

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

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

3 “Construction Fund” shall have the meaning given in Section 36 of the Thirty-
4 First Supplement.

5 “Date of Delivery” means the date all or any portion of the Bonds are
6 delivered to the Purchaser in exchange for the agreed purchase price of the delivered
7 Bonds.

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

9 “Initial Bonds” shall have the meaning given in Section 9 of the Thirty-First
10 Supplement.

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

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

14 “Previously Issued Parity Water/Wastewater Obligations” means the
15 outstanding (1) “City of Austin, Texas, Water and Wastewater System Revenue
16 Refunding Bonds, Series 2004A”, (2) “City of Austin, Texas, Water and Wastewater
17 System Variable Rate Revenue Refunding Bonds, Series 2008”, together with
18 certain regularly scheduled payments under the Series 2008 Interest Rate
19 Management Agreement and the Series 2008 Liquidity Agreement (as these terms
20 are defined in Ordinance No. 20080306-053), (3) “City of Austin, Texas, Water and
21 Wastewater System Revenue Refunding Bonds, Series 2009”, (4) “City of Austin,
22 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2009A”,
23 (5) “City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series
24 2010”, (6) “City of Austin, Texas, Water and Wastewater System Revenue
25 Refunding Bonds, Series 2010A”, (7) “City of Austin, Texas, Water and Wastewater
26 System Revenue Refunding Bonds, Series 2010B (Direct Subsidy-Build America
27 Bonds)”, (8) “City of Austin, Texas, Water and Wastewater System Revenue
28 Refunding Bonds, Series 2011”, (9) “City of Austin, Texas, Water and Wastewater
29 System Revenue Refunding Bonds, Series 2012”, (10) “City of Austin, Texas, Water
30 and Wastewater System Revenue Refunding Bonds, Series 2013A”, (11) “City of
31 Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
32 2014”, (12) “City of Austin, Texas, Water and Wastewater System Revenue
33 Refunding Bonds, Series 2015A”, (13) “City of Austin, Texas, Water and
34 Wastewater System Revenue Refunding Bonds, Taxable Series 2015B”, (14) “City
35 of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
36 2016”, (15) “City of Austin, Texas, Water and Wastewater System Revenue Bonds,

1 Series 2016A”, (16) “City of Austin, Texas, Water and Wastewater System Revenue
2 Refunding Bonds, Series 2017”, (17) “City of Austin, Texas, Water and Wastewater
3 System Revenue Bonds, Series 2017A” and (18) “City of Austin, Texas Water and
4 Wastewater System Revenue Bonds, Series 2018”.

5 “Prior Supplements” mean Ordinances Nos. 040930-83, 20080306-052,
6 20080306-053, 20081211-77, 20091105-051, 20091217-004, 20101118-074,
7 20111103-051, 20120628-101, 20130620-074, 20140522-040, 20150604-038,
8 20150604-039, 20160421-011, 20161020-002, 20170622-016, 20171012-002, and
9 20181018-004 authorizing the issuance of the Previously Issued Parity
10 Water/Wastewater Obligations.

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

12 “Security Register” shall have the meaning given in Section 5 of the Thirty-
13 First Supplement.

14 “State” means the State of Texas.

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

18 “Thirty-First Supplement” means this Ordinance No. 20191003-____
19 authorizing the issuance of the Bonds.

20 The terms used in the Thirty-First Supplement and not otherwise defined shall
21 have the meanings given in the Master Ordinance or the Prior Supplements.

22 The Bonds shall be secured by a lien on, and pledge of, the Net Revenues on
23 parity with the outstanding “Parity Water/Wastewater Obligations” issued in
24 accordance with and under the terms and provisions of the Master Ordinance and
25 the Prior Supplements. There are no Previously Issued Separate Lien Obligations
26 outstanding. Council affirms that the Master Ordinance provides that no additional
27 revenue obligations shall be issued on parity with the Prior First Lien Obligations or
28 the Prior Subordinate Lien Obligations.

29 **SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL**
30 **AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are authorized to
31 be issued in the aggregate principal amount of \$6,200,000 and designated the “CITY
32 OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE
33 BONDS, SERIES 2019” (the “Bonds”), for the purpose of improving and extending
34 the Water/Wastewater System by financing projects that are part of the State Water

1 Plan, and paying costs of issuance, in conformity with the Constitution and laws of
2 the State, including Chapter 1502.

3 **SECTION 3: FULLY REGISTERED OBLIGATIONS–AUTHORIZED**
4 **DENOMINATIONS – STATED MATURITIES - DATE.** The Bonds shall be
5 issued as fully registered obligations, without coupons, shall be in denominations of
6 \$5,000 or any integral multiple thereof (within a Stated Maturity), shall be numbered
7 consecutively from R-1 upward (except as provided in Section 9 of the Thirty-First
8 Supplement). The Bonds shall bear interest on the unpaid principal amounts from
9 the date and at the rate(s) per annum as specified in Section 4 below (calculated on
10 the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall
11 be payable on May 15 and November 15 in each year, commencing on May 15,
12 2020, until maturity or prior redemption, as provided in the FORM OF BOND.

13 **SECTION 4: PRINCIPAL PAYMENTS AND INTEREST RATES;**
14 **REDEMPTION.**

15 (a) The Bonds shall be dated September 27, 2019 (the “Dated Date”), shall
16 be in any Authorized Denomination, shall bear interest from their Date of Delivery
17 in the manner described in the FORM OF BOND at the rates per annum, and the
18 principal on the Bonds shall mature on November 15 in each of the years and in the
19 amounts, respectively, set forth in Schedule I attached to this Thirty-First
20 Supplement.

21
22 (b) The City may redeem Bonds prior to their scheduled maturity on the dates
23 and in the manner set forth in the FORM OF BOND. If less than all of the maturities
24 of the Bonds are redeemed by the City, the City shall determine the maturities and
25 amounts to be redeemed and shall direct the Paying Agent/Registrar to call Bonds
26 by lot within a maturity and in a principal amount for redemption. Notice of any
27 redemption shall be given in the manner set forth in the FORM OF BOND. Notice
28 of any redemption also shall be given by United States mail, first class postage
29 prepaid, (i) at least 30 days prior to the scheduled redemption date to the MSRB and
30 to any national information service that disseminates redemption notices, and (ii) at
31 least 90 days prior to the scheduled redemption date to the TWDB. Any notice sent
32 to the MSRB and to any national information service that disseminates redemption
33 notices must be sent so that the notice is received at least two days prior to the general
34 mailing of notice as set forth in the FORM OF BOND.

35 (c) Each redemption notice, whether required in the FORM OF BOND or
36 otherwise by this Thirty-First Supplement, shall contain a description of the Bonds
37 to be redeemed, including the complete name of the Bonds, the series, the date of
38 issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts
39 called for redemption, the publication and mailing date for the notice, the date of

1 redemption, the redemption price, the name of the Paying Agent/Registrar and the
2 address at which the Bond may be redeemed including a contact person and
3 telephone number. All redemption payments made by the Paying Agent/Registrar
4 to the registered owners of the Bonds shall include a CUSIP number relating to each
5 amount paid to such registered owner.
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7 **SECTION 5: TERMS OF PAYMENT - PAYING AGENT**
8 **/REGISTRAR.** The principal of, premium, if any, and the interest on the Bonds,
9 due and payable by reason of maturity, redemption or otherwise, shall be payable
10 only to the Holders appearing on the registration and transfer books maintained by
11 the Paying Agent/Registrar and the payment shall be in any coin or currency of the
12 United States of America, which at the time of payment is legal tender for the
13 payment of public and private debts, and shall be without exchange or collection
14 charges to the Holders.

15 The selection and appointment of the Paying Agent/Registrar for the Bonds is
16 approved and confirmed. Books and records relating to the registration, payment,
17 exchange and transfer of the Bonds (the "Security Register") shall at all times be
18 kept and maintained on behalf of the City by the Paying Agent/Registrar, all as
19 provided in the Thirty-First Supplement, in accordance with the terms and provisions
20 of a "Paying Agent/Registrar Agreement," substantially in the form of paying agent
21 agreements previously approved by council in connection with the issuance of public
22 securities, and such reasonable rules and regulations as the Paying Agent/Registrar
23 and the City may prescribe. The City covenants to maintain and provide a Paying
24 Agent/Registrar at all times until the Bonds are paid and discharged, and any
25 successor Paying Agent/Registrar shall be a bank, trust company, financial
26 institution or other entity qualified and authorized to serve in such capacity and
27 perform the duties and services of Paying Agent/Registrar. Upon any change in the
28 Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written
29 notice of the change to be sent to each Holder by United States Mail, first class
30 postage prepaid, which notice shall also give the address of the new Paying
31 Agent/Registrar.

32 If required by law, the City shall not execute the Paying Agent/Registrar
33 Agreement unless the Paying Agent/Registrar has confirmed to the City that it has
34 made disclosure filings to the Texas Ethics Commission in accordance with Section
35 2252.908, Texas Government Code. Within 30 days of receipt of the disclosure
36 filings from the Paying Agent/Registrar, the City will submit a copy of the disclosure
37 filings to the Texas Ethics Commission.

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

1 “Designated Payment/Transfer Office”). Interest on the Bonds shall be paid to the
2 Holders whose names appear in the Security Register at the close of business on the
3 Record Date (the last Business Day of the month next preceding each interest
4 payment date), and interest shall be paid by the Paying Agent/Registrar (i) by check
5 sent United States Mail, first class postage prepaid, to the address of the Holder
6 recorded in the Security Register or (ii) by such other method, acceptable to the
7 Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If
8 the date for the payment of the principal of or interest on the Bonds is a day other
9 than a Business Day, then the date for payment shall be the next succeeding Business
10 Day; and payment on that date shall have the same force and effect as if made on the
11 original date payment was due. If TWDB is the Beneficial Owner of 100% in
12 aggregate principal amount of the Bonds then Outstanding, principal shall be paid
13 to TWDB by wire transfer, at no expense to TWDB.

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

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

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

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

10 All Bonds issued upon any transfer or exchange of Bonds shall be delivered
11 at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by
12 United States Mail, first class postage prepaid, to the Holder and, upon the delivery,
13 the same shall be valid obligations of the City, evidencing the same obligation to
14 pay, and entitled to the same benefits under the Thirty-First Supplement, as the
15 Bonds surrendered in such transfer or exchange.

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

21 Bonds canceled by reason of an exchange or transfer under the provisions of
22 the Thirty-First Supplement are defined to be "Predecessor Bonds," evidencing all
23 or a portion, as the case may be, of the same obligation to pay evidenced by the Bond
24 or Bonds registered and delivered in the exchange or transfer. Additionally, the term
25 "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for
26 which a replacement Bond has been issued, registered and delivered under
27 Section 19 of the Thirty-First Supplement and the new replacement Bond shall be
28 deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen
29 Bond.

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

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

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The City agrees to deliver to the Paying Agent/Registrar one initial Bond for each maturity, numbered consecutively from T-1 upward, as provided in Section 9 of the Thirty-First Supplement, and registered to the TWDB following the approval by the Attorney General of the State and the registration by the Comptroller of Public Accounts. Proceeds from the Bonds will be held in escrow and disbursed to the City in accordance with procedures approved by the TWDB.

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

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

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

SECTION 8: EXECUTION - REGISTRATION. The Bonds shall be 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

1 of the City on the Dated Date shall be deemed to be executed on behalf of the City,
2 notwithstanding that those individuals or either of them shall cease to hold the
3 offices at the time of delivery of the Bonds to the Purchaser and with respect to
4 Bonds delivered in subsequent exchanges and transfers, all as authorized and
5 provided in Chapter 1201.

6 No Bond shall be entitled to any right or benefit under the Thirty-First
7 Supplement, or be valid or obligatory for any purpose, unless there appears on the
8 Bond either a certificate of registration substantially in the form provided in the
9 FORM OF BOND, manually executed by the Comptroller of Public Accounts of the
10 State or his or her authorized agent, or a certificate of registration substantially in
11 the form provided in the FORM OF BOND, manually executed by an authorized
12 officer, employee or representative of the Paying Agent/Registrar, and either
13 certificate upon any Bond signed shall be conclusive evidence, and the only
14 evidence, that the Bond has been certified, registered and delivered.

15 **SECTION 9: INITIAL BONDS.** The Bonds shall be initially issued as
16 multiple fully registered bonds, being one bond for each stated maturity in the
17 applicable principal amount and denomination and to be numbered consecutively
18 from T-1 and upward (the "Initial Bonds"). In either case, the Initial Bonds shall be
19 registered in the name of the Purchaser or its designee. The Initial Bonds shall be
20 the Bonds submitted to the Office of the Attorney General of the State for approval,
21 certified and registered by the Office of the Comptroller of Public Accounts of the
22 State and delivered to the Purchaser. Any time after the delivery of the Initial Bonds,
23 the Paying Agent/Registrar, pursuant to written instructions from the Purchaser, or
24 its designee, shall cancel the Initial Bonds delivered and exchange for the Initial
25 Bonds definitive Bonds of authorized denominations, Stated Maturities, principal
26 amounts and bearing applicable interest rates for transfer and delivery to the Holders
27 named at the addresses identified for the Holders; all pursuant to and in accordance
28 with such written instructions from the Purchaser, or its designee, and any other
29 information and documentation as the Paying Agent/Registrar may reasonably
30 require.

31 **SECTION 10: FORMS.** The Bonds, the Registration Certificate of the
32 Comptroller of Public Accounts of the State, the Certificate of Registration, and the
33 form of Assignment to be printed on each of the Bonds, shall be substantially in the
34 forms set forth in the FORM OF BOND set forth in **Exhibit A** to the Thirty-First
35 Supplement, with appropriate insertions, omissions, substitutions, and other
36 variations as are permitted or required by the Thirty-First Supplement, and may have
37 such letters, numbers, or other marks of identification (including identifying
38 numbers and letters of the Committee on Uniform Securities Identification
39 Procedures of the American Bankers Association) and any other legends and
40 endorsements (including insurance legends in the event the Bonds, or any maturities

1 of the Bonds, are purchased with insurance and any reproduction of an opinion of
2 counsel) as may be established by the City or determined by the officers executing
3 the Bonds as evidenced by their execution of the Bonds. Any portion of the text of
4 any Bond may be set forth on the reverse of the Bond, with an appropriate reference
5 on the face of the Bond.

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

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

26 **SECTION 12: PLEDGE.** Subject to the prior claim and lien on the Net
27 Revenues of the Water/Wastewater System to the payment and security of the Prior
28 First Lien Obligations currently Outstanding, including the funding and maintenance
29 of the special funds established and maintained for the payment and security of the
30 Prior First Lien Obligations, the Net Revenues of the Water/Wastewater System are
31 pledged to the payment of the Bonds, and the Bonds, together with the Prior
32 Subordinate Lien Obligations and the Previously Issued Parity Water/Wastewater
33 Obligations currently Outstanding, shall be equally and ratably secured by a parity
34 lien on and pledge of the Net Revenues of the Water/Wastewater System in
35 accordance with the terms of the Master Ordinance and the Thirty-First Supplement.
36 Additionally, the Bonds and the Previously Issued Parity Water/Wastewater
37 Obligations shall be equally and ratably secured by a lien on the funds, if any,
38 deposited to the credit of the Debt Service Fund in accordance with the terms of the
39 Master Ordinance, the Prior Supplements and the Thirty-First Supplement. The
40 Parity Water/Wastewater Obligations, and the interest on the Parity

1 Water/Wastewater Obligations, shall constitute a lien on the Net Revenues of the
2 Water/Wastewater System and be valid and binding and fully perfected from and
3 after the date of adoption of the Thirty-First Supplement without physical delivery
4 or transfer or transfer of control of the Net Revenues, the filing of the Thirty-First
5 Supplement or any other act, all as provided in Chapter 1208. The owners of the
6 Parity Water/Wastewater Obligations shall never have the right to demand payment
7 out of funds raised or to be raised by taxation, or from any source other than specified
8 in the Master Ordinance, the Prior Supplements and the Thirty-First Supplement.

9 Chapter 1208 applies to the issuance of the Bonds and the pledge of the Net
10 Revenues of the Water/Wastewater System granted by the City under this Section
11 12, and the pledge is valid, effective and perfected. If Texas law is amended at any
12 time while the Bonds are Outstanding such that the pledge of the Net Revenues of
13 the Water/Wastewater System granted by the City under this Section 12 is to be
14 subject to the filing requirements of Chapter 9, then to preserve to the registered
15 owners of the Bonds the perfection of the security interest in the pledge, the City
16 agrees to take measures as it determines are reasonable and necessary under Texas
17 law to comply with the applicable provisions of Chapter 9, and enable a filing to
18 perfect the security interest in the pledge to occur.

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

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

37 Any accrued interest received from the Purchaser shall be deposited in the
38 Debt Service Fund, and shall be taken into consideration and reduce the amount of

1 the monthly deposits that would otherwise be required to be deposited to the credit
2 of the Debt Service Fund from the Net Revenues of the Water/Wastewater System.

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

8 The Reserve Fund shall be funded with proceeds of the Bonds, in the amount
9 described in the letter of instructions executed in accordance with Section 26 of the
10 Thirty-First Supplement, and in accordance with the Board Resolution.

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

17 **SECTION 15: PAYMENT OF BONDS.** On or before the first scheduled
18 interest payment date, and on or before each subsequent interest payment date and
19 principal payment date while any Bond is Outstanding, the City shall cause an
20 amount to be transferred to the Paying Agent/Registrar in immediately available
21 funds from the Debt Service Fund sufficient to pay the interest on and the principal
22 amount of the Bonds, as shall become due on each payment date, respectively, at
23 maturity or by redemption prior to maturity. The Paying Agent/Registrar shall
24 destroy all paid Bonds and furnish the City with an appropriate certificate of
25 cancellation or destruction.

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

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29 The City covenants to refrain from any action which would adversely affect,
30 or to take any action to assure, the treatment of the Bonds as obligations described
31 in section 103 of the Code, the interest on which is not includable in the "gross
32 income" of the holder for purposes of federal income taxation. In furtherance there-
33 of, the City covenants as follows:

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35 (a) to take any action to assure that no more than 10 percent of the proceeds
36 of the Bonds or the projects financed therewith (less amounts deposited to a reserve
37 fund, if any) are used for any "private business use", as defined in section 141(b)(6)
38 of the Code or, if more than 10 percent of the proceeds are so used, that amounts,
39 whether or not received by the City, with respect to such private business use, do

1 not, under the terms of this Ordinance or any underlying arrangement, directly or
2 indirectly, secure or provide for the payment of more than 10 percent of the debt
3 service on the Bonds, in contravention of section 141(b)(2) of the Code;

4 (b) to take any action to assure that in the event that the "private business
5 use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the
6 Bonds or the projects financed therewith (less amounts deposited into a reserve fund,
7 if any) then the amount in excess of 5 percent is used for a "private business use"
8 which is "related" and not "disproportionate", within the meaning of section
9 141(b)(3) of the Code, to the governmental use;

10 (c) to take any action to assure that no amount which is greater than the
11 lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts
12 deposited into a reserve fund, if any), is directly or indirectly used to finance loans
13 to persons, other than state or local governmental units, in contravention of section
14 141(c) of the Code;

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

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

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

25 (1) proceeds of the Bonds invested for a reasonable temporary
26 period, until such proceeds are needed for the purpose for which the Bonds
27 are issued,

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

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

33 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts
34 treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not

1 otherwise contravene the requirements of section 148 of the Code (relating to
2 arbitrage);

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

7 (i) to pay to the United States of America at least once during each five-
8 year period (beginning on the Date of Delivery of the Bonds) an amount that is at
9 least equal to 90 percent of the "excess earnings", within the meaning of section
10 148(f) of the Code, and to pay to the United States of America, not later than 60 days
11 after the Bonds have been paid in full, 100 percent of the amount then required to be
12 paid as a result of Excess Earnings under section 148(f) of the Code.

13 The City understands that the term "proceeds" includes "disposition proceeds"
14 as defined in the Treasury Regulations and, in the case of a refunding bond,
15 transferred proceeds (if any) and proceeds of the refunded bonds expended prior to
16 the date of the issuance of the Bonds. It is the understanding of the City that these
17 covenants are intended to assure compliance with the Code and any regulations or
18 rulings promulgated by the U.S. Department of the Treasury pursuant to the Code.
19 In the event that regulations or rulings are hereafter promulgated which modify or
20 expand provisions of the Code, as applicable to the Bonds, the City will not be
21 required to comply with any covenant contained in this Section to the extent that the
22 failure to comply, in the opinion of nationally-recognized bond counsel, will not
23 adversely affect the exemption from federal income taxation of interest on the Bonds
24 under section 103 of the Code. In the event that regulations or rulings are hereafter
25 promulgated which impose additional requirements which are applicable to the
26 Bonds, the City agrees to comply with the additional requirements to the extent
27 necessary, in the opinion of nationally-recognized bond counsel, to preserve the
28 exemption from federal income taxation of interest on the Bonds under section 103
29 of the Code. In furtherance of the foregoing, the Mayor, the City Manager, any
30 Assistant City Manager, the Chief Financial Officer of the City, any Deputy
31 Financial Officer of the City and the City Treasurer may execute any certificates or
32 other reports required by the Code and make such elections, on behalf of the City,
33 which may be permitted by the Code as are consistent with the purpose for the
34 issuance of the Bonds. In order to facilitate compliance with the above clause (i), a
35 "Rebate Fund" is established by the City for the sole benefit of the United States of
36 America, and the Rebate Fund shall not be subject to the claim of any other person,
37 including without limitation the registered owners of the Bonds. The Rebate Fund
38 is established for the additional purpose of compliance with section 148 of the Code.

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

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

18
19 The City covenants that the property constituting the Project will not be sold
20 or otherwise disposed in a transaction resulting in the receipt by the City of cash or
21 other compensation, unless the City obtains an opinion of nationally-recognized
22 bond counsel substantially to the effect that the sale or other disposition will not
23 adversely affect the tax-exempt status of the Bonds. The portion of the property
24 comprising personal property and disposed of in the ordinary course of business shall
25 not be treated as a transaction resulting in the receipt of cash or other compensation.
26 The City shall not be obligated to comply with this covenant if it obtains an opinion
27 of nationally-recognized bond counsel to the effect that the failure to comply will
28 not adversely affect the excludability for federal income tax purposes from gross
29 income of the interest.

30
31 **SECTION 17: AMENDMENT OF THIRTY-FIRST SUPPLEMENT.**

32
33 (a) Required Owner Consent for Amendments. The owners of a majority
34 in Outstanding Principal Amount of the Bonds shall have the right from time to time
35 to approve any amendment to the Thirty-First Supplement which may be deemed
36 necessary or desirable by the City; provided, however, nothing contained in the
37 Thirty-First Supplement shall permit or be construed to permit the amendment of the
38 terms and conditions in the Thirty-First Supplement so as to:

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

- 1 (4) Modify the terms of payment of principal of, premium, if any, or
2 interest on the Outstanding Bonds or impose any conditions with
3 respect to such payment;
4 (5) Affect the rights of the owners of less than all of the Bonds then
5 Outstanding;
6 (6) Amend this subsection (a) of this Section; or
7 (7) Change the minimum percentage of the principal amount of Bonds
8 necessary for consent to any amendment;
9

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

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

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

31 (d) Revocation of Consent. Any consent given by the owner of a Bond
32 pursuant to the provisions of this Section shall be irrevocable for a period of six
33 months from the date for measuring the one year period to obtain consents noted in
34 paragraph (c) above, and shall be conclusive and binding upon all future owners of
35 the same Bonds during such period. At any time after six months from the date for
36 measuring the one year period to obtain consents noted in paragraph (c) above,
37 consent may be revoked by the owner who gave the consent, or by a successor in
38 title, by filing written notice with the Paying Agent/Registrar for the Bonds and the
39 City, but revocation shall not be effective if the owners of at least a majority in
40 Outstanding Principal Amount of the then Outstanding Bonds as determined in

1 accordance with this Section have, prior to the attempted revocation, consented to
2 and approved the amendment.

3 (e) Implementation of Amendment. Upon the passage of any amendatory
4 ordinance pursuant to the provisions of this Section, the Thirty-First Supplement
5 shall be deemed to be amended, and the respective rights, duties and obligations of
6 the City under the Thirty-First Supplement and all the owners of then Outstanding
7 Bonds shall be determined, exercised and enforced in all respects in accordance with
8 the amendment.

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

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

17 (2) To make provision for the purpose of curing any ambiguity,
18 or curing, correcting or supplementing any defective provision
19 contained in the Thirty-First Supplement, or in regard to clarifying
20 matters or questions arising under the Thirty-First Supplement, as are
21 necessary or desirable and not contrary to or inconsistent with the
22 Thirty-First Supplement and which shall not adversely affect the
23 interests of the owners of the Bonds then Outstanding;

24 (3) To modify any of the provisions of the Thirty-First
25 Supplement in any other respect whatever, provided that any
26 modification shall be, and be expressed to be, effective only after all
27 the Bonds outstanding at the date of the adoption of the modification
28 shall cease to be outstanding;

29 (4) To make amendments to the Thirty-First Supplement as may
30 be required, in the opinion of Bond Counsel, to ensure compliance with
31 sections 103 and 141 through 150 of the Code and the regulations
32 promulgated under and applicable to those sections and regulations;

33 (5) To make changes, modifications or amendments as may be
34 necessary or desirable to allow the owners of the Bonds to avail
35 themselves of a book-entry system for payments, transfers and other
36 matters relating to the Bonds, which changes, modifications or
37 amendments are not contrary to or inconsistent with other provisions of

1 the Thirty-First Supplement and which shall not adversely affect the
2 interests of the owners of the Bonds;

3 (6) To make amendments to the Thirty-First Supplement as
4 permitted by Section 21(e) of the Thirty-First Supplement;

5 (7) To make changes, modifications or amendments as may be
6 necessary or desirable to obtain the approval of the Bonds from the
7 Attorney General of Texas, to obtain or maintain the granting of a rating
8 on the Bonds by a Rating Agency or to obtain or maintain a Credit
9 Agreement or a Credit Facility; and

10 (8) To make changes, modifications or amendments as may be
11 necessary or desirable, which shall not adversely affect the interests of
12 the owners of the Bonds, in order, to the extent permitted by law, to
13 facilitate the economic and practical utilization of interest rate swap
14 agreements, foreign currency exchange agreements, or similar types of
15 agreements with respect to the Bonds.

16 Notice of an amendment may be published by the City in the manner described in
17 clause (b) of this Section; provided, however, that the publication of a notice shall
18 not constitute a condition precedent to the adoption of an amendatory ordinance and
19 the failure to publish a notice shall not adversely affect the implementation of an
20 amendment as adopted pursuant to the amendatory ordinance.

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

29 **SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.**

30 All or any of the Bonds shall be deemed to be paid, retired and no longer outstanding
31 within the meaning of the Thirty-First Supplement when payment of the principal
32 of, and redemption premium, if any, on the Bonds, plus interest on the Bonds to the
33 due date (whether the due date is by reason of maturity or otherwise) either (i) shall
34 have been made or caused to be made in accordance with the terms of the Bonds, or
35 (ii) shall have been provided by irrevocably depositing with, or making available to,
36 the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for this
37 payment, (1) money sufficient to make the payment or (2) Government Obligations,
38 certified by an independent public accounting firm of national reputation, to mature

1 as to principal and interest in amounts and at the times as will insure the availability,
2 without reinvestment, of sufficient money to make this payment, and all necessary
3 and proper fees, compensation and expenses of the Paying Agent/Registrar with
4 respect to which the deposit is made shall have been paid or the payment provided
5 for the satisfaction of the Paying Agent/Registrar. Once a Bond shall be deemed to
6 be paid under the Thirty-First Supplement, it shall no longer be secured by or entitled
7 to the benefit of the Thirty-First Supplement, the Master Ordinance or a lien on and
8 pledge of the Net Revenues of the Water/Wastewater System, and shall be entitled
9 to payment solely from the money or Government Obligations.

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

20 Notwithstanding any other provisions of the Thirty-First Supplement, all
21 money or Government Obligations set aside and held in trust pursuant to the
22 provisions of this Section for the payment of the Bonds, the redemption premium, if
23 any, and interest on the Bonds, shall be applied to and used for the payment of the
24 Bonds, the redemption premium, if any, and interest on the Bonds and the income
25 on the money or Government Obligations shall not be considered to be "Gross
26 Revenues" under the Thirty-First Supplement.

27 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
28 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged, mutilated,
29 lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed,
30 executed, and delivered, a new bond of the same principal amount, maturity, and
31 interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in
32 replacement for the Bond in the manner provided in this Section. An application for
33 the replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be
34 made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a
35 Bond, the applicant for a replacement bond shall furnish to the City and to the Paying
36 Agent/Registrar security or indemnity as may be required by them to save each of
37 them harmless from any loss or damage with respect thereto. Also, in every case of
38 loss, theft, or destruction of a Bond, the applicant shall furnish to the City and to the
39 Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction
40 of the Bond, as the case may be. In every case of damage or mutilation of a Bond,

1 the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond
2 so damaged or mutilated. Prior to the issuance of any replacement bond, the Paying
3 Agent/Registrar shall charge the owner of the Bond with all legal, printing, and other
4 expenses in connection with this issuance. Every replacement bond issued pursuant
5 to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or
6 destroyed shall constitute a contractual obligation of the City whether the lost, stolen,
7 or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall
8 be entitled to all the benefits of the Thirty-First Supplement equally and
9 proportionately with any and all other Bonds issued under the Thirty-First
10 Supplement.

11 Notwithstanding the preceding provisions of this Section, in the event any
12 Bond shall have matured, and no default has occurred which is then continuing in
13 the payment of the principal of, redemption premium, if any, or interest on the Bond,
14 the City may authorize the payment of the same (without surrender of the Bond
15 except in the case of a damaged or mutilated Bond) instead of issuing a replacement
16 Bond, provided security or indemnity is furnished as above provided in this Section.
17 Furthermore, in accordance with Chapter 1206 (specifically Section 1206.022), this
18 Section shall constitute authority for the issuance of any replacement bond without
19 necessity of further action by the governing body of the City or any other body or
20 person, and the duty of the replacement of Bonds is authorized and imposed upon
21 the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and
22 deliver replacement bonds in the form and manner and with the effect, as provided
23 in Section 6 of the Thirty-First Supplement for Bonds issued in exchange for other
24 Bonds.

25 **SECTION 20: THIRTY-FIRST SUPPLEMENT TO CONSTITUTE A**
26 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the
27 Bonds by the Holders from time to time, the Thirty-First Supplement shall be
28 deemed to be and shall constitute a contract between the City and the Holders from
29 time to time of the Bonds and the pledge made in the Thirty-First Supplement by the
30 City and the covenants and agreements set forth in the Thirty-First Supplement to
31 be performed by the City shall be for the equal and proportionate benefit, security,
32 and protection of all Holders, without preference, priority, or distinction as to
33 security or otherwise of any of the Bonds authorized under the Thirty-First
34 Supplement over any of the others by reason of time of issuance, sale, or maturity or
35 otherwise for any cause whatsoever, except as expressly provided in or permitted by
36 the Thirty-First Supplement.

1 SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.

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

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

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

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

8 (b) Annual Reports. The City shall provide annually to the MSRB (1)
9 within six months after the end of each fiscal year ending in or after 2019, financial
10 information and operating data with respect to the City of the general type included
11 in the final Official Statement and which is described in **Exhibit B** to the Thirty-
12 First Supplement, and (2) if not provided as part of the financial information and
13 operating data, audited financial statements of the City, when and if available. Any
14 financial statements provided shall be prepared in accordance with the accounting
15 principles described in **Exhibit B** to the Thirty-First Supplement, or other accounting
16 principles as the City may be required to employ from time to time pursuant to state
17 law or regulation, and audited, if the City commissions an audit of the statements
18 and the audit is completed within twelve months after the end of each fiscal year
19 ending in or after 2019. If audited financial statements of the City are not available
20 by the end of the 12 month period, the City will provide notice that the audited
21 financial statements are not available, and will provide unaudited financial
22 statements by the end of the 12 month period and audited financial statements for
23 the applicable fiscal year when and if the audited financial statements become
24 available.

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

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

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

- 1 (1) Principal and interest payment delinquencies;
- 2 (2) Non-payment related defaults, if material;
- 3 (3) Unscheduled draws on debt service reserves reflecting financial
- 4 difficulties;
- 5 (4) Unscheduled draws on credit enhancements reflecting financial
- 6 difficulties;
- 7 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 8 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of
- 9 proposed or final determinations of taxability, Notices of Proposed
- 10 Issue (IRS Form 5701-TEB), or other material notices or
- 11 determinations with respect to the tax status of the Bonds, or other
- 12 material events affecting the tax status of the Bonds;
- 13 (7) Modifications to rights of holders of the Bonds, if material;
- 14 (8) Bond calls, if material, and tender offers;
- 15 (9) Defeasances;
- 16 (10) Release, substitution, or sale of property securing repayment of the
- 17 Bonds, if material;
- 18 (11) Rating changes;
- 19 (12) Bankruptcy, insolvency, receivership, or similar event of the City,
- 20 which shall occur as described below;
- 21 (13) The consummation of a merger, consolidation, or acquisition involving
- 22 the City or the sale of all or substantially all of its assets, other than in
- 23 the ordinary course of business, the entry into a definitive agreement to
- 24 undertake such an action or the termination of a definitive agreement
- 25 relating to any such actions, other than pursuant to its terms, if material;
- 26 (14) Appointment of a successor or additional paying agent/registrar or the
- 27 change of name of a paying agent/registrar, if material;
- 28 (15) Incurrence of a Financial Obligation of the Obligated Person, if
- 29 material, or agreement to covenants, events of default, remedies,
- 30 priority rights, or other similar terms of a Financial Obligation of the
- 31 Obligated Person, any of which affect security holders, if material; and
- 32 (16) Default, event of acceleration, termination event, modification of terms,
- 33 or other similar event under the terms of a Financial Obligation of the
- 34 Obligated Person, and which reflect financial difficulties.
- 35

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

39 For these purposes, any event described in the immediately preceding
40 paragraph 12 is considered to occur when any of the following occur: the
41 appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding

1 under the United States Bankruptcy Code or in any other proceeding under state or
2 federal law in which a court or governmental authority has assumed jurisdiction over
3 substantially all of the assets or business of the City, or if jurisdiction has been
4 assumed by leaving the existing governing body and officials or officers in
5 possession but subject to the supervision and orders of a court or governmental
6 authority, or the entry of an order confirming a plan of reorganization, arrangement,
7 or liquidation by a court or governmental authority having supervision or jurisdiction
8 over substantially all of the assets or business of the City.

9 As used in clauses 15 and 16 above, the term "Financial Obligation" means:
10 (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or
11 pledged as security or a source of payment for, an existing or planned debt
12 obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation
13 shall not include Municipal Securities as to which a final official statement has been
14 provided to the MSRB consistent with the Rule; the term "Municipal Securities"
15 means securities which are direct obligations of, or obligations guaranteed as to
16 principal or interest by, a state or any political subdivision thereof, or any agency or
17 instrumentality of a state or any political subdivision thereof, or any municipal
18 corporate instrumentality of one or more states and any other Municipal Securities
19 described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same
20 may be amended from time to time; and the term "Obligated Person" means the City.
21

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

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

34 The provisions of this Section are for the sole benefit of the Holders and
35 beneficial owners of the Bonds, and nothing in this Section, express or implied, shall
36 give any benefit or any legal or equitable right, remedy, or claim to any other person.
37 The City undertakes to provide only the financial information, operating data,
38 financial statements, and notices which it has expressly agreed to provide pursuant
39 to this Section and does not undertake to provide any other information that may be
40 relevant or material to a complete presentation of the financial results, condition, or

1 prospects of the City or the State or undertake to update any information provided
2 in accordance with this Section or otherwise, except as expressly provided in this
3 Section. The City does not make any representation or warranty concerning the
4 information or its usefulness to a decision to invest in or sell Bonds at any future
5 date.

6 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE
7 HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER
8 PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN
9 WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER
10 NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT
11 SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY
12 PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY
13 BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR
14 SPECIFIC PERFORMANCE.

15 No default by the City in observing or performing its obligations under this
16 Section shall constitute a breach of or default under the Thirty-First Supplement for
17 purposes of any other provision of the Thirty-First Supplement.

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

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

23 Notwithstanding any provisions in the Thirty-First Supplement to the
24 contrary, the provisions of this Section may be amended by the City from time to
25 time to adapt to changed circumstances resulting from a change in legal
26 requirements, a change in law, or a change in the identity, nature, status, or type of
27 operations of the City, but only if (1) the provisions of this Section, as so amended,
28 would have permitted an underwriter to purchase or sell Bonds in the primary
29 offering of the Bonds in compliance with the Rule, taking into account any
30 amendments or interpretations of the Rule to the date of the amendment, as well as
31 the changed circumstances, and (2) either (a) the Holders of a majority in aggregate
32 principal amount (or any greater amount required by any other provision of the
33 Thirty-First Supplement that authorizes the amendment) of the Outstanding Bonds
34 consent to the amendment or (b) a Person that is unaffiliated with the City and the
35 State (such as nationally recognized bond counsel) determines that the amendment
36 will not materially impair the interests of the Holders and beneficial owners of the
37 Bonds. The provisions of this Section may also be amended from time to time or
38 repealed by the City if the SEC amends or repeals the applicable provisions of the

1 Rule or a court of final jurisdiction determines that the provisions are invalid, but
2 only if and to the extent that reservation of the City's right to do so would not prevent
3 underwriters of the initial public offering of the Bonds from lawfully purchasing or
4 selling Bonds in the offering. If the City so amends the provisions of this Section,
5 it shall include with any amended financial information or operating data next
6 provided in accordance with subsection (b) an explanation, in narrative form, of the
7 reasons for the amendment and of the impact of any change in the type of financial
8 information or operating data so provided.

9 **SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all
10 rights and remedies provided by the laws of the State and set forth in the Board
11 Resolution (other than acceleration), the City covenants and agrees particularly that
12 in the event the City (a) defaults in payments to be made to the Debt Service Fund
13 as required by the Thirty-First Supplement or the Master Ordinance, (b) defaults in
14 the observance or performance of any other of the covenants, conditions or
15 obligations set forth in the Thirty-First Supplement or the Master Ordinance or (c)
16 the City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a
17 writ of mandamus issued by a court of proper jurisdiction, compelling and requiring
18 the City and its officers to observe and perform any covenant, condition or obligation
19 prescribed in the Thirty-First Supplement or the Master Ordinance. No delay or
20 omission to exercise any right or power accruing upon any default shall impair any
21 such right or power, or shall be construed to be a waiver of any such default or
22 acquiescence in such default, and every such right and power may be exercised from
23 time to time and as often as may be deemed expedient.

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

27 **SECTION 23: SALE OF BONDS.** The Bonds are to be sold by the City to
28 the Purchaser for the price of par. The Bonds have been purchased by the Purchaser
29 pursuant to the Board Resolution. The Initial Bonds shall be registered in the name
30 of the Texas Water Development Board. The Private Placement Memorandum
31 prepared in connection with the sale of the Bonds to the Purchaser, in substantially
32 the form attached to the Thirty-First Supplement, is approved. The City has
33 determined, based upon the advice provided by its financial advisor, that acceptance
34 of the purchase price for the Bonds is on terms advantageous to, and in the best
35 interests of, the City.

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

1 Payment of amounts due and owing on the Bonds to the TWDB shall be made
2 by wire transfer, at no expense to the TWDB, as provided in the FORM OF BOND.
3

4 By agreeing to the purchase the Bonds, the TWDB agrees that the bond
5 proceeds shall be deposited into the escrow fund established in the Escrow
6 Agreement between the City and Wilmington Trust, National Association, and that
7 the procedures set forth in Section 5 of the Thirty-First Supplement satisfy the Board
8 Resolution.
9

10 Proceeds from the sale of the Bonds shall be held at a designated state
11 depository or other properly chartered and authorized institution in accordance with
12 Chapter 2256 and Chapter 2257.
13

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

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

20 (b) Audits. For so long as the State owns any Bond, the City shall mail a
21 copy of the audit required by the Master Ordinance to the TWDB. The audit shall
22 be performed by an independent certified public accountant, a firm of independent
23 certified public accountants, or a licensed professional auditor, in accordance with
24 generally accepted accounting principles applicable to governmental entities such as
25 the City. In addition, monthly operating statements for the Water/Wastewater
26 System shall be maintained by the City and made available, on request, to the TWDB
27 as long as the State owns any Bond, and the monthly operating statement shall be in
28 such detail as requested by the Development Fund Manager of the TWDB until the
29 Development Fund Manager of the TWDB waives this requirement.

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

36 (d) Defeasance. Should the City exercise its right under the Master
37 Ordinance to effect the defeasance of the Bonds, the City agrees that it will provide
38 the TWDB with written notice of any defeasance.
39

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

4
5 (f) Environmental Indemnity. Proceeds from the Bonds shall not be used
6 by the City when sampling, testing, removing, or disposing of contaminated soils
7 and/or media at the project site. To the extent permitted by law, the City agrees to
8 indemnify, hold harmless, and protect the TWDB from any and all claims, causes of
9 action, or damages to the person or property of third parties arising from the
10 sampling, analysis, transport, storage, treatment, and disposition of any
11 contaminated sewage sludge, contaminated sediments, and/or contaminated media
12 that may be generated by the City, its contractors, consultants, agents, officials, and
13 employees as a result of activities relating to the project funded with proceeds of the
14 Bonds.

15
16 (g) Environmental Determination. In connection with the project financed
17 with the Bonds, the City agrees to implement any environmental determination
18 issued by the Executive Administrator of TWDB to satisfy the environmental review
19 requirements set forth in 31 Texas Administrative Code 371.

20
21 (h) Insurance. The City agrees that it will maintain insurance on the
22 Water/Wastewater System in an amount sufficient to protect TWDB's interest in the
23 project financed with the proceeds of the Bonds. The City may self-insure in respect
24 to satisfying this covenant.

25
26 (i) Water Conservation Program. The City has implemented or will
27 implement an approved water conservation program in compliance with 31 Texas
28 Administrative Code 371.71(a)(2)(F).

29
30 (j) City will not Purchase TWDB Bonds. The City agrees that it or any
31 related party to the City will not purchase, as an investment or otherwise, bonds
32 issued by TWDB including, without limitation, bonds issued by TWDB, the
33 proceeds of which were used by TWDB to purchase the Bonds.

34
35 (k) Compliance with Federal Contracting Law. The City acknowledges
36 that it has a legal obligation to comply with any applicable requirements of federal
37 law relating to contracting with disadvantaged business enterprises, and the City
38 shall report to the TWDB the amount of Bond proceeds, if any, that were used to
39 compensate historically underutilized businesses that worked on the project, in
40 accordance with 31 TAC § 363.1312.

41

1 (l) Compliance with State Contracting Law. The City acknowledges that
2 it has a legal obligation to comply with any applicable requirements of State law,
3 including, without limitation, Section 15.435 of the Texas Water Code, relating to
4 contracting with historically underutilized businesses.
5

6 **SECTION 25: CONTROL AND CUSTODY OF BONDS.** The City
7 Manager of the City shall be and is authorized to take and have charge of all
8 necessary orders and records pending the sale of the Bonds, and shall take and have
9 charge and control of the Initial Bonds pending the approval thereof by the Attorney
10 General, the registration thereof by the Comptroller of Public Accounts and the
11 delivery thereof to the Purchaser.

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

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

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

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

36 **SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS**
37 **DAYS.** Whenever under the terms of the Thirty-First Supplement or the Bonds, the
38 performance date of any provision of the Thirty-First Supplement or the Bonds,
39 including the payment of principal of or interest on the Bonds, shall occur on a day

1 other than a Business Day, then performance, including the payment of principal of
2 and interest on the Bonds, need not be made on that day but may be performed or
3 paid, as the case may be, on the next succeeding Business Day with the same force
4 and effect as if made on the date of performance or payment.

5 **SECTION 30: LIMITATION OF BENEFITS WITH RESPECT TO**
6 **THE THIRTY-FIRST SUPPLEMENT.** With the exception of the rights or
7 benefits expressly conferred in the Thirty-First Supplement, nothing expressed or
8 contained in the Thirty-First Supplement or implied from the provisions of the
9 Thirty-First Supplement or the Bonds is intended or should be construed to confer
10 upon or give to any person other than the City, the Holders, and the Paying
11 Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of
12 or in respect to the Thirty-First Supplement or any covenant, condition, stipulation,
13 promise, agreement, or provision contained in the Thirty-First Supplement. The
14 Thirty-First Supplement and all of the covenants, conditions, stipulations, promises,
15 agreements, and provisions of the Thirty-First Supplement are intended to be and
16 shall be for and inure to the sole and exclusive benefit of the City, the Holders, and
17 the Paying Agent/Registrar as provided in the Thirty-First Supplement and in the
18 Bonds.

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

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

34 **SECTION 32: GOVERNING LAW.** The Thirty-First Supplement shall be
35 construed and enforced in accordance with the laws of the State and the United States
36 of America.

1 **SECTION 33: EFFECT OF HEADINGS.** The Section headings in the
2 Thirty-First Supplement are for convenience of reference only and shall not affect
3 the construction of the Thirty-First Supplement.

4 **SECTION 34: CONSTRUCTION OF TERMS.** If appropriate in the
5 context of the Thirty-First Supplement, words of the singular number shall be
6 considered to include the plural, words of the plural number shall be considered to
7 include the singular, and words of the masculine, feminine or neuter gender shall be
8 considered to include the other genders. References to any named person shall mean
9 that person and his or her successors and assigns. References to any constitutional,
10 statutory or regulatory provision means the provision as it exists on the date the
11 Thirty-First Supplement is adopted by council. Any reference to the payment of
12 principal in the Thirty-First Supplement shall include the payment of any mandatory
13 sinking fund redemption payments as described in the Thirty-First Supplement. Any
14 reference to "FORM OF BOND" refers to the form of the Bonds in **Exhibit A** to the
15 Thirty-First Supplement.

16 **SECTION 35: SEVERABILITY.** If any provision of the Thirty-First
17 Supplement or its application to any circumstance shall be held to be invalid, the
18 remainder of the Thirty-First Supplement and its application to other circumstances
19 shall nevertheless be valid, and council declares that the Thirty-First Supplement
20 would have been enacted without such invalid provision.

21 **SECTION 36: CONSTRUCTION FUND.** A fund entitled the "City of
22 Austin, Texas Water and Wastewater System Series 2019 Revenue Bonds
23 Construction Fund (the "Construction Fund") is created. Money in the Construction
24 Fund shall be maintained at an official depository bank of the City.

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

31 Any surplus proceeds, including the investment earnings derived from the
32 investment of monies on deposit in the Construction Fund, from the Bonds
33 remaining on deposit in the Construction Fund after completing the improvements
34 and extensions to the System and upon the completion of the final accounting as
35 described in Section 24 of the Thirty-First Supplement, shall be transferred to the
36 Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by
37 TWDB, unless the Executive Administrator of TWDB approves the use of the

1 surplus proceeds to pay eligible costs of improving or extending the System by
2 funding projects that are a part of the State Water Plan.

3

4 **SECTION 37: COMPLIANCE WITH CITY HUB REQUIREMENTS.**

5 The City acknowledges and confirms that it is in compliance with any and all
6 requirements of its ordinances for the use of historically underutilized businesses.

7 **SECTION 38: PUBLIC MEETING.** It is officially found that the meeting

8 at which the Thirty-First Supplement is adopted was open to the public and public
9 notice of the time, place, and subject matter of the public business to be considered
10 at such meeting, including the Thirty-First Supplement, was given; all as required
11 by Chapter 551.

12 **SECTION 39: EFFECTIVE DATE.** This Thirty-First Supplement is passed

13 on one reading as authorized by Chapter 1201 (specifically Section 1201.028), and
14 shall be effective immediately upon its passage and adoption.

15

16 *[Execution page follows]*

17

18

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

October 3, 2019

§
§

STEVE ADLER
Mayor

APPROVED:

ATTEST:

ANNE L. MORGAN
City Attorney

JANNETTE S. GOODALL
City Clerk

(City Seal)

SCHEDULE I

<u>YEARS</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2020	280,000	0.84
2021	280,000	0.84
2022	285,000	0.85
2023	285,000	0.87
2024	290,000	0.89
2025	290,000	0.90
2026	295,000	0.94
2027	295,000	0.99
2028	300,000	1.01
2029	300,000	1.04
2030	305,000	1.17
2031	310,000	1.34
2032	315,000	1.49
2033	320,000	1.66
2034	325,000	1.70
2035	330,000	1.74
2036	340,000	1.85
2037	345,000	1.90
2038	350,000	1.94
2039	360,000	1.84

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 2019

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 specified above at the per annum rate of interest specified above; such interest being payable on May 15, 2020 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 Thirty-First Supplemental Ordinance to the Master Ordinance (the "Thirty-

First 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 27, 2019, issued in the aggregate principal amount of \$6,200,000 (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 Thirty-First Supplement.

The Bonds maturing on and after November 15, 2030, 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, 2030, 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 Thirty-First 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 Thirty-First 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 Thirty-First 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 Thirty-First 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 Thirty-First 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 Thirty-First 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 Thirty-First Supplement; and for the other terms and provisions contained in the Master Ordinance and the Thirty-First Supplement. Capitalized terms used in this Bond have the same meanings assigned in the Master Ordinance and the Thirty-First 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 Thirty-First 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 Thirty-First 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)

DRAFT

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 Thirty-First 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.