefit of the Holders of the Series 2010B Bonds and shall be used to make payments on the Series 2010B Bonds.

#### **SECTION 18: AMENDMENT OF NINETEENTH SUPPLEMENT.**

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

- (1) Make any change in the maturity of any of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Bonds;

(4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Bonds or impose any conditions with respect to such payment;

(5) Affect the rights of the owners of less than all of the Bonds then Outstanding;

(6) Amend this subsection (a) of this Section; or

(7) Change the minimum percentage of the principal amount of Bonds necessary for consent to any amendment;

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

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

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

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

Bonds and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Bonds as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

(e) Implementation of Amendment. Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, the Nineteenth Supplement shall be deemed to be amended, and the respective rights, duties and obligations of the City under the Nineteenth Supplement and all the owners of then Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendment.

(f) Amendment without Consent. The preceding provisions of this Section notwithstanding, the City by action of its governing body may amend the Nineteenth Supplement for any one or more of the following purposes:

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

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

(3) To modify any of the provisions of the Nineteenth Supplement in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after all the Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding;

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

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

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

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

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



**SECTION 19: FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS.** All or any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the meaning of the Nineteenth Supplement when payment of the principal of, and redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with, or making available to, the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar with respect to which such deposit is made shall have been paid or the payment thereof provided for the satisfaction of the Paying Agent/Registrar. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of the Nineteenth Supplement, the Master Ordinance or a lien on and pledge of the Net Revenues of the Water/Wastewater System, and shall be entitled to payment solely from such money or Government Obligations. Provided, however, that with respect to a defeasance of the Series 2010B Bonds, the City shall remain obligated for all payments, including the contribution of additional money or securities if necessary, to provide sufficient funds to satisfy any payment obligations.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, may at the direction of the City also be invested in Government Obligations, maturing in the amounts and at the times as set forth in this Section, and all income from all Government Obligations not required for the payment of the Bonds, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City or deposited as directed by the City. The City covenants that no deposit will be made or accepted under clause (ii) of this Section and no use made of any such deposit which would cause the Series 2010A Bonds to be treated as arbitrage bonds within the meaning of the Code.

Notwithstanding any other provisions of the Nineteenth Supplement, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of such

Bonds, the redemption premium, if any, and interest thereon and the income on such money or Government Obligations shall not be considered to be "Gross Revenues" under the Nineteenth Supplement.

**SECTION 20: DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** In the event any Outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner provided in this Section. An application for the replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Nineteenth Supplement equally and proportionately with any and all other Bonds issued under the Nineteenth Supplement.

Notwithstanding the preceding provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section. Furthermore, in accordance with Texas Government Code, Section 1206.022, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of

such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 6 of the Nineteenth Supplement for Bonds issued in exchange for other Bonds.

**SECTION 21: NINETEENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds by the Holders from time to time, the Nineteenth Supplement shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds and the pledge made in the Nineteenth Supplement by the City and the covenants and agreements set forth in the Nineteenth Supplement to be performed by the City shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by the Nineteenth Supplement.

**SECTION 22: CONTINUING DISCLOSURE UNDERTAKING.**

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2010) financial information and operating data with respect to the City of the general type included in the final Official Statement approved by Section 25 of the Nineteenth Supplement, being the information described in **Exhibit D** hereto and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in **Exhibit D** hereto and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not

1678 available at the time the financial information and operating data must be provided,  
1679 then the City shall provide unaudited financial statements for the applicable fiscal  
1680 year and shall provide audited financial statements, when and if the same becomes  
1681 available.

1682 If the City changes its fiscal year, it will notify the MSRB of the change (and  
1683 of the date of the new fiscal year end) prior to the next date by which the City  
1684 otherwise would be required to provide financial information and operating data  
1685 pursuant to this Section.

1686 The financial information and operating data to be provided pursuant to this  
1687 Section may be set forth in full in one or more documents or may be included by  
1688 specific reference to any document available to the public on the MSRB's Internet  
1689 web site or filed with the SEC.

1690 (c) Material Event Notices. The City shall notify the MSRB, in a timely  
1691 manner, of any of the following events with respect to the Bonds, if such event is  
1692 material within the meaning of the federal securities laws:

- 1693 (1) Principal and interest payment delinquencies;
- 1694 (2) Non-payment related defaults;
- 1695 (3) Unscheduled draws on debt service reserves reflecting financial  
1696 difficulties;
- 1697 (4) Unscheduled draws on credit enhancements reflecting financial  
1698 difficulties;
- 1699 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 1700 (6) Adverse tax opinions or events affecting the tax-exempt status of the  
1701 Bonds;
- 1702 (7) Modifications to rights of holders of the Bonds;
- 1703 (8) Bond calls;
- 1704 (9) Defeasances;
- 1705 (10) Release, substitution, or sale of property securing repayment of the  
1706 Bonds; and
- 1707 (11) Rating changes.

1708 The City shall notify the MSRB, in a timely manner, of any failure by the  
1709 City to provide financial information or operating data in accordance with  
1710 subsection (b) of this Section by the time required by such Section.

1711 (d) Filings with the MSRB. All financial information, operating data,  
1712 financial statements, notices, and other documents provided to the MSRB in

1713 accordance with this Section shall be provided in an electronic format prescribed  
1714 by the MSRB and shall be accompanied by identifying information as prescribed  
1715 by the MSRB.

1716 (e) Limitations, Disclaimers, and Amendments. The City shall be  
1717 obligated to observe and perform the covenants specified in this Section while, but  
1718 only while, the City remains an “obligated person” with respect to the Bonds  
1719 within the meaning of the Rule, except that the City in any event will give the  
1720 notice required by subsection (c) hereof of any Bond calls and defeasance that  
1721 cause the City to be no longer such an “obligated person.”

1722 The provisions of this Section are for the sole benefit of the Holders and  
1723 beneficial owners of the Bonds, and nothing in this Section, express or implied,  
1724 shall give any benefit or any legal or equitable right, remedy, or claim hereunder to  
1725 any other person. The City undertakes to provide only the financial information,  
1726 operating data, financial statements, and notices which it has expressly agreed to  
1727 provide pursuant to this Section and does not hereby undertake to provide any  
1728 other information that may be relevant or material to a complete presentation of the  
1729 City’s financial results, condition, or prospects or hereby undertake to update any  
1730 information provided in accordance with this Section or otherwise, except as  
1731 expressly provided in the Nineteenth Supplement. The City does not make any  
1732 representation or warranty concerning such information or its usefulness to a  
1733 decision to invest in or sell Bonds at any future date.

1734 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO  
1735 THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER  
1736 PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN  
1737 WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER  
1738 NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT  
1739 SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY  
1740 SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY  
1741 SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR  
1742 SPECIFIC PERFORMANCE.

1743 No default by the City in observing or performing its obligations under this  
1744 Section shall constitute a breach of or default under the Nineteenth Supplement for  
1745 purposes of any other provision of the Nineteenth Supplement.

1746 Nothing in this Section is intended or shall act to disclaim, waive, or  
1747 otherwise limit the duties of the City under federal and state securities laws.

1748       The provisions of this Section may be amended by the City from time to  
1749 time to adapt to changed circumstances resulting from a change in legal  
1750 requirements, a change in law, or a change in the identity, nature, status, or type of  
1751 operations of the City or the Water/Wastewater System, but only if (1) the  
1752 provisions of this Section, as so amended, would have permitted an underwriter to  
1753 purchase or sell Bonds in the primary offering of the Bonds in compliance with the  
1754 Rule, taking into account any amendments or interpretations of the Rule to the date  
1755 of such amendment, as well as such changed circumstances, and (2) either (a) the  
1756 Holders of a majority in aggregate principal amount (or any greater amount  
1757 required by any other provision of the Nineteenth Supplement that authorizes such  
1758 an amendment) of the Outstanding Bonds consent to such amendment or (b) a  
1759 Person that is unaffiliated with the City (such as nationally recognized bond  
1760 counsel) determines that such amendment will not materially impair the interests of  
1761 the Holders and beneficial owners of the Bonds. The provisions of this Section  
1762 may also be amended from time to time or repealed by the City if the SEC amends  
1763 or repeals the applicable provisions of the Rule or a court of final jurisdiction  
1764 determines that such provisions are invalid, but only if and to the extent that  
1765 reservation of the City's right to do so would not prevent underwriters of the initial  
1766 public offering of the Bonds from lawfully purchasing or selling Bonds in such  
1767 offering. If the City so amends the provisions of this Section, it shall include with  
1768 any amended financial information or operating data filed pursuant to subsection  
1769 (b) of this Section 22 an explanation, in narrative form, of the reasons for the  
1770 amendment and of the impact of any change in the type of financial information or  
1771 operating data so provided.

1772       **SECTION 23: REMEDY IN EVENT OF DEFAULT.** In addition to all  
1773 rights and remedies provided by the laws of the State of Texas, the City covenants  
1774 and agrees particularly that in the event the City (a) defaults in payments to be  
1775 made to the Debt Service Fund or Reserve Fund as required by the Nineteenth  
1776 Supplement or the Master Ordinance, (b) defaults in the observance or  
1777 performance of any other of the covenants, conditions or obligations set forth in  
1778 the Nineteenth Supplement or the Master Ordinance or (c) the City declares  
1779 bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of  
1780 mandamus issued by a court of proper jurisdiction, compelling and requiring the  
1781 City and its officers to observe and perform any covenant, condition or obligation  
1782 prescribed in the Nineteenth Supplement or the Master Ordinance. No delay or  
1783 omission to exercise any right or power accruing upon any default shall impair any  
1784 such right or power, or shall be construed to be a waiver of any such default or  
1785 acquiescence therein, and every such right and power may be exercised from time  
1786 to time and as often as may be deemed expedient.

1787           The specific remedy provided in this Section shall be cumulative of all other  
1788 existing remedies and the specification of such remedy shall not be deemed to be  
1789 exclusive.

1790           **SECTION 24: SALE OF BONDS.** The Bonds are hereby sold by the City  
1791 to Barclays Capital Inc., Bank of America Merrill Lynch, RBC Capital Markets  
1792 Corporation, Goldman Sachs & Co., First Southwest Company, Ramirez & Co.,  
1793 JPMorgan Securities LLC and Estrada Hinojosa & Company, Inc. (collectively, the  
1794 “Underwriters”) in accordance with the Bond Purchase Agreement, dated  
1795 November 18, 2010, attached hereto as **Exhibit E** and incorporated by reference as  
1796 a part of the Nineteenth Supplement for all purposes. The Mayor is hereby  
1797 authorized and directed to execute said Bond Purchase Agreement for and on  
1798 behalf of the City and as the act and deed of this Council, and in regard to the  
1799 approval and execution of the Bond Purchase Agreement, the Council hereby  
1800 finds, determines and declares that the representations, warranties and agreements  
1801 of the City contained in the Bond Purchase Agreement are true and correct in all  
1802 material respects and shall be honored and performed by the City.

1803           **SECTION 25: OFFICIAL STATEMENT APPROVAL.** The use of the  
1804 Preliminary Official Statement, dated November 10, 2010, in the offering and sale  
1805 of the Bonds is hereby ratified, confirmed and approved in all respects, and the  
1806 City Council hereby finds that the information and data contained in said  
1807 Preliminary Official Statement pertaining to the City and its financial affairs is true  
1808 and correct in all material respects and no material facts have been omitted  
1809 therefrom which are necessary to make the statements therein, in light of the  
1810 circumstances under which they were made, not misleading. The final Official  
1811 Statement, which reflects the terms of sale (together with such changes approved  
1812 by the Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial  
1813 Officer or City Treasurer, one or more of said officials), shall be and is hereby in  
1814 all respects approved and the Underwriters are hereby authorized to use and  
1815 distribute said final Official Statement, dated November 18, 2010, in the offering,  
1816 sale and delivery of the Bonds to the public.

1817           **SECTION 26: CONTROL AND CUSTODY OF BONDS.** The City  
1818 Manager of the City shall be and is hereby authorized to take and have charge of  
1819 all necessary orders and records pending the sale of the Bonds, and shall take and  
1820 have charge and control of the Initial Bond(s) pending the approval thereof by the  
1821 Attorney General, the registration thereof by the Comptroller of Public Accounts  
1822 and the delivery thereof to the Underwriters.

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

**SECTION 27: Proceeds of Sale.**

(a) Series 2010A Bonds. Immediately following the delivery of the Series 2010A Bonds, proceeds of sale of the Series 2010A Bonds in the sum of (i) \$75,000,000 shall be deposited with the US Bank, National Association (the "Deposit Agent"), the paying agent for the Series A Notes, for the payment and discharge of the 2010A Refunded Notes, (ii) \$\_\_\_\_\_ shall be deposited to the Reserve Fund, and (iii) \$\_\_\_\_\_ (representing accrued interest) shall be deposited to the credit of the Debt Service Fund. The balance of the proceeds of sale of the Series 2010A Bonds shall be expended to pay costs of issuance and municipal bond insurance premium, if any, and any excess amount budgeted for such purpose shall be deposited to the credit of the Debt Service Fund.

(b) Series 2010B Bonds. Immediately following the delivery of the Series 2010B Bonds, proceeds of sale of the Series 2010B Bonds in the sum of (i) \$100,000,000 shall be deposited with the US Bank, National Association (the "Deposit Agent"), the paying agent for the Series A Notes, for the payment and discharge of the 2010B Refunded Notes, and (ii) \$\_\_\_\_\_ (representing accrued interest) shall be deposited to the credit of the Debt Service Fund. The balance of the proceeds of sale of the Series 2010B Bonds shall be expended to pay costs of issuance, and any excess amount budgeted for such purpose shall be used for capital expenditures as required by Section 17(b)(iii).

Furthermore, appropriate officials of the City in cooperation with the Deposit Agent are authorized and directed to make the necessary arrangements for the deposit of funds with the Deposit Agent for the payment of the 2010A Refunded Notes and the 2010B Refunded Notes; all as contemplated and provided in Texas Government Code, Chapter 1207, and the Nineteenth Supplement.

Additionally, on or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Treasurer shall cause to be transferred in immediately available funds to the Deposit Agent from moneys on deposit in the interest and



sinking funds maintained for the payment of the Refunded Notes the sum of \$\_\_\_\_\_ to accomplish the refunding.

**SECTION 28: LEGAL OPINION.** The obligation of the Underwriters to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworski L.L.P., Attorneys, Dallas, Texas, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with The Depository Trust Company.

**SECTION 29: CUSIP NUMBERS.** CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

**SECTION 30: PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Whenever under the terms of the Nineteenth Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

**SECTION 31: LIMITATION OF BENEFITS WITH RESPECT TO THE NINETEENTH SUPPLEMENT.** With the exception of the rights or benefits expressly conferred in the Nineteenth Supplement, nothing expressed or contained in the Nineteenth Supplement or implied from the provisions of the Nineteenth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the City, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to the Nineteenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision contained in the Nineteenth Supplement. The Nineteenth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders, and the Paying Agent/Registrar as provided in the Nineteenth Supplement and in the Bonds.

**SECTION 32: NOTICES TO HOLDERS-WAIVER.** Wherever the Nineteenth Supplement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise expressly provided in the Nineteenth Supplement) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

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

**SECTION 33: GOVERNING LAW.** The Nineteenth Supplement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

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

**SECTION 35: CONSTRUCTION OF TERMS.** If appropriate in the context of the Nineteenth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

**SECTION 36: SEVERABILITY.** If any provision of the Nineteenth Supplement or the application thereof to any circumstance shall be held to be invalid, the remainder of the Nineteenth Supplement and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that the Nineteenth Supplement would have been enacted without such invalid provision.

**SECTION 37: INCORPORATION OF FINDINGS AND DETERMINATIONS.** The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a

1931 part of this Ordinance for all purposes as if the same were restated in full in this  
1932 Section.

1933       **SECTION 38: PUBLIC MEETING.** It is officially found, determined, and  
1934 declared that the meeting at which the Nineteenth Supplement is adopted was open  
1935 to the public and public notice of the time, place, and subject matter of the public  
1936 business to be considered at such meeting, including the Nineteenth Supplement,  
1937 was given; all as required by Texas Government Code, Chapter 551.

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1938           **SECTION 39: EFFECTIVE DATE.** The Nineteenth Supplement is passed  
1939 on one reading as authorized by Texas Government Code, Section 1201.028, and  
1940 shall be effective immediately upon its passage and adoption.

1941                           [remainder of page left blank intentionally]

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**PASSED AND APPROVED**

**CITY OF AUSTIN, TEXAS**

November 18, 2010

§  
§  
§

**APPROVED:**

\_\_\_\_\_  
LEE LEFFINGWELL  
Mayor

**ATTEST:**

\_\_\_\_\_  
KAREN KENNARD  
Acting City Attorney

\_\_\_\_\_  
SHIRLEY A. GENTRY  
City Clerk

(City Seal)

## EXHIBIT A

### 2010B Refunded Notes:

Commercial Paper Issuance Date	Principal Amount of Commercial Paper

## EXHIBIT B

### Paying Agent Registrar Agreement – Series 2010A Bonds

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## EXHIBIT C

### Paying Agent Registrar Agreement – Series 2010B Bonds

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## EXHIBIT D

### Continuing Disclosure Requirements Under the Rule

#### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 22 of the Nineteenth Supplement.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. The information under the numbered tables.

#### **Accounting Principles**

The accounting principles referred to in such Section are the generally accepted accounting principles as applicable to governmental units as prescribed by The Governmental Accounting Standards Board.

## EXHIBIT E

### Bond Purchase Agreement

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