

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

2 “Concurrent Bonds” means the “CITY OF AUSTIN, TEXAS, WATER
3 AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2020A”
4 authorized for issuance by the Thirty-Second Supplement.

5 “Construction Fund” shall have the meaning given in Section 36 of the
6 Thirty-Third Supplement.

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

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

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

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

14 “Paying Agent/Registrar” means UMB Bank, N.A.

15 “Previously Issued Parity Water/Wastewater Obligations” means the
16 outstanding (1) “City of Austin, Texas, Water and Wastewater System Revenue
17 Refunding Bonds, Series 2004A”, (2) “City of Austin, Texas, Water and
18 Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008”,
19 together with certain regularly scheduled payments under the Series 2008 Interest
20 Rate Management Agreement and the Series 2008 Liquidity Agreement (as these
21 terms are defined in Ordinance No. 20080306-053), (3) “City of Austin, Texas,
22 Water and Wastewater System Revenue Refunding Bonds, Series 2009”, (4) “City
23 of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
24 2009A”, (5) “City of Austin, Texas, Water and Wastewater System Revenue
25 Bonds, Series 2010”, (6) “City of Austin, Texas, Water and Wastewater System
26 Revenue Refunding Bonds, Series 2010A”, (7) “City of Austin, Texas, Water and
27 Wastewater System Revenue Refunding Bonds, Series 2010B (Direct Subsidy-
28 Build America Bonds)”, (8) “City of Austin, Texas, Water and Wastewater System
29 Revenue Refunding Bonds, Series 2011”, (9) “City of Austin, Texas, Water and
30 Wastewater System Revenue Refunding Bonds, Series 2012”, (10) “City of Austin,
31 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2013A”,
32 (11) “City of Austin, Texas, Water and Wastewater System Revenue Refunding
33 Bonds, Series 2014”, (12) “City of Austin, Texas, Water and Wastewater System
34 Revenue Refunding Bonds, Series 2015A”, (13) “City of Austin, Texas, Water and
35 Wastewater System Revenue Refunding Bonds, Taxable Series 2015B”, (14) “City
36 of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
37 2016”, (15) “City of Austin, Texas, Water and Wastewater System Revenue

1 Bonds, Series 2016A”, (16) “City of Austin, Texas, Water and Wastewater System
2 Revenue Refunding Bonds, Series 2017”, (17) “City of Austin, Texas, Water and
3 Wastewater System Revenue Bonds, Series 2017A”, (18) “City of Austin, Texas
4 Water and Wastewater System Revenue Bonds, Series 2018” and (19) “City of
5 Austin, Texas Water and Wastewater System Revenue Bonds, Series 2019”.

6 “Prior Supplements” mean Ordinances Nos. 040930-83, 20080306-052,
7 20080306-053, 20081211-77, 20091105-051, 20091217-004, 20101118-074,
8 20111103-051, 20120628-101, 20130620-074, 20140522-040, 20150604-038,
9 20150604-039, 20160421-011, 20161020-002, 20170622-016, 20171012-002,
10 20181018-004, and 20191003-002, authorizing the issuance of the Previously
11 Issued Parity Water/Wastewater Obligations.

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

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

15 “State” means the State of Texas.

16 “Thirty-Second Supplement” means Ordinance No. 20200123-____
17 authorizing the issuance of the Concurrent Bonds.

18 “Thirty-Third Supplement” means this Ordinance No. 20200123-____
19 authorizing the issuance of the Bonds.

20 The terms used in the Thirty-Third Supplement and not otherwise defined
21 shall 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
28 or the Prior Subordinate Lien Obligations.

29 **SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL**
30 **AMOUNT - PURPOSE.** Revenue bonds of the City shall be and are authorized
31 to be issued in the aggregate principal amount of \$3,800,000 and designated the
32 “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM
33 REVENUE BONDS, SERIES 2020B” (the “Bonds”), for the purpose of improving
34 and extending the Water/Wastewater System by financing projects that are part of
35 the City’s water system, and paying costs of issuance, in conformity with the
36 Constitution and laws of the State, including Chapter 1502.

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

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

14 (a) The Bonds shall be dated _____, 2020 (the “Dated Date”), shall be
15 in any Authorized Denomination, shall bear interest from their Delivery Date in the
16 manner described in the FORM OF BOND at the rates per annum, and the
17 principal on the Bonds shall mature on November 15 in each of the years and in
18 the amounts, respectively, set forth in Schedule I attached to this Thirty-Third
19 Supplement.
20

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

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

1 and the address at which the Bond may be redeemed including a contact person
2 and telephone number. All redemption payments made by the Paying
3 Agent/Registrar to the registered owners of the Bonds shall include a CUSIP
4 number relating to each amount paid to such registered owner.
5

6 **SECTION 5: TERMS OF PAYMENT - PAYING AGENT**
7 **/REGISTRAR.** The principal of, premium, if any, and the interest on the Bonds,
8 due and payable by reason of maturity, redemption or otherwise, shall be payable
9 only to the Holders appearing on the registration and transfer books maintained by
10 the Paying Agent/Registrar and the payment shall be in any coin or currency of the
11 United States of America, which at the time of payment is legal tender for the
12 payment of public and private debts, and shall be without exchange or collection
13 charges to the Holders.

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

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

37 Principal of and premium, if any, on the Bonds shall be payable at the Stated
38 Maturities or redemption of the Bonds, only upon presentation and surrender of the
39 Bonds to the Paying Agent/Registrar at its designated office in Dallas, Texas (the
40 "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the
41 Holders whose names appear in the Security Register at the close of business on

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

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

23 **SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS**
24 **- PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record,
25 and maintain in the Security Register the name and address of each registered
26 owner of the Bonds issued under the provisions of the Thirty-Third Supplement.
27 Any Bond may, in accordance with its terms and the terms of the Thirty-Third
28 Supplement, be transferred or exchanged for Bonds of other authorized
29 denominations upon the Security Register by the Holder, in person or the Holder's
30 authorized agent, upon surrender of the Bond to the Paying Agent/Registrar for
31 cancellation, accompanied by a written instrument of transfer or request for
32 exchange executed by the Holder or the Holder's authorized agent, in form
33 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-Third Supplement) at the Designated
36 Payment/Transfer Office of the Paying Agent/Registrar, the Paying
37 Agent/Registrar shall register and deliver, in the name of the designated
38 transferee(s), one or more new Bonds executed on behalf of, and furnished by, the
39 City of authorized denominations and having the same Stated Maturity and of a
40 like aggregate principal amount as the Bond or Bonds surrendered for transfer.

1 At the option of the Holder, Bonds (other than the Initial Bonds authorized
2 in Section 9 of the Thirty-Third 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
8 new Bonds, executed on behalf of, and furnished by, the City, to the Holder
9 requesting 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
12 by United States Mail, first class postage prepaid, to the Holder and, upon the
13 delivery, the same shall be valid obligations of the City, evidencing the same
14 obligation to pay, and entitled to the same benefits under the Thirty-Third
15 Supplement, as the Bonds surrendered in such transfer or exchange.

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

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

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

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

1
2 The City agrees to deliver to the Paying Agent/Registrar one initial Bond for
3 each maturity, numbered consecutively from T-1 upward, as provided in Section 9
4 of the Thirty-Third Supplement, and registered to the TWDB following the
5 approval by the Attorney General of the State and the registration by the
6 Comptroller of Public Accounts. Proceeds from the Bonds will be held in escrow
7 and disbursed to the City in accordance with procedures approved by the TWDB.
8

9 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND**
10 **TRANSACTIONS.** Notwithstanding the provisions contained in Sections 4, 5 and
11 6 of the Thirty-Third Supplement relating to the payment, and transfer/exchange of
12 the Bonds, the City approves and authorizes the use of the “Book-Entry-Only”
13 securities clearance, settlement and transfer system provided by The Depository
14 Trust Company (“DTC”), a limited purpose trust company organized under the
15 laws of the State of New York, in accordance with the operational arrangements
16 referenced in the Blanket Issuer Letter of Representation, by and between the City
17 and DTC (the “Depository Agreement”).

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

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

37 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be
38 executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal
39 reproduced or impressed on the Bonds and countersigned by the City Clerk. The
40 signature of the officers on the Bonds may be manual or facsimile. Bonds bearing
41 the manual or facsimile signatures of individuals who are or were the proper

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

6 No Bond shall be entitled to any right or benefit under the Thirty-Third
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
10 the State or his or her authorized agent, or a certificate of registration substantially
11 in 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
19 be registered in the name of the Purchaser or its designee. The Initial Bonds shall
20 be the Bonds submitted to the Office of the Attorney General of the State for
21 approval, certified and registered by the Office of the Comptroller of Public
22 Accounts of the State and delivered to the Purchaser. Any time after the delivery
23 of the Initial Bonds, the Paying Agent/Registrar, pursuant to written instructions
24 from the Purchaser, or its designee, shall cancel the Initial Bonds delivered and
25 exchange for the Initial Bonds definitive Bonds of authorized denominations,
26 Stated Maturities, principal amounts and bearing applicable interest rates for
27 transfer and delivery to the Holders named at the addresses identified for the
28 Holders; all pursuant to and in accordance with such written instructions from the
29 Purchaser, or its designee, and any other information and documentation as the
30 Paying Agent/Registrar may reasonably 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
33 the form of Assignment to be printed on each of the Bonds, shall be substantially
34 in the forms set forth in the FORM OF BOND set forth in **Exhibit A** to the Thirty-
35 Third Supplement, with appropriate insertions, omissions, substitutions, and other
36 variations as are permitted or required by the Thirty-Third Supplement, and may
37 have such letters, numbers, or other marks of identification (including identifying
38 numbers and letters of the Committee on Uniform Securities Identification
39 Procedures (CUSIP) of the American Bankers Association) and any other legends
40 and endorsements (including insurance legends in the event the Bonds, or any

1 maturities of the Bonds, are purchased with insurance and any reproduction of an
2 opinion of counsel) as may be established by the City or determined by the officers
3 executing the Bonds as evidenced by their execution of the Bonds. Any portion of
4 the text of any Bond may be set forth on the reverse of the Bond, with an
5 appropriate reference 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
9 their 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-Third Supplement provides
15 for the authorization, issuance, sale, delivery, form, characteristics, provisions of
16 payment, and security of the Bonds which are Parity Water/Wastewater
17 Obligations. The Master Ordinance is incorporated by reference and made a part
18 of the Thirty-Third Supplement for all purposes, except to the extent modified and
19 supplemented by the Prior Supplements and the Thirty-Third Supplement, and the
20 Bonds are declared to be Parity Water/Wastewater Obligations under the Master
21 Ordinance and Prior Supplements. The City determines that it will have sufficient
22 funds to meet the financial obligations of the Water/Wastewater System, including
23 sufficient Net Revenues to pay the Annual Debt Service Requirements of the
24 Bonds and the Previously Issued Parity Water/Wastewater Obligations and to meet
25 all financial obligations of the City relating to the Water/Wastewater System.

26 **SECTION 12: PLEDGE.** The Net Revenues of the Water/Wastewater
27 System are pledged to the payment of the Bonds, and the Bonds, together with the
28 Prior Subordinate Lien Obligations and the Previously Issued Parity
29 Water/Wastewater Obligations currently Outstanding, shall be equally and ratably
30 secured by a parity lien on and pledge of the Net Revenues of the
31 Water/Wastewater System in accordance with the terms of the Master Ordinance
32 and the Thirty-Third Supplement. Additionally, the Bonds and the Previously
33 Issued Parity Water/Wastewater Obligations shall be equally and ratably secured
34 by a lien on the funds, if any, deposited to the credit of the Debt Service Fund in
35 accordance with the terms of the Master Ordinance, the Prior Supplements and the
36 Thirty-Third Supplement. The Parity Water/Wastewater Obligations, and the
37 interest on the Parity Water/Wastewater Obligations, shall constitute a lien on the
38 Net Revenues of the Water/Wastewater System and be valid and binding and fully
39 perfected from and after the date of adoption of the Thirty-Third Supplement
40 without physical delivery or transfer or transfer of control of the Net Revenues, the

1 filing of the Thirty-Third Supplement or any other act, all as provided in Chapter
2 1208. The owners of the Parity Water/Wastewater Obligations shall never have the
3 right to demand payment out of funds raised or to be raised by taxation, or from
4 any source other than specified in the Master Ordinance, the Prior Supplements
5 and the Thirty-Third Supplement.

6 Chapter 1208 applies to the issuance of the Bonds and the pledge of the Net
7 Revenues of the Water/Wastewater System granted by the City under this Section
8 12, and the pledge is valid, effective and perfected. If Texas law is amended at any
9 time while the Bonds are Outstanding such that the pledge of the Net Revenues of
10 the Water/Wastewater System granted by the City under this Section 12 is to be
11 subject to the filing requirements of Chapter 9, then to preserve to the registered
12 owners of the Bonds the perfection of the security interest in the pledge, the City
13 agrees to take measures as it determines are reasonable and necessary under Texas
14 law to comply with the applicable provisions of Chapter 9, and enable a filing to
15 perfect the security interest in the pledge to occur.

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

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

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

38 **SECTION 14: RESERVE FUND.** In accordance with the provisions of the
39 Prior Supplements authorizing the issuance of certain of the Previously Issued

1 Water/Wastewater Obligations, the Required Reserve Amount is funded with cash
2 and Credit Facilities originally issued by Ambac Assurance Corporation and XL
3 Capital Assurance Inc.

4 The Reserve Fund shall be funded in an amount of no less than the average
5 annual debt service requirements on the Bonds, either (a) with proceeds of the
6 Bonds, in the amount described in the letter of instructions executed in accordance
7 with Section 26 of the Thirty-Third Supplement, or (b) by the deposit of Net
8 Revenues in approximately equal monthly installments over the initial 60 months
9 following the issuance of the Bonds, all in accordance with the Board Resolution
10 and as further provided in the letter of instructions.

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.

26
27 **SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT**
28 **STATUS.**

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

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

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

5 (b) to take any action to assure that in the event that the "private business
6 use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the
7 Bonds or the projects financed therewith (less amounts deposited into a reserve
8 fund, if any) then the amount in excess of 5 percent is used for a "private business
9 use" which is "related" and not "disproportionate", within the meaning of section
10 141(b)(3) of the Code, to the governmental use;

11 (c) to take any action to assure that no amount which is greater than the
12 lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts
13 deposited into a reserve fund, if any), is directly or indirectly used to finance loans
14 to persons, other than state or local governmental units, in contravention of section
15 141(c) of the Code;

16 (d) to refrain from taking any action which would otherwise result in the
17 Bonds being treated as "private activity bonds" within the meaning of section
18 141(a) of the Code;

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

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

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

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

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

34 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts
35 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
5 the issuance of the Bonds in contravention of section 149 of the Code (relating to
6 advance refundings);

7 (i) to pay to the United States of America at least once during each five-
8 year period (beginning on the Delivery Date 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
11 days after the Bonds have been paid in full, 100 percent of the amount then
12 required to be paid as a result of Excess Earnings under section 148(f) of the Code;
13 and

14 (j) to file with the Internal Revenue Service an executed Form 8038-G, in
15 furtherance of the requirements of section 149(e) of the Code.

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

1 registered owners of the Bonds. The Rebate Fund is established for the additional
2 purpose of compliance with section 148 of the Code.

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

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

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

33
34 **SECTION 17: AMENDMENT OF THIRTY-THIRD SUPPLEMENT.**

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

- 1 (1) Make any change in the maturity of any of the Outstanding Bonds;
- 2 (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- 3 (3) Reduce the amount of the principal payable on the Bonds;
- 4 (4) Modify the terms of payment of principal of, premium, if any, or
- 5 interest on the Outstanding Bonds or impose any conditions with
- 6 respect to such payment;
- 7 (5) Affect the rights of the owners of less than all of the Bonds then
- 8 Outstanding;
- 9 (6) Amend this subsection (a) of this Section; or
- 10 (7) Change the minimum percentage of the principal amount of Bonds
- 11 necessary for consent to any amendment;
- 12

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

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

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

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

1 title, by filing written notice with the Paying Agent/Registrar for the Bonds and the
2 City, but revocation shall not be effective if the owners of at least a majority in
3 Outstanding Principal Amount of the then Outstanding Bonds as determined in
4 accordance with this Section have, prior to the attempted revocation, consented to
5 and approved the amendment.

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

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

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

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

28 (3) To modify any of the provisions of the Thirty-Third
29 Supplement in any other respect whatever, provided that any
30 modification shall be, and be expressed to be, effective only after all
31 the Bonds outstanding at the date of the adoption of the modification
32 shall cease to be outstanding;

33 (4) To make amendments to the Thirty-Third Supplement as
34 may be required, in the opinion of Bond Counsel, to ensure
35 compliance with sections 103 and 141 through 150 of the Code and
36 the regulations promulgated under and applicable to those sections
37 and regulations;

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

8 (6) To make amendments to the Thirty-Third Supplement as
9 permitted by Section 21(e) of the Thirty-Third Supplement;

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

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

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

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

35 **SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.**
36 All or any of the Bonds shall be deemed to be paid, retired and no longer
37 outstanding within the meaning of the Thirty-Third Supplement when payment of
38 the principal of, and redemption premium, if any, on the Bonds, plus interest on the

1 Bonds to the due date (whether the due date is by reason of maturity or otherwise)
2 either (i) shall have been made or caused to be made in accordance with the terms
3 of the Bonds, or (ii) shall have been provided by irrevocably depositing with, or
4 making available to, the Paying Agent/Registrar, in trust and irrevocably set aside
5 exclusively for this payment, (1) money sufficient to make the payment or
6 (2) Government Obligations, certified by an independent public accounting firm of
7 national reputation, to mature as to principal and interest in amounts and at the
8 times as will insure the availability, without reinvestment, of sufficient money to
9 make this payment, and all necessary and proper fees, compensation and expenses
10 of the Paying Agent/Registrar with respect to which the deposit is made shall have
11 been paid or the payment provided for the satisfaction of the Paying
12 Agent/Registrar. Once a Bond shall be deemed to be paid under the Thirty-Third
13 Supplement, it shall no longer be secured by or entitled to the benefit of the Thirty-
14 Third Supplement, the Master Ordinance or a lien on and pledge of the Net
15 Revenues of the Water/Wastewater System, and shall be entitled to payment solely
16 from the money or Government Obligations.

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

27 Notwithstanding any other provisions of the Thirty-Third Supplement, all
28 money or Government Obligations set aside and held in trust pursuant to the
29 provisions of this Section for the payment of the Bonds, the redemption premium,
30 if any, and interest on the Bonds, shall be applied to and used for the payment of
31 the Bonds, the redemption premium, if any, and interest on the Bonds and the
32 income on the money or Government Obligations shall not be considered to be
33 "Gross Revenues" under the Thirty-Third Supplement.

34 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
35 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,
36 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be
37 printed, executed, and delivered, a new bond of the same principal amount,
38 maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed
39 Bond, in replacement for the Bond in the manner provided in this Section. An
40 application for the replacement of damaged, mutilated, lost, stolen, or destroyed

1 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or
2 destruction of a Bond, the applicant for a replacement bond shall furnish to the
3 City and to the Paying Agent/Registrar security or indemnity as may be required
4 by them to save each of them harmless from any loss or damage with respect
5 thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant
6 shall furnish to the City and to the Paying Agent/Registrar evidence to their
7 satisfaction of the loss, theft, or destruction of the Bond, as the case may be. In
8 every case of damage or mutilation of a Bond, the applicant shall surrender to the
9 Paying Agent/Registrar for cancellation the Bond so damaged or mutilated. Prior
10 to the issuance of any replacement bond, the Paying Agent/Registrar shall charge
11 the owner of the Bond with all legal, printing, and other expenses in connection
12 with this issuance. Every replacement bond issued pursuant to the provisions of
13 this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall
14 constitute a contractual obligation of the City whether the lost, stolen, or destroyed
15 Bond shall be found at any time, or be enforceable by anyone, and shall be entitled
16 to all the benefits of the Thirty-Third Supplement equally and proportionately with
17 any and all other Bonds issued under the Thirty-Third Supplement.

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

32 **SECTION 20: THIRTY-THIRD SUPPLEMENT TO CONSTITUTE A**
33 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the
34 Bonds by the Holders from time to time, the Thirty-Third Supplement shall be
35 deemed to be and shall constitute a contract between the City and the Holders from
36 time to time of the Bonds and the pledge made in the Thirty-Third Supplement by
37 the City and the covenants and agreements set forth in the Thirty-Third
38 Supplement to be performed by the City shall be for the equal and proportionate
39 benefit, security, and protection of all Holders, without preference, priority, or
40 distinction as to security or otherwise of any of the Bonds authorized under the
41 Thirty-Third Supplement over any of the others by reason of time of issuance, sale,

1 or maturity or otherwise for any cause whatsoever, except as expressly provided in
2 or permitted by the Thirty-Third Supplement.

3 SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.

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

6 “MSRB” means the Municipal Securities Rulemaking Board.

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

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

11 (b) Annual Reports. The City shall provide annually to the MSRB (1)
12 within six months after the end of each fiscal year ending in or after 2020, financial
13 information and operating data with respect to the City of the general type included
14 in the final Official Statement and which is described in **Exhibit B** to the Thirty-
15 Third Supplement, and (2) if not provided as part of the financial information and
16 operating data, audited financial statements of the City, when and if available.
17 Any financial statements provided shall be prepared in accordance with the
18 accounting principles described in **Exhibit B** to the Thirty-Third Supplement, or
19 other accounting principles as the City may be required to employ from time to
20 time pursuant to state law or regulation, and audited, if the City commissions an
21 audit of the statements and the audit is completed within twelve months after the
22 end of each fiscal year ending in or after 2020. If audited financial statements of
23 the City are not available by the end of the 12 month period, the City will provide
24 notice that the audited financial statements are not available, and will provide
25 unaudited financial statements by the end of the 12 month period and audited
26 financial statements for the applicable fiscal year when and if the audited financial
27 statements become available.

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

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

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

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

1
2 The City shall notify the MSRB, in a timely manner, of any failure by the City to
3 provide financial information or operating data in accordance with this Section by
4 the time required by this Section.

5 For these purposes, any event described in the immediately preceding
6 paragraph 12 is considered to occur when any of the following occur: the
7 appointment of a receiver, fiscal agent, or similar officer for the City in a
8 proceeding under the United States Bankruptcy Code or in any other proceeding
9 under state or federal law in which a court or governmental authority has assumed
10 jurisdiction over substantially all of the assets or business of the City, or if
11 jurisdiction has been assumed by leaving the existing governing body and officials
12 or officers in possession but subject to the supervision and orders of a court or
13 governmental authority, or the entry of an order confirming a plan of
14 reorganization, arrangement, or liquidation by a court or governmental authority
15 having supervision or jurisdiction over substantially all of the assets or business of
16 the City.

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

30
31 (d) Filings with the MSRB. All financial information, operating data,
32 financial statements, notices, and other documents provided to the MSRB in
33 accordance with this Section shall be provided in an electronic format prescribed
34 by the MSRB and shall be accompanied by identifying information as prescribed
35 by the MSRB.

36 (e) Limitations, Disclaimers, and Amendments. The City shall be
37 obligated to observe and perform the covenants specified in this Section with
38 respect to the City and the Bonds while, but only while, the City remains an
39 "obligated person" with respect to the Bonds within the meaning of the Rule,
40 except that the City in any event will give the notice required by subsection (c) of

1 this Section of any Bond calls and defeasance that cause the City to be no longer
2 such an “obligated person.”

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

15 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO
16 THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER
17 PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN
18 WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER
19 NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT
20 SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY
21 PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY
22 BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR
23 SPECIFIC PERFORMANCE.

24 No default by the City in observing or performing its obligations under this
25 Section shall constitute a breach of or default under the Thirty-Third Supplement
26 for purposes of any other provision of the Thirty-Third Supplement.

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

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

32 Notwithstanding any provisions in the Thirty-Third Supplement to the
33 contrary, the provisions of this Section may be amended by the City from time to
34 time to adapt to changed circumstances resulting from a change in legal
35 requirements, a change in law, or a change in the identity, nature, status, or type of
36 operations of the City, but only if (1) the provisions of this Section, as so amended,
37 would have permitted an underwriter to purchase or sell Bonds in the primary
38 offering of the Bonds in compliance with the Rule, taking into account any

1 amendments or interpretations of the Rule to the date of the amendment, as well as
2 the changed circumstances, and (2) either (a) the Holders of a majority in
3 aggregate principal amount (or any greater amount required by any other provision
4 of the Thirty-Third Supplement that authorizes the amendment) of the Outstanding
5 Bonds consent to the amendment or (b) a Person that is unaffiliated with the City
6 and the State (such as nationally recognized bond counsel) determines that the
7 amendment will not materially impair the interests of the Holders and beneficial
8 owners of the Bonds. The provisions of this Section may also be amended from
9 time to time or repealed by the City if the SEC amends or repeals the applicable
10 provisions of the Rule or a court of final jurisdiction determines that the provisions
11 are invalid, but only if and to the extent that reservation of the City's right to do so
12 would not prevent underwriters of the initial public offering of the Bonds from
13 lawfully purchasing or selling Bonds in the offering. If the City so amends the
14 provisions of this Section, it shall include with any amended financial information
15 or operating data next provided in accordance with subsection (b) an explanation,
16 in narrative form, of the reasons for the amendment and of the impact of any
17 change in the type of financial information or operating data so provided.

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

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

36 **SECTION 23: SALE OF BONDS.** The Bonds are to be sold by the City to
37 the Purchaser for the price of par. The Bonds have been purchased by the
38 Purchaser pursuant to the Board Resolution. The Initial Bonds shall be registered
39 in the name of the Texas Water Development Board. The Private Placement
40 Memorandum prepared in connection with the sale of the Bonds to the Purchaser,

1 in substantially the form attached to the Thirty-Third Supplement, is approved.
2 The City has determined, based upon the advice provided by its financial advisor,
3 that acceptance of the purchase price for the Bonds is on terms advantageous to,
4 and in the best interests of, the City.

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

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

11
12 By agreeing to the purchase the Bonds, the TWDB agrees that the bond
13 proceeds shall be deposited into the escrow fund established in the Escrow
14 Agreement between the City and UMB Bank, N.A., and that the procedures set
15 forth in Sections 5 and 6 of the Thirty-Third Supplement satisfy the Board
16 Resolution.

17
18 Proceeds from the sale of the Bonds shall be held at a designated state
19 depository or other properly chartered and authorized institution in accordance
20 with Chapter 2256 and Chapter 2257.

21
22 **SECTION 24: ADDITIONAL COVENANTS.** In connection with the sale
23 of the Bonds to the TWDB, the City covenants as follows:

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

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

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

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

10
11 (e) Segregation of Funds. The City covenants that proceeds of the Bonds
12 shall remain separate and distinct from other sources of funding from the date of
13 the TWDB commitment through costing and final disbursement.

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

25
26 (g) Environmental Determination. In connection with the project
27 financed with the Bonds, the City agrees to implement any environmental
28 determination issued by the Executive Administrator of TWDB to satisfy the
29 environmental review requirements set forth in 31 Texas Administrative Code 371.

30
31 (h) Insurance. The City agrees that it will maintain insurance on the
32 Water/Wastewater System in an amount sufficient to protect TWDB's interest in
33 the project financed with the proceeds of the Bonds. The City may self-insure in
34 respect to satisfying this covenant.

35
36 (i) Water Conservation Program. The City has implemented or will
37 implement an approved water conservation program in compliance with 31 Texas
38 Administrative Code 371.71(a)(2)(F).

39
40 (j) City will not Purchase TWDB Bonds. The City agrees that it or any
41 related party to the City will not purchase, as an investment or otherwise, bonds

1 issued by TWDB including, without limitation, bonds issued by TWDB, the
2 proceeds of which were used by TWDB to purchase the Bonds.

3
4 (k) Compliance with Federal Contracting Law. The City acknowledges
5 that it has a legal obligation to comply with any applicable requirements of federal
6 law relating to contracting with disadvantaged business enterprises, and the City
7 shall report to the TWDB the amount of Bond proceeds, if any, that were used to
8 compensate historically underutilized businesses that worked on the project, in
9 accordance with 31 TAC § 363.1312.

10
11 (l) Compliance with State Contracting Law. The City acknowledges that
12 it has a legal obligation to comply with any applicable requirements of State law
13 relating to contracting with historically underutilized businesses.

14
15 (m) Compliance with Davis-Bacon Act. The City acknowledges that all
16 laborers and mechanics employed by contractors and subcontracts for Projects
17 shall be paid at rates not less than those prevailing on projects of a similar
18 character in the City in accordance with the Davis-Bacon Act, and the U.S.
19 Department of Labor's implementing regulations; the City, all contractors, and all
20 sub-contractors shall ensure that all Project contracts mandate compliance with the
21 Davis-Bacon Act; and all contracts and subcontracts for the construction of the
22 Project carried on in whole or in part with financial assistance provided by the
23 Board shall insert in full in any contract in excess of \$2,000 the contract clauses as
24 provided by the Board.

25
26 (n) Compliance with Federal Funding Accountability and Transparency
27 Act. The City acknowledges that the City shall provide the Board with all
28 information required to be reported in accordance with the Federal Funding
29 Accountability and Transparency Act of 2006, Pub.L.109-282, as amended by Pub.
30 L. 110-252; and the City shall obtain a Data Universal Numbering System (DUNS)
31 Number and shall register with System for Award Management (SAM), and
32 maintain current registration at all times while the Bonds are Outstanding.

33
34 (o) Adherence to Project Schedule. The City acknowledges that all
35 proceeds of the Bonds will be timely and expeditiously used, as required by 40
36 CFR § 35.3135(d), and that the City will adhere to the approved Project schedule.

37
38 (p) Use of Iron and Steel Products. The City agrees that it will abide by
39 all applicable construction contract requirements related to the use of iron and steel
40 products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C.
41 § 1388, and related State Revolving Fund Policy Guidelines.

1 (q) Maintenance of Project Accounts. The City acknowledges that it will
2 comply with the requirements set forth in 33 U.S.C. § 1382 *et seq.* relating to
3 maintaining project accounts containing financial assistance for planning, design,
4 acquisition, or construction, as applicable, in accordance with general accepted
5 accounting principles (which shall apply also to the reporting of underlying
6 infrastructure assets).

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

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

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

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

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

38 **SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS**
39 **DAYS.** Whenever under the terms of the Thirty-Third Supplement or the Bonds,

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

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

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

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

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

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

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

16 **SECTION 35: SEVERABILITY.** If any provision of the Thirty-Third
17 Supplement or its application to any circumstance shall be held to be invalid, the
18 remainder of the Thirty-Third Supplement and its application to other
19 circumstances shall nevertheless be valid, and council declares that the Thirty-
20 Third Supplement 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 2020B Revenue Bonds
23 Construction Fund" (the "Construction Fund") is created. Money in the
24 Construction 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
27 City's water system to extend and improve the Water/Wastewater System,
28 including any costs for engineering, financing, financial consultation,
29 administrative, auditing and legal expenses. Amounts in the Construction Fund
30 shall be used to pay costs timely, in compliance with applicable federal and State
31 law.

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

1 costs of improving or extending the System by funding projects that are consistent
2 with the Board Resolution.

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-Third 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-Third Supplement, was given; all as required
11 by Chapter 551.

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

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

15 **SECTION 40: CONCURRENT BONDS.** Concurrently with the adoption

16 of this Thirty-Third Supplement, Council adopted the Thirty-Second Supplement
17 authorizing the sale of the Concurrent Bonds to TWDB. Should the Concurrent
18 Bonds not be purchased by TWDB, any reference to Concurrent Bonds in this
19 Thirty-Third Supplement shall be of no effect.

20

21

22

[Execution page follows]

23

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

§
§

January 23, 2020

STEVE ADLER
Mayor

APPROVED:

ATTEST:

ANNE L. MORGAN
City Attorney

JANNETTE S. GOODALL
City Clerk

(City Seal)

DRAFT

SCHEDULE I

<u>YEARS</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2020	125,000	
2021	125,000	
2022	125,000	
2023	125,000	
2024	125,000	
2025	120,000	
2026	120,000	
2027	120,000	
2028	120,000	
2029	125,000	
2030	125,000	
2031	125,000	
2032	125,000	
2033	125,000	
2034	125,000	
2035	125,000	
2036	125,000	
2037	125,000	
2038	125,000	
2039	125,000	
2040	130,000	
2041	130,000	
2042	130,000	
2043	130,000	
2044	130,000	
2045	130,000	
2046	135,000	
2047	135,000	
2048	135,000	
2049	135,000	

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 2020B

Delivery Date: February 27, 2020 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 Delivery Date 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-Third Supplemental Ordinance to the Master Ordinance (the "Thirty-Third 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 _____, 2020, issued in the aggregate principal amount of \$3,800,000 (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 City's water system, (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-Third 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 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-Third 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-Third 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-Third 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-Third 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-Third 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-Third 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-Third Supplement; and for the other terms and provisions contained in the Master Ordinance and the Thirty-Third Supplement. Capitalized terms used in this Bond have the same meanings assigned in the Master Ordinance and the Thirty-Third 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-Third 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-Third 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, City of Austin, Texas

COUNTERSIGNED:

Jannette S. Goodall
City Clerk, City of Austin, Texas

(SEAL)

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

UMB Bank, N.A.,
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-Third 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.