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

SECTION 1: DEFINITIONS AND FINDINGS. The following terms

“Beneficial Owner” shall have the meaning given in Section 7 of the
eth Supplement.

“Board Resolution” means Resolution No. 16-076 adopted by the Texas

“Bonds” means the “CITY OF AUSTIN, TEXAS, WATER AND

“Business Day” means a day other than a Sunday, Saturday, a legal holiday,

“Chapter 551” means V.T.C.A., Government Code, Chapter 551.

“Chapter 1206” means V.T.C.A., Government Code, Chapter 1206.

“Chapter 1208” means V.T.C.A., Government Code, Chapter 1208.

29 “Chapter 1502” means V.T.C.A., Government Code, Chapter 1502.

30 “Chapter 2256” means V.T.C.A., Government Code, Chapter 2256.

31 “Chapter 2257” means V.T.C.A., Government Code, Chapter 2257.

32 “Code” means the Internal Revenue Code of 1986.

33 “Construction Fund” shall have the meaning given in Section 36 of the
34 Thirtieth Supplement.

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

36 “Initial Bonds” shall have the meaning given in Section 5 of the Thirtieth
37 Supplement.

38 “Master Ordinance” means Ordinance No. 000608-56A passed by council
39 on June 8, 2000.

40 “Paying Agent/Registrar” means Wilmington Trust, National Association.

41 “Previously Issued Parity Water/Wastewater Obligations” means the
42 outstanding (1) “City of Austin, Texas, Water and Wastewater System Revenue
43 Refunding Bonds, Series 2004A”, (2) “City of Austin, Texas, Water and
44 Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008”,
45 together with certain regularly scheduled payments under the Series 2008 Interest
46 Rate Management Agreement and the Series 2008 Liquidity Agreement (as these
47 terms are defined in Ordinance No. 20080306-053), (3) “City of Austin, Texas,
48 Water and Wastewater System Revenue Refunding Bonds, Series 2009”, (4) “City
49 of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
50 2009A”, (5) “City of Austin, Texas, Water and Wastewater System Revenue
51 Bonds, Series 2010”, (6) “City of Austin, Texas, Water and Wastewater System
52 Revenue Refunding Bonds, Series 2010A”, (7) “City of Austin, Texas, Water and
53 Wastewater System Revenue Refunding Bonds, Series 2010B (Direct Subsidy-
54 Build America Bonds)”, (8) “City of Austin, Texas, Water and Wastewater System
55 Revenue Refunding Bonds, Series 2011”, (9) “City of Austin, Texas, Water and
56 Wastewater System Revenue Refunding Bonds, Series 2012”, (10) “City of Austin,
57 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2013A”,
58 (11) “City of Austin, Texas, Water and Wastewater System Revenue Refunding
59 Bonds, Series 2014”, (12) “City of Austin, Texas, Water and Wastewater System
60 Revenue Refunding Bonds, Series 2015A”, (13) “City of Austin, Texas, Water and
61 Wastewater System Revenue Refunding Bonds, Taxable Series 2015B”, (14) “City

of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2016”, (15) “City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2016A”, (16) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2017” and (17) “City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2017A”.

“Prior Supplements” mean Ordinances Nos. 040930-83, 20080306-052, 20080306-053, 20081211-77, 20091105-051, 20091217-004, 20101118-074, 20111103-051, 20120628-101, 20130620-074, 20140522-040, 20150604-038, 20150604-039, 20160421-011, 20161020-002, 20170622-016 and 20171012-002, authorizing the issuance of the Previously Issued Parity Water/Wastewater Obligations.

“Purchaser” or “TWDB” means the Texas Water Development Board.

“Security Register” shall have the meaning given in Section 5 of the Thirtieth Supplement.

“State” means the State of Texas.

“State Water Plan” means the State’s comprehensive water plan prepared, developed, formulated, and adopted by the Texas Water Development Board under authority of Subchapter C of Chapter 16, Texas Water Code.

“Thirtieth Supplement” means this Ordinance No. 20181018-____ authorizing the issuance of the Bonds.

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

The Bonds shall be secured by a lien on, and pledge of, the Net Revenues on 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. There are no Previously Issued Separate Lien Obligations outstanding. Council affirms that the Master Ordinance provides that no additional revenue obligations shall be issued on parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations.

SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL AMOUNT - PURPOSE. Revenue bonds of the City shall be and are authorized to be issued in the aggregate principal amount of \$3,000,000 and designated the “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM

REVENUE BONDS, SERIES 2018” (the “Bonds”), for the purpose of improving and extending the Water/Wastewater System by financing projects that are part of the State Water Plan, and paying costs of issuance, in conformity with the Constitution and laws of the State, including Chapter 1502.

SECTION 3: FULLY REGISTERED OBLIGATIONS–AUTHORIZED DENOMINATIONS – STATED MATURITIES - DATE. The Bonds shall be issued as fully registered obligations, without coupons, shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and shall be numbered consecutively from R-1 upward (except as provided in Section 9 of the Thirtieth Supplement). The Bonds shall bear interest on the unpaid principal amounts from the date and at the rate(s) per annum as specified in Section 4 below (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on May 15 and November 15 in each year, commencing on May 15, 2019, until maturity or prior redemption, as provided in the FORM OF BOND.

SECTION 4: PRINCIPAL PAYMENTS AND INTEREST RATES; REDEMPTION.

(a) The Bonds shall be dated September 20, 2018 (the “Dated Date”), shall be in any Authorized Denomination, shall bear interest from their date of delivery in the manner described in the FORM OF BOND at the rates per annum, and the principal on the Bonds shall mature on November 15 in each of the years and in the amounts, respectively, set forth in the following schedule:

<u>YEARS</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2019	125,000	1.21
2020	130,000	1.30
2021	130,000	1.37
2022	130,000	1.44
2023	135,000	1.51
2024	135,000	1.58
2025	140,000	1.66
2026	140,000	1.73
2027	145,000	1.80
2028	145,000	1.84
2029	150,000	1.95
2030	150,000	2.07

2031	155,000	2.19
2032	160,000	2.29
2033	160,000	2.36
2034	165,000	2.41
2035	170,000	2.45
2036	175,000	2.49
2037	180,000	2.52
2038	180,000	2.61

(b) The City may redeem Bonds prior to their scheduled maturity on the dates and in the manner set forth in the FORM OF BOND. If less than all of the maturities of the Bonds are redeemed by the City, the City shall determine the maturities and amounts to be redeemed and shall direct the Paying Agent/Registrar to call Bonds by lot within a maturity and in a principal amount for redemption. Notice of any redemption shall be given in the manner set forth in the FORM OF BOND. Notice of any redemption also shall be given by United States mail, first class postage prepaid, (i) at least 30 days prior to the scheduled redemption date to the MSRB and to any national information service that disseminates redemption notices, and (ii) at least 90 days prior to the scheduled redemption date to the TWDB. Any notice sent to the MSRB and to any national information service that disseminates redemption notices must be sent so that the notice is received at least two days prior to the general mailing of notice as set forth in the FORM OF BOND.

(c) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Thirtieth Supplement, shall contain a description of the Bonds to be redeemed, including the complete name of the Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts called for redemption, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bond may be redeemed including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

SECTION 5: TERMS OF PAYMENT - PAYING AGENT /REGISTRAR. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the Holders appearing on the registration and transfer books maintained by

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

The selection and appointment of the Paying Agent/Registrar for the Bonds is approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided in the Thirtieth Supplement, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form of paying agent agreements previously approved by council in connection with the issuance of public securities, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. 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 such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice of the change to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

If required by law, the City shall not execute the Paying Agent/Registrar Agreement unless the Paying Agent/Registrar has confirmed to the City that it has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code. Within 30 days of receipt of the disclosure filings from the Paying Agent/Registrar, the City will submit a copy of the disclosure filings to the Texas Ethics Commission.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or redemption of the Bonds, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated office in Dallas, Texas (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 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 is a

day other than a Business Day, then the date for payment shall be the next succeeding Business Day; and payment on that date shall have the same force and effect as if made on the original date payment was due. If TWDB is the Beneficial Owner of 100% in aggregate principal amount of the Bonds then Outstanding, principal shall be paid to TWDB by wire transfer, at no expense to TWDB.

In the event of a non-payment of interest on one or more maturities on a scheduled payment date, and for 30 days thereafter, a new record date for the interest payment for the maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of 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 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 the notice.

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

Upon surrender for transfer of any Bond (other than the Initial Bonds authorized in Section 9 of the Thirtieth 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(s), one or more new Bonds executed on behalf of, and furnished by, the City of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bonds authorized in Section 9 of the Thirtieth Supplement) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same

rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office 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, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under the Thirtieth 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 Thirtieth 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 the Thirtieth Supplement are defined to be "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 under Section 19 of the Thirtieth Supplement and the 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 the Bond; provided, however, this 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.

The Paying Agent/Registrar for the Bonds shall act as the closing agent for the delivery of the Bonds to the TWDB, and in connection therewith, the Paying Agent/Registrar understands the Bonds are to be delivered to the TWDB using the book-entry only system provided by DTC.

258
259 The City agrees to deliver to the Paying Agent/Registrar one initial Bond for
260 each maturity, numbered consecutively from T-1 upward (the "Initial Bonds") and
261 registered to the TWDB following the approval by the Attorney General of the
262 State and the registration by the Comptroller of Public Accounts. Proceeds from
263 the Bonds will be held in escrow and disbursed to the City in accordance with
264 procedures approved by the TWDB.
265

266 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND**
267 **TRANSACTIONS.** Notwithstanding the provisions contained in Sections 4, 5 and
268 6 of the Thirtieth Supplement relating to the payment, and transfer/exchange of the
269 Bonds, the City approves and authorizes the use of the "Book-Entry-Only"
270 securities clearance, settlement and transfer system provided by The Depository
271 Trust Company ("DTC"), a limited purpose trust company organized under the
272 laws of the State of New York, in accordance with the operational arrangements
273 referenced in the Blanket Issuer Letter of Representation, by and between the City
274 and DTC (the "Depository Agreement").

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

283 In the event DTC determines to discontinue serving as securities depository
284 for the Bonds or otherwise ceases to provide book-entry clearance and settlement
285 of securities transactions in general or the City determines that DTC is incapable of
286 properly discharging its duties as securities depository for the Bonds, the City
287 covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in
288 definitive form and provide for the Bond certificates to be issued and delivered to
289 DTC Participants and Beneficial Owners, as the case may be. The Bonds in
290 definitive form shall be assigned, transferred and exchanged on the Security
291 Register maintained by the Paying Agent/Registrar and payment of the Bonds not
292 held by DTC under the Depository Agreement shall be made in accordance with
293 the provisions of Sections 4, 5 and 6 of the Thirtieth Supplement.

294 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be
295 executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal

reproduced or impressed on the Bonds and countersigned by the City Clerk. The signature of the 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 Dated Date shall be deemed to be executed on behalf of the City, notwithstanding that those individuals or either of them shall cease to hold the offices at the time of delivery of the Bonds to the Purchaser and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201.

No Bond shall be entitled to any right or benefit under the Thirtieth 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 the FORM OF BOND, manually executed by the Comptroller of Public Accounts of the State or his or her authorized agent, or a certificate of registration substantially in the form provided in the FORM OF BOND, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either 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 BONDS. The Bonds shall be initially issued as multiple fully registered bonds, being one bond for each stated maturity in the applicable principal amount and denomination and numbered consecutively from T-1 and upward (the "Initial Bonds"). In either case, the Initial Bonds shall be registered in the name of the Purchaser or its designee. The Initial Bonds shall be the Bonds submitted to the Office of the Attorney General of the State for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State and delivered to the Purchaser. Any time after the delivery of the Initial Bonds, the Paying Agent/Registrar, pursuant to written instructions from the Purchaser, or its designee, shall cancel the Initial Bonds delivered and exchange for the Initial Bonds definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified for the Holders; all pursuant to and in accordance with such written instructions from the Purchaser, or its designee, and any other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 10: FORMS. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State, 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 the FORM OF BOND set forth in **Exhibit A** to the Thirtieth Supplement, with appropriate insertions, omissions, substitutions, and

other variations as are permitted or required by the Thirtieth Supplement, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and any other legends and endorsements (including insurance legends in the event the Bonds, or any maturities of the Bonds, are purchased with insurance and any reproduction of an opinion of counsel) as may be established by the City or determined by the officers executing the Bonds as evidenced by their execution of the Bonds. Any portion of the text of any Bond may be set forth on the reverse of the Bond, with an appropriate reference on the face of the Bond.

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

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 Thirtieth 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 Thirtieth Supplement for all purposes, except to the extent modified and supplemented by the Prior Supplements and the Thirtieth Supplement, and the Bonds are declared to be Parity Water/Wastewater Obligations under the Master Ordinance and Prior Supplements. The City 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 the Prior First Lien Obligations, the Net Revenues of the Water/Wastewater System are pledged to the payment of the Bonds, and the Bonds, together with the Prior Subordinate 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 Thirtieth 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 in accordance with the terms of the Master Ordinance, the Prior Supplements and the Thirtieth Supplement. The Parity Water/Wastewater Obligations, and the interest on the Parity Water/Wastewater 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 Thirtieth Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Thirtieth Supplement or any other act, all as provided in Chapter 1208. 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 Thirtieth Supplement.

Chapter 1208 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 the pledge is valid, effective, and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, then to preserve to the registered owners of the Bonds the perfection of the security interest in the pledge, the City agrees to take measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, and enable a filing to perfect the security interest in the 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 such deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bonds are delivered to the Purchaser.

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

416 Any accrued interest received from the Purchaser shall be deposited in the
417 Debt Service Fund, and shall be taken into consideration and reduce the amount of
418 the monthly deposits that would otherwise be required to be deposited to the credit
419 of the Debt Service Fund from the Net Revenues of the Water/Wastewater System.

420 **SECTION 14: RESERVE FUND.** In accordance with the provisions of the
421 Prior Supplements authorizing the issuance of certain of the Previously Issued
422 Water/Wastewater Obligations, the Required Reserve Amount is funded with cash
423 and Credit Facilities originally issued by Ambac Assurance Corporation and XL
424 Capital Assurance Inc.

425 The Reserve Fund shall be funded with proceeds of the Bonds, in the
426 amount described in the letter of instructions executed in accordance with Section
427 26 of the Thirtieth Supplement.

428 Furthermore, in accordance with Section 10(d) of the Master Ordinance,
429 council finds that the Gross Revenues will be sufficient to meet the obligations of
430 the Water/Wastewater System, including sufficient Net Revenues to satisfy the
431 Annual Debt Service Requirements of Parity Water/Wastewater Obligations
432 currently Outstanding and the financial obligations of the City under any Credit
433 Facility entered into with the Credit Facility providers.

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

444

445 **SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT**
446 **STATUS.**

447 The City covenants to refrain from any action which would adversely
448 affect, or to take any action to assure, the treatment of the Bonds as obligations
449 described in section 103 of the Code, the interest on which is not includable in the
450 "gross income" of the holder for purposes of federal income taxation. In
451 furtherance thereof, the City covenants as follows:

452 (a) to take any action to assure that no more than 10 percent of the
453 proceeds of the Bonds or the projects financed therewith (less amounts deposited
454 to a reserve fund, if any) are used for any "private business use", as defined in
455 section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so
456 used, that amounts, whether or not received by the City, with respect to such
457 private business use, do not, under the terms of this Ordinance or any underlying
458 arrangement, directly or indirectly, secure or provide for the payment of more than
459 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2)
460 of the Code;

461 (b) to take any action to assure that in the event that the "private business
462 use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the
463 Bonds or the projects financed therewith (less amounts deposited into a reserve
464 fund, if any) then the amount in excess of 5 percent is used for a "private business
465 use" which is "related" and not "disproportionate", within the meaning of section
466 141(b)(3) of the Code, to the governmental use;

467 (c) to take any action to assure that no amount which is greater than the
468 lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts
469 deposited into a reserve fund, if any), is directly or indirectly used to finance loans
470 to persons, other than state or local governmental units, in contravention of section
471 141(c) of the Code;

472 (d) to refrain from taking any action which would otherwise result in the
473 Bonds being treated as "private activity bonds" within the meaning of section
474 141(a) of the Code;

475 (e) to refrain from taking any action that would result in the Bonds being
476 "federally guaranteed" within the meaning of section 149(b) of the Code;

477 (f) to refrain from using any portion of the proceeds of the Bonds,
478 directly or indirectly, to acquire or to replace funds which were used, directly or
479 indirectly, to acquire investment property (as defined in section 148(b)(2) of the
480 Code) which produces a materially higher yield over the term of the Bonds, other
481 than investment property acquired with --

482 (1) proceeds of the Bonds invested for a reasonable temporary
483 period, until such proceeds are needed for the purpose for which the Bonds
484 are issued,

485 (2) amounts invested in a bona fide debt service fund, within the
486 meaning of section 1.148-1(b) of the Treasury Regulations, and

487 (3) amounts deposited in any reasonably required reserve or
488 replacement fund to the extent such amounts do not exceed 10 percent of the
489 proceeds of the Bonds;

490 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts
491 treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not
492 otherwise contravene the requirements of section 148 of the Code (relating to
493 arbitrage);

494 (h) to refrain from using the proceeds of the Bonds or the proceeds of any
495 prior bonds to pay debt service on another issue more than ninety (90) days after
496 the issuance of the Bonds in contravention of section 149 of the Code (relating to
497 advance refundings); and

498 (i) to pay to the United States of America at least once during each five-
499 year period (beginning on the date of delivery of the Bonds) an amount that is at
500 least equal to 90 percent of the "excess earnings", within the meaning of section
501 148(f) of the Code, and to pay to the United States of America, not later than 60
502 days after the Bonds have been paid in full, 100 percent of the amount then
503 required to be paid as a result of Excess Earnings under section 148(f) of the Code.

504 The City understands that the term "proceeds" includes "disposition
505 proceeds" as defined in the Treasury Regulations and, in the case of a refunding
506 bond, transferred proceeds (if any) and proceeds of the refunded bonds expended
507 prior to the date of the issuance of the Bonds. It is the understanding of the City
508 that these covenants are intended to assure compliance with the Code and any
509 regulations or rulings promulgated by the U.S. Department of the Treasury
510 pursuant to the Code. In the event that regulations or rulings are hereafter
511 promulgated which modify or expand provisions of the Code, as applicable to the

Bonds, the City will not be required to comply with any covenant contained in this Section to the extent that the failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City, any Deputy Financial Officer of the City and the City Treasurer may execute any certificates or other reports required by the Code and make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. In order to facilitate compliance with the above clause (i), a "Rebate Fund" is established by the City for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

SECTION 16A: ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE BOND-FINANCED PROPERTY; DISPOSITION OF BOND-FINANCED PROPERTY.

The City covenants to account for on its books and records the expenditure of proceeds from the sale of the Bonds and any investment earnings thereon to be used for the improvement and extension of the System (referred to in this Section as a "Project") by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed. The foregoing notwithstanding, the City shall not expend such proceeds or investment earnings more than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Bonds or (b) the date the Bonds are retired, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

550 The City covenants that the property constituting the Project will not be sold
551 or otherwise disposed in a transaction resulting in the receipt by the City of cash or
552 other compensation, unless the City obtains an opinion of nationally-recognized
553 bond counsel substantially to the effect that the sale or other disposition will not
554 adversely affect the tax-exempt status of the Bonds. The portion of the property
555 comprising personal property and disposed of in the ordinary course of business
556 shall not be treated as a transaction resulting in the receipt of cash or other
557 compensation. The City shall not be obligated to comply with this covenant if it
558 obtains an opinion of nationally-recognized bond counsel to the effect that the
559 failure to comply will not adversely affect the excludability for federal income tax
560 purposes from gross income of the interest.

561 **SECTION 17: AMENDMENT OF THIRTIETH SUPPLEMENT.**

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

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

579
580 unless such amendment or amendments be approved by the owners of all of the
581 Bonds affected by the change or amendment then Outstanding.

582 (b) Notice of Amendment Requiring Consent. If at any time the City
583 shall desire to amend the Thirtieth Supplement under this Section, the City shall
584 cause notice of the proposed amendment to be published in a financial newspaper
585 or journal published in The City of New York, New York, and a newspaper of
586 general circulation in the City, once during each calendar week for at least two

587 successive calendar weeks. The notice shall briefly set forth the nature of the
588 proposed amendment and shall state that a copy of the notice is on file with the
589 Paying Agent/Registrar for the Bonds. Publication is not required, however, if
590 notice in writing is given by United States Mail, first class postage prepaid, to each
591 owner of the Bonds.

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

601 (d) Revocation of Consent. Any consent given by the owner of a Bond
602 pursuant to the provisions of this Section shall be irrevocable for a period of six
603 months from the date for measuring the one year period to obtain consents noted in
604 paragraph (c) above, and shall be conclusive and binding upon all future owners of
605 the same Bonds during such period. At any time after six months from the date for
606 measuring the one year period to obtain consents noted in paragraph (c) above,
607 consent may be revoked by the owner who gave the consent, or by a successor in
608 title, by filing written notice with the Paying Agent/Registrar for the Bonds and the
609 City, but revocation shall not be effective if the owners of at least a majority in
610 Outstanding Principal Amount of the then Outstanding Bonds as determined in
611 accordance with this Section have, prior to the attempted revocation, consented to
612 and approved the amendment.

613 (e) Implementation of Amendment. Upon the passage of any amendatory
614 ordinance pursuant to the provisions of this Section, the Thirtieth Supplement shall
615 be deemed to be amended, and the respective rights, duties, and obligations of the
616 City under the Thirtieth Supplement and all the owners of then Outstanding Bonds
617 shall be determined, exercised, and enforced in all respects in accordance with the
618 amendment.

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

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

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

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

640 (4) To make amendments to the Thirtieth Supplement as may
641 be required, in the opinion of Bond Counsel, to ensure compliance
642 with sections 103 and 141 through 150 of the Code and the
643 regulations promulgated under and applicable to those sections and
644 regulations;

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

652 (6) To make amendments to the Thirtieth Supplement as
653 permitted by Section 21(e) of the Thirtieth Supplement;

654 (7) To make changes, modifications or amendments as may be
655 necessary or desirable to obtain the approval of the Bonds from the
656 Attorney General of Texas, to obtain or maintain the granting of a

rating on the Bonds by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(8) To make 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 an amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of a notice shall not constitute a condition precedent to the adoption of an amendatory ordinance and the failure to publish a notice shall not adversely affect the implementation of an amendment as adopted pursuant to the 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/Registrar. Furthermore, the owner of any Bonds insured as to the payment of principal of and interest shall be deemed to be the insurance company providing the insurance coverage on the Bonds; provided, the amendment to the Thirtieth Supplement is an amendment that can be made with the consent of a majority in Outstanding Principal Amount of the Bonds and the insurance company is not in default with respect to its obligations under its insurance policy, if any.

SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.

All or any of the Bonds shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Thirtieth Supplement when payment of the principal of, and redemption premium, if any, on the Bonds, plus interest on the Bonds to the due date (whether the due date is by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of the Bonds, 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 this payment, (1) money sufficient to make the payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in amounts and at the times as will insure the availability, without reinvestment, of sufficient money to make this payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar with respect to which the deposit is made shall have been paid or the payment provided for the satisfaction of the Paying

694 Agent/Registrar. Once a Bond shall be deemed to be paid under the Thirtieth
695 Supplement, it shall no longer be secured by or entitled to the benefit of the
696 Thirtieth Supplement, the Master Ordinance or a lien on and pledge of the Net
697 Revenues of the Water/Wastewater System, and shall be entitled to payment solely
698 from the money or Government Obligations.

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

709 Notwithstanding any other provisions of the Thirtieth Supplement, all
710 money or Government Obligations set aside and held in trust pursuant to the
711 provisions of this Section for the payment of the Bonds, the redemption premium,
712 if any, and interest on the Bonds, shall be applied to and used for the payment of
713 the Bonds, the redemption premium, if any, and interest on the Bonds and the
714 income on the money or Government Obligations shall not be considered to be
715 "Gross Revenues" under the Thirtieth Supplement.

716 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
717 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,
718 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be
719 printed, executed, and delivered, a new bond of the same principal amount,
720 maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed
721 Bond, in replacement for the Bond in the manner provided in this Section. An
722 application for the replacement of damaged, mutilated, lost, stolen, or destroyed
723 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or
724 destruction of a Bond, the applicant for a replacement bond shall furnish to the
725 City and to the Paying Agent/Registrar security or indemnity as may be required
726 by them to save each of them harmless from any loss or damage with respect
727 thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant
728 shall furnish to the City and to the Paying Agent/Registrar evidence to their
729 satisfaction of the loss, theft, or destruction of the Bond, as the case may be. In
730 every case of damage or mutilation of a Bond, the applicant shall surrender to the
731 Paying Agent/Registrar for cancellation of the Bond so damaged or mutilated.

Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of the Bond with all legal, printing, and other expenses in connection with this issuance. 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 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 Thirtieth Supplement equally and proportionately with any and all other Bonds issued under the Thirtieth Supplement.

Notwithstanding the preceding provisions of this Section, in the event any 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 of the Bond 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 Chapter 1206 (specifically Section 1206.022), this Section shall constitute authority for the issuance of any 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 Bonds is authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver replacement bonds in the form and manner and with the effect, as provided in Section 6 of the Thirtieth Supplement for Bonds issued in exchange for other Bonds.

SECTION 20: THIRTIETH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds by the Holders from time to time, the Thirtieth 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 Thirtieth Supplement by the City and the covenants and agreements set forth in the Thirtieth 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 under the Thirtieth Supplement over any of the others by reason of time of issuance, sale, or maturity or otherwise for any cause whatsoever, except as expressly provided in or permitted by the Thirtieth Supplement.

767 SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.

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

770 “*MSRB*” means the Municipal Securities Rulemaking Board.

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

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

775 (b) Annual Reports. The City shall provide annually to the MSRB (1)
776 within six months after the end of each fiscal year ending in or after 2018, financial
777 information and operating data with respect to the City of the general type included
778 in the final Official Statement and which is described in **Exhibit B** to the Thirtieth
779 Supplement, and (2) if not provided as part of the financial information and
780 operating data, audited financial statements of the City, when and if available.
781 Any financial statements provided shall be prepared in accordance with the
782 accounting principles described in **Exhibit B** to the Thirtieth Supplement, or other
783 accounting principles as the City may be required to employ from time to time
784 pursuant to state law or regulation, and audited, if the City commissions an audit of
785 the statements and the audit is completed within twelve months after the end of
786 each fiscal year ending in or after 2018. If audited financial statements of the City
787 are not available by the end of the 12 month period, the City will provide notice
788 that the audited financial statements are not available, and will provide unaudited
789 financial statements by the end of the 12 month period and audited financial
790 statements for the applicable fiscal year when and if the audited financial
791 statements become available.

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

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

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the existing governing body and officials

or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

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

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER

NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake the obligation in accordance with the Rule as amended.

Notwithstanding any provisions in the Thirtieth Supplement to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of the amendment, as well as the changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Thirtieth Supplement that authorizes the amendment) of the Outstanding Bonds consent to the amendment or (b) a Person that is unaffiliated with the City and the State (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that the provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in the offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

912 **SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all
913 rights and remedies provided by the laws of the State and set forth in the Board
914 Resolution (other than acceleration), the City covenants and agrees particularly that
915 in the event the City (a) defaults in payments to be made to the Debt Service Fund
916 as required by the Thirtieth Supplement or the Master Ordinance, (b) defaults in
917 the observance or performance of any other of the covenants, conditions or
918 obligations set forth in the Thirtieth Supplement or the Master Ordinance or (c) the
919 City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a
920 writ of mandamus issued by a court of proper jurisdiction, compelling and
921 requiring the City and its officers to observe and perform any covenant, condition
922 or obligation prescribed in the Thirtieth Supplement or the Master Ordinance. No
923 delay or omission to exercise any right or power accruing upon any default shall
924 impair any such right or power, or shall be construed to be a waiver of any such
925 default or acquiescence in such default, and every such right and power may be
926 exercised from time to time and as often as may be deemed expedient.

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

930 **SECTION 23: SALE OF BONDS.** The Bonds are to be sold by the City to
931 the Purchaser for the price of par. The Bonds have been purchased by the
932 Purchaser pursuant to the Board Resolution. The Initial Bonds shall be registered
933 in the name of the Texas Water Development Board. The Private Placement
934 Memorandum prepared in connection with the sale of the Bonds to the Purchaser,
935 in substantially the form attached to the Thirtieth Supplement, is approved. The
936 City has determined, based upon the advice provided by its financial advisor, that
937 acceptance of the purchase price for the Bonds is on terms advantageous to, and in
938 the best interests of, the City.

939 It is the intent of the parties to the sale of the Bonds that if TWDB ever
940 determines to sell all or a part of the Bonds, it shall notify the City at least 60 days
941 prior to the sale of the Bonds of the decision to sell the Bonds.

942 Payment of amounts due and owing on the Bonds to the TWDB shall be
943 made by wire transfer, at no expense to the TWDB, as provided in the FORM OF
944 BOND.

945
946 By agreeing to the purchase the Bonds, the TWDB agrees that the bond
947 proceeds shall be deposited into the escrow fund established in the Escrow
948 Agreement between the City and Wilmington Trust, National Association, and that

the procedures set forth in Section 5 of the Thirtieth Supplement satisfy the Board Resolution.

Proceeds from the sale of the Bonds shall be held at a designated state depository or other properly chartered and authorized institution in accordance with Chapter 2256 and Chapter 2257.

SECTION 24: ADDITIONAL COVENANTS. In connection with the sale of the Bonds to the TWDB, the City covenants as follows:

(a) Compliance with TWDB Rules and Regulations. The City covenants to comply with the rules and regulations of the TWDB, and to maintain insurance on the Water/Wastewater System in an amount as may be required by TWDB, as further addressed in this Section.

(b) Audits. For so long as the State owns any Bond, the City shall mail a copy of the audit required by the Master Ordinance to the TWDB. In addition, monthly operating statements for the Water/Wastewater System shall be maintained by the City and made available, on request, to the TWDB as long as the State owns any Bond, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the TWDB until the Development Fund Manager of the TWDB waives this requirement.

(c) Final Accounting. The City shall render, and submit within 60 days of the completion of the project, a final accounting to the TWDB in reference to the total cost incurred by the City for improvements and extensions to the Water/Wastewater System which were financed by the issuance of the Bonds, together with a copy of "as built" plans of the improvements and extensions upon completion.

(d) Defeasance. Should the City exercise its right under the Master Ordinance to effect the defeasance of the Bonds, the City agrees that it will provide the TWDB with written notice of any defeasance.

(e) Segregation of Funds. The City covenants that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the TWDB commitment through costing and final disbursement.

(f) Environmental Indemnity. Proceeds from the Bonds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. To the extent permitted by law, the City agrees to

indemnify, hold harmless, and protect the TWDB from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) Environmental Determination. In connection with the project financed with the Bonds, the City agrees to implement any environmental determination issued by the Executive Administrator of TWDB to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) Insurance. The City agrees that it will maintain insurance on the Water/Wastewater System in an amount sufficient to protect TWDB's interest in the project financed with the proceeds of the Bonds. The City may self-insure in respect to satisfying this covenant.

(i) Water Conservation Program. The City has implemented or will implement an approved water conservation program in compliance with 31 Texas Administrative Code 371.71(a)(2)(F).

(j) City will not Purchase TWDB Bonds. The City agrees that it or any related party to the City will not purchase, as an investment or otherwise, bonds issued by TWDB including, without limitation, bonds issued by TWDB, the proceeds of which were used by TWDB to purchase the Bonds.

(k) Compliance with Federal Contracting Law. The City acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises, and the City shall report to the TWDB the amount of Bond proceeds, if any, that were used to compensate historically underutilized businesses that worked on the project, in accordance with 31 TAC § 363.1312.

(l) Compliance with State Contracting Law. The City acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses.

SECTION 25: CONTROL AND CUSTODY OF BONDS. The City Manager of the City shall be and is authorized to take and have charge of all

necessary orders and records pending the sale of the Bonds, and shall take and have charge and control of the Initial Bonds pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchaser.

Furthermore, the Mayor, Mayor Pro Tem, City Manager, any Assistant City Manager, Chief Financial Officer, any Deputy Financial Officer, City Clerk, City Treasurer and City Attorney, any one or more of these officials, are authorized and directed to furnish and execute any 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 Purchaser following the sale.

SECTION 26: PROCEEDS OF SALE. The proceeds from the sale of the Bonds shall be used in the manner described in the letter of instructions executed by the City.

SECTION 27: LEGAL OPINION. The obligation of the Purchaser to accept delivery of the Bonds is subject to being furnished a final opinion of McCall, Parkhurst & Horton L.L.P., approving the Bonds as to their validity, the opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of the opinion is authorized to be printed on the definitive Bonds or an executed counterpart of the opinion shall accompany the global Bonds deposited with DTC.

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

SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Whenever under the terms of the Thirtieth Supplement or the Bonds, the performance date of any provision of the Thirtieth Supplement or the Bonds, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then performance, including the payment of principal of and interest on the Bonds, need not be made on that 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.

1062 **SECTION 30: LIMITATION OF BENEFITS WITH RESPECT TO**
1063 **THE THIRTIETH SUPPLEMENT.** With the exception of the rights or benefits
1064 expressly conferred in the Thirtieth Supplement, nothing expressed or contained in
1065 the Thirtieth Supplement or implied from the provisions of the Thirtieth
1066 Supplement or the Bonds is intended or should be construed to confer upon or give
1067 to any person other than the City, the Holders, and the Paying Agent/Registrar, any
1068 legal or equitable right, remedy, or claim under or by reason of or in respect to the
1069 Thirtieth Supplement or any covenant, condition, stipulation, promise, agreement,
1070 or provision contained in the Thirtieth Supplement. The Thirtieth Supplement and
1071 all of the covenants, conditions, stipulations, promises, agreements, and provisions
1072 of the Thirtieth Supplement are intended to be and shall be for and inure to the sole
1073 and exclusive benefit of the City, the Holders, and the Paying Agent/Registrar as
1074 provided in the Thirtieth Supplement and in the Bonds.

1075 **SECTION 31: NOTICES TO HOLDERS - WAIVER.** Wherever the
1076 Thirtieth Supplement provides for notice to Holders of any event, the notice shall
1077 be sufficiently given (unless otherwise expressly provided in the Thirtieth
1078 Supplement) if in writing and sent by United States Mail, first class postage
1079 prepaid, to the address of each Holder appearing in the Security Register at the
1080 close of business on the Business Day next preceding the mailing of the notice.

1081 In any case where notice to Holders is given by mail, neither the failure to
1082 mail the notice to any particular Holders nor any defect in any notice so mailed
1083 shall affect the sufficiency of the notice with respect to all other Bonds. Where the
1084 Thirtieth Supplement provides for notice in any manner, the notice may be waived
1085 in writing by the Holder entitled to receive the notice, either before or after the
1086 event with respect to which notice is given, and the waiver shall be the equivalent
1087 of the notice. Waivers of notice by Holders shall be filed with the Paying
1088 Agent/Registrar, but a filing shall not be a condition precedent to the validity of
1089 any action taken in reliance upon the waiver.

1090 **SECTION 32: GOVERNING LAW.** The Thirtieth Supplement shall be
1091 construed and enforced in accordance with the laws of the State and the United
1092 States of America.

1093 **SECTION 33: EFFECT OF HEADINGS.** The Section headings in the
1094 Thirtieth Supplement are for convenience of reference only and shall not affect the
1095 construction of the Thirtieth Supplement.

1096 **SECTION 34: CONSTRUCTION OF TERMS.** If appropriate in the
1097 context of the Thirtieth 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. References to any named person shall mean that person and his or her successors and assigns. References to any constitutional, statutory or regulatory provision means the provision as it exists on the date the Thirtieth Supplement is adopted by council. Any reference to the payment of principal in the Thirtieth Supplement shall include the payment of any mandatory sinking fund redemption payments as described in the Thirtieth Supplement. Any reference to "FORM OF BOND" refers to the form of the Bonds in **Exhibit A** to the Thirtieth Supplement.

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

SECTION 36: CONSTRUCTION FUND. A fund entitled the "City of Austin, Texas Water and Wastewater System Series 2018 Revenue Bonds Construction Fund (the "Construction Fund") is created. Money in the Construction Fund shall be maintained at an official depository bank of the City.

The proceeds of the Bonds shall be deposited into the Construction Fund and used by the City for payment of the costs of funding projects that are part of the State Water Plan to extend and improve the Water/Wastewater System, including any costs for engineering, financing, financial consultation, administrative, auditing, and legal expenses. Amounts in the Construction Fund shall be used to pay costs timely, in compliance with applicable federal and State law.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Construction Fund, from the Bonds remaining on deposit in the Construction Fund after completing the improvements and extensions to the System and upon the completion of the final accounting as described in Section 24 of the Thirtieth Supplement, shall be transferred to the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by TWDB, unless the Executive Administrator of TWDB approves the use of the surplus proceeds to pay eligible costs of improving or extending the System by funding projects that are a part of the State Water Plan.

1133 **SECTION 37: COMPLIANCE WITH CITY HUB REQUIREMENTS.**
1134 The City acknowledges and confirms that it is in compliance with any and all
1135 requirements of its ordinances for the use of historically underutilized businesses.

1136 **SECTION 38: PUBLIC MEETING.** It is officially found that the meeting
1137 at which the Thirtieth Supplement is adopted was open to the public and public
1138 notice of the time, place, and subject matter of the public business to be considered
1139 at such meeting, including the Thirtieth Supplement, was given; all as required by
1140 Chapter 551.

1141 **SECTION 39: EFFECTIVE DATE.** This Thirtieth Supplement is passed
1142 on one reading as authorized by Chapter 1201 (specifically Section 1201.028), and
1143 shall be effective immediately upon its passage and adoption.

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

§
§

October 18, 2018

STEVE ADLER
Mayor

APPROVED:

ATTEST:

ANNE L. MORGAN
City Attorney

JANNETTE S. GOODALL
City Clerk

(City Seal)

EXHIBIT A
FORM OF BOND

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
WATER AND WASTEWATER SYSTEM
REVENUE BOND,
SERIES 2018

Date of Delivery: _____ Interest Rate: _____ Stated Maturity: _____ CUSIP NO: _____

Registered Owner:

Principal Amount: _____ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received promises to pay to the registered owner named above, or their registered assigns (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much of the Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the date of delivery of this Bond at the per annum rate of interest specified above; such interest being payable on May 15, 2019 and on each succeeding November 15 and May 15 until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of this

Bond may be accomplished without presentation and surrender of this Bond. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Thirtieth Supplemental Ordinance to the Master Ordinance (the "Thirtieth 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. The foregoing notwithstanding, so long as the Texas Water Development Board ("TWDB") is the beneficial owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal of the Bonds shall be made thereto by wire transfer, at no expense to the TWDB. 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 of this Bond 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 dated September 20, 2018, issued in the aggregate principal amount of \$3,000,000 (the "Bonds") for the purpose of (i) extending and improving the City's combined water and wastewater system through the financing of projects that are part of the State of Texas' comprehensive water plan approved pursuant to Subchapter C of Chapter 16, Texas Water Code, (ii) funding a reserve fund for the Bonds, and (iii) paying the costs of issuance associated with the Bonds. The Bonds shall be issued in any denomination or denominations in any integral multiple of \$5,000 within a maturity (an "Authorized Denomination"). All capitalized terms not defined herein shall have the same meaning as given said terms in the Master Ordinance or the Thirtieth Supplement.

The Bonds maturing on and after November 15, 2029, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part, and if

in part, in inverse order of maturity, 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 May 15, 2029, or on any date thereafter at the redemption price of par plus accrued interest thereon to the redemption date.

Not less than thirty days prior to a redemption date, 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 relating thereto contained in the Thirtieth Supplement. 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 Denomination 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 forty-five days of the 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 and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, 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 Master Ordinance and the Thirtieth Supplement. Additionally, the 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 in accordance with the terms of the Master Ordinance and the Thirtieth Supplement. 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 related terms and conditions, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System, in the same manner and to the same extent as the Bonds.

Reference is made to the Master Ordinance and the Thirtieth Supplement, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance of this Bond assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the 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 either the Master Ordinance or the Thirtieth Supplement may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made in the Master Ordinance and the Thirtieth Supplement may be discharged at or prior to the maturity of this Bond, and this Bond deemed

to be no longer Outstanding under the Master Ordinance and the Thirtieth Supplement; and for the other terms and provisions contained in the Master Ordinance and the Thirtieth Supplement. Capitalized terms used in this Bond have the same meanings assigned in the Master Ordinance and the Thirtieth Supplement.

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

The City and the Paying Agent/Registrar, and any agent of either, may treat the Registered Owner of this Bond whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest on this Bond, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal of this Bond at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on a scheduled payment date and for thirty days after such event, a new record date for such interest payment (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 fifteen days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid

obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, the Master Ordinance and the Thirtieth Supplement; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Net Revenues of the Water/Wastewater System. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired. The terms and provisions of this Bond, the Master Ordinance and the Thirtieth Supplement shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF AUSTIN, TEXAS

Steve Adler
Mayor

COUNTERSIGNED:

Jannette S. Goodall
City Clerk

(SEAL)

REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS

(SEAL)

Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

Wilmington Trust, National
Association, as Paying
Agent/Registrar

Registration date:

By: _____
Authorized Signature

FORM OF ASSIGNMENT.

ASSIGNMENT

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

(Social Security or other identifying number (_____
_____) the within Bond and all rights under this Bond, and irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration of the Bonds, with full power of substitution in the premises.

DATED:

Signature guaranteed:

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

Exhibit B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 21 of the Thirtieth Supplement.

Annual Financial Information and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with Section 21 are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City within: (i) Tables One through Thirteen in the main text of the Official Statement relating to the sale of the City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2017 (the “Official Statement”); (ii) “ELECTRIC SYSTEM – Customer Base – Average Monthly Number of Customers”; (iii) “ELECTRIC SYSTEM – Fuel Supply”; (iv) “CUSTOMER RATES – Typical Residential Electric Bills of Large Texas Cities”; (v) Austin Energy’s approved rate schedules incorporated by reference into the Official Statement as described in “CUSTOMER STATISTICS – Electric Rates”; (vi) “CUSTOMER STATISTICS – GreenChoice Energy Rider”; (vii) “COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM OPERATIONS”, (viii) “OPERATING STATEMENT ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM”; (ix) the table of annual results of the City’s annexations in “THE CITY – Annexation Program”; and (x) “INVESTMENTS – Current Investments”.

The financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in Section 21 are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.