

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 2020B”
4 authorized for issuance by the Thirty-Third Supplement.

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

15 “State” means the State of Texas.

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

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

20 The terms used in the Thirty-Second 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 \$11,200,000 and designated the
32 “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM
33 REVENUE BONDS, SERIES 2020A” (the “Bonds”), for the purpose of
34 improving and extending the Water/Wastewater System by financing projects that
35 are part of the City’s wastewater treatment system, and paying costs of issuance, in
36 conformity with the 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-Second 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-Second
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-Second 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-Second 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-Second Supplement.
27 Any Bond may, in accordance with its terms and the terms of the Thirty-Second
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-Second 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-Second Supplement) may be exchanged for other Bonds
3 of authorized denominations and having the same Stated Maturity, bearing the
4 same rate of interest and of like aggregate principal amount as the Bonds
5 surrendered for exchange, upon surrender of the Bonds to be exchanged at the
6 Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever
7 any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register
8 and deliver new Bonds, executed on behalf of, and furnished by, the City, to the
9 Holder 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-Second
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-Second 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-Second Supplement are defined to be "Predecessor Bonds," evidencing
24 all 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-Second 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-Second 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-Second Supplement relating to the payment, and transfer/exchange
12 of 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-Second 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-Second
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 Second Supplement, with appropriate insertions, omissions, substitutions, and
36 other variations as are permitted or required by the Thirty-Second Supplement, and
37 may have such letters, numbers, or other marks of identification (including
38 identifying numbers and letters of the Committee on Uniform Securities
39 Identification Procedures (CUSIP) of the American Bankers Association) and any
40 other legends and endorsements (including insurance legends in the event the

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

27 **SECTION 12: PLEDGE.** The Net Revenues of the Water/Wastewater
28 System are pledged to the payment of the Bonds, and the Bonds, together with the
29 Prior Subordinate Lien Obligations and the Previously Issued Parity
30 Water/Wastewater Obligations currently Outstanding, shall be equally and ratably
31 secured by a parity lien on and pledge of the Net Revenues of the
32 Water/Wastewater System in accordance with the terms of the Master Ordinance
33 and the Thirty-Second Supplement. Additionally, the Bonds and the Previously
34 Issued Parity Water/Wastewater Obligations shall be equally and ratably secured
35 by a lien on the funds, if any, deposited to the credit of the Debt Service Fund in
36 accordance with the terms of the Master Ordinance, the Prior Supplements and the
37 Thirty-Second Supplement. The Parity Water/Wastewater Obligations, and the
38 interest on the Parity Water/Wastewater Obligations, shall constitute a lien on the
39 Net Revenues of the Water/Wastewater System and be valid and binding and fully
40 perfected from and after the date of adoption of the Thirty-Second Supplement

1 without physical delivery or transfer or transfer of control of the Net Revenues, the
2 filing of the Thirty-Second Supplement or any other act, all as provided in Chapter
3 1208. The owners of the Parity Water/Wastewater Obligations shall never have the
4 right to demand payment out of funds raised or to be raised by taxation, or from
5 any source other than specified in the Master Ordinance, the Prior Supplements
6 and the Thirty-Second Supplement.

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

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

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

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

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

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

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

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

28
29 **SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT**
30 **STATUS.**

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

37
38 (a) to take any action to assure that no more than 10 percent of the
39 proceeds of the Bonds or the projects financed therewith (less amounts deposited
40 to a reserve fund, if any) are used for any "private business use", as defined in

1 section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so
2 used, that amounts, whether or not received by the City, with respect to such
3 private business use, do not, under the terms of this Ordinance or any underlying
4 arrangement, directly or indirectly, secure or provide for the payment of more than
5 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2)
6 of the Code;

7 (b) to take any action to assure that in the event that the "private business
8 use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the
9 Bonds or the projects financed therewith (less amounts deposited into a reserve
10 fund, if any) then the amount in excess of 5 percent is used for a "private business
11 use" which is "related" and not "disproportionate", within the meaning of section
12 141(b)(3) of the Code, to the governmental use;

13 (c) to take any action to assure that no amount which is greater than the
14 lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts
15 deposited into a reserve fund, if any), is directly or indirectly used to finance loans
16 to persons, other than state or local governmental units, in contravention of section
17 141(c) of the Code;

18 (d) to refrain from taking any action which would otherwise result in the
19 Bonds being treated as "private activity bonds" within the meaning of section
20 141(a) of the Code;

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

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

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

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

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

1 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts
2 treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not
3 otherwise contravene the requirements of section 148 of the Code (relating to
4 arbitrage);

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

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

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

18 The City understands that the term "proceeds" includes "disposition
19 proceeds" as defined in the Treasury Regulations and, in the case of a refunding
20 bond, transferred proceeds (if any) and proceeds of the refunded bonds expended
21 prior to the date of the issuance of the Bonds. It is the understanding of the City
22 that these covenants are intended to assure compliance with the Code and any
23 regulations or rulings promulgated by the U.S. Department of the Treasury
24 pursuant to the Code. In the event that regulations or rulings are hereafter
25 promulgated which modify or expand provisions of the Code, as applicable to the
26 Bonds, the City will not be required to comply with any covenant contained in this
27 Section to the extent that the failure to comply, in the opinion of nationally-rec-
28 ognized bond counsel, will not adversely affect the exemption from federal income
29 taxation of interest on the Bonds under section 103 of the Code. In the event that
30 regulations or rulings are hereafter promulgated which impose additional
31 requirements which are applicable to the Bonds, the City agrees to comply with the
32 additional requirements to the extent necessary, in the opinion of nationally-recog-
33 nized bond counsel, to preserve the exemption from federal income taxation of
34 interest on the Bonds under section 103 of the Code. In furtherance of the
35 foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief
36 Financial Officer of the City, any Deputy Financial Officer of the City and the City
37 Treasurer may execute any certificates or other reports required by the Code and
38 make such elections, on behalf of the City, which may be permitted by the Code as
39 are consistent with the purpose for the issuance of the Bonds. In order to facilitate
40 compliance with the above clause (i), a "Rebate Fund" is established by the City

1 for the sole benefit of the United States of America, and the Rebate Fund shall not
2 be subject to the claim of any other person, including without limitation the
3 registered owners of the Bonds. The Rebate Fund is established for the additional
4 purpose of compliance with section 148 of the Code.

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

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

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

35
36 **SECTION 17: AMENDMENT OF THIRTY-SECOND SUPPLEMENT.**

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

1 in the Thirty-Second Supplement shall permit or be construed to permit the
2 amendment of the terms and conditions in the Thirty-Second Supplement so as to:

- 3 (1) Make any change in the maturity of any of the Outstanding Bonds;
- 4 (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- 5 (3) Reduce the amount of the principal payable on the Bonds;
- 6 (4) Modify the terms of payment of principal of, premium, if any, or
7 interest on the Outstanding Bonds or impose any conditions with
8 respect to such payment;
- 9 (5) Affect the rights of the owners of less than all of the Bonds then
10 Outstanding;
- 11 (6) Amend this subsection (a) of this Section; or
- 12 (7) Change the minimum percentage of the principal amount of Bonds
13 necessary for consent to any amendment;
- 14

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

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

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

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

1 measuring the one year period to obtain consents noted in paragraph (c) above,
2 consent may be revoked by the owner who gave the consent, or by a successor in
3 title, by filing written notice with the Paying Agent/Registrar for the Bonds and the
4 City, but revocation shall not be effective if the owners of at least a majority in
5 Outstanding Principal Amount of the then Outstanding Bonds as determined in
6 accordance with this Section have, prior to the attempted revocation, consented to
7 and approved the amendment.

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

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

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

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

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

35 (4) To make amendments to the Thirty-Second Supplement as
36 may be required, in the opinion of Bond Counsel, to ensure
37 compliance with sections 103 and 141 through 150 of the Code and

1 the regulations promulgated under and applicable to those sections
2 and regulations;

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

10 (6) To make amendments to the Thirty-Second Supplement as
11 permitted by Section 21(e) of the Thirty-Second Supplement;

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

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

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

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

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

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

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

31 Notwithstanding any other provisions of the Thirty-Second Supplement, all
32 money or Government Obligations set aside and held in trust pursuant to the
33 provisions of this Section for the payment of the Bonds, the redemption premium,
34 if any, and interest on the Bonds, shall be applied to and used for the payment of
35 the Bonds, the redemption premium, if any, and interest on the Bonds and the
36 income on the money or Government Obligations shall not be considered to be
37 “Gross Revenues” under the Thirty-Second Supplement.

38 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
39 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged,
40 mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be

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

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

36 **SECTION 20: THIRTY-SECOND SUPPLEMENT TO CONSTITUTE**
37 **A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the
38 Bonds by the Holders from time to time, the Thirty-Second Supplement shall be
39 deemed to be and shall constitute a contract between the City and the Holders from
40 time to time of the Bonds and the pledge made in the Thirty-Second Supplement
41 by the City and the covenants and agreements set forth in the Thirty-Second

1 Supplement to be performed by the City shall be for the equal and proportionate
2 benefit, security, and protection of all Holders, without preference, priority, or
3 distinction as to security or otherwise of any of the Bonds authorized under the
4 Thirty-Second Supplement over any of the others by reason of time of issuance,
5 sale, or maturity or otherwise for any cause whatsoever, except as expressly
6 provided in or permitted by the Thirty-Second Supplement.

7 **SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.**

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

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

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

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

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

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

36 The financial information and operating data to be provided pursuant to this
37 Section may be set forth in full in one or more documents or may be included by

1 specific reference to any document available to the public on the MSRB's Internet
2 Web site or filed with the SEC.

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

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

1 (16) Default, event of acceleration, termination event, modification of
2 terms, or other similar event under the terms of a Financial Obligation
3 of the Obligated Person, and which reflect financial difficulties.

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

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

20 As used in clauses 15 and 16 above, the term "Financial Obligation" means:
21 (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or
22 pledged as security or a source of payment for, an existing or planned debt
23 obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation
24 shall not include Municipal Securities as to which a final official statement has
25 been provided to the MSRB consistent with the Rule; the term "Municipal
26 Securities" means securities which are direct obligations of, or obligations
27 guaranteed as to principal or interest by, a state or any political subdivision thereof,
28 or any agency or instrumentality of a state or any political subdivision thereof, or
29 any municipal corporate instrumentality of one or more states and any other
30 Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act
31 of 1934, as the same may be amended from time to time; and the term "Obligated
32 Person" means the City.
33

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

39 (e) Limitations, Disclaimers, and Amendments. The City shall be
40 obligated to observe and perform the covenants specified in this Section with

1 respect to the City and the Bonds while, but only while, the City remains an
2 “obligated person” with respect to the Bonds within the meaning of the Rule,
3 except that the City in any event will give the notice required by subsection (c) of
4 this Section of any Bond calls and defeasance that cause the City to be no longer
5 such an “obligated person.”

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

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

27 No default by the City in observing or performing its obligations under this
28 Section shall constitute a breach of or default under the Thirty-Second Supplement
29 for purposes of any other provision of the Thirty-Second Supplement.

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

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

35 Notwithstanding any provisions in the Thirty-Second Supplement to the
36 contrary, the provisions of this Section may be amended by the City from time to
37 time to adapt to changed circumstances resulting from a change in legal
38 requirements, a change in law, or a change in the identity, nature, status, or type of

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

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

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

1 **SECTION 23: SALE OF BONDS.** The Bonds are to be sold by the City to
2 the Purchaser for the price of par. The Bonds have been purchased by the
3 Purchaser pursuant to the Board Resolution. The Initial Bonds shall be registered
4 in the name of the Texas Water Development Board. The Private Placement
5 Memorandum prepared in connection with the sale of the Bonds to the Purchaser,
6 in substantially the form attached to the Thirty-Second Supplement, is approved.
7 The City has determined, based upon the advice provided by its financial advisor,
8 that acceptance of the purchase price for the Bonds is on terms advantageous to,
9 and in the best interests of, the City.

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

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

16
17 By agreeing to the purchase the Bonds, the TWDB agrees that the bond
18 proceeds shall be deposited into the escrow fund established in the Escrow
19 Agreement between the City and UMB Bank, N.A., and that the procedures set
20 forth in Sections 5 and 6 of the Thirty-Second Supplement satisfy the Board
21 Resolution.

22
23 Proceeds from the sale of the Bonds shall be held at a designated state
24 depository or other properly chartered and authorized institution in accordance
25 with Chapter 2256 and Chapter 2257.

26
27 **SECTION 24: ADDITIONAL COVENANTS.** In connection with the sale
28 of the Bonds to the TWDB, the City covenants as follows:

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

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

1 shall be in such detail as requested by the Development Fund Manager of the
2 TWDB until the Development Fund Manager of the TWDB waives this
3 requirement.

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

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

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

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

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

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

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

1
2 (j) City will not Purchase TWDB Bonds. The City agrees that it or any
3 related party to the City will not purchase, as an investment or otherwise, bonds
4 issued by TWDB including, without limitation, bonds issued by TWDB, the
5 proceeds of which were used by TWDB to purchase the Bonds.
6

7 (k) Compliance with Federal Contracting Law. The City acknowledges
8 that it has a legal obligation to comply with any applicable requirements of federal
9 law relating to contracting with disadvantaged business enterprises, and the City
10 shall report to the TWDB the amount of Bond proceeds, if any, that were used to
11 compensate historically underutilized businesses that worked on the project, in
12 accordance with 31 TAC § 363.1312.
13

14 (l) Compliance with State Contracting Law. The City acknowledges that
15 it has a legal obligation to comply with any applicable requirements of State law
16 relating to contracting with historically underutilized businesses.
17

18 (m) Compliance with Davis-Bacon Act. The City acknowledges that all
19 laborers and mechanics employed by contractors and subcontracts for Projects
20 shall be paid at rates not less than those prevailing on projects of a similar
21 character in the City in accordance with the Davis-Bacon Act, and the U.S.
22 Department of Labor's implementing regulations; the City, all contractors, and all
23 sub-contractors shall ensure that all Project contracts mandate compliance with the
24 Davis-Bacon Act; and all contracts and subcontracts for the construction of the
25 Project carried on in whole or in part with financial assistance provided by the
26 Board shall insert in full in any contract in excess of \$2,000 the contract clauses as
27 provided by the Board.
28

29 (n) Compliance with Federal Funding Accountability and Transparency
30 Act. The City acknowledges that the City shall provide the Board with all
31 information required to be reported in accordance with the Federal Funding
32 Accountability and Transparency Act of 2006, Pub.L.109-282, as amended by Pub.
33 L. 110-252; and the City shall obtain a Data Universal Numbering System (DUNS)
34 Number and shall register with System for Award Management (SAM), and
35 maintain current registration at all times while the Bonds are Outstanding.
36

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

41 (p) Use of Iron and Steel Products. The City agrees that it will abide by
42 all applicable construction contract requirements related to the use of iron and steel

1 products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C.
2 § 1388, and related State Revolving Fund Policy Guidelines.

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

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

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

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

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

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

1 **SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS**
2 **DAYS.** Whenever under the terms of the Thirty-Second Supplement or the Bonds,
3 the performance date of any provision of the Thirty-Second Supplement or the
4 Bonds, including the payment of principal of or interest on the Bonds, shall occur
5 on a day other than a Business Day, then performance, including the payment of
6 principal of and interest on the Bonds, need not be made on that day but may be
7 performed or paid, as the case may be, on the next succeeding Business Day with
8 the same force and effect as if made on the date of performance or payment.

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

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

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

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

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

4 SECTION 34: **CONSTRUCTION OF TERMS.** If appropriate in the
5 context of the Thirty-Second 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-Second Supplement is adopted by council. Any reference to the
12 payment of principal in the Thirty-Second Supplement shall include the payment
13 of any mandatory sinking fund redemption payments as described in the Thirty-
14 Second Supplement. Any reference to "FORM OF BOND" refers to the form of
15 the Bonds in **Exhibit A** to the Thirty-Second Supplement.

16 SECTION 35: **SEVERABILITY.** If any provision of the Thirty-Second
17 Supplement or its application to any circumstance shall be held to be invalid, the
18 remainder of the Thirty-Second Supplement and its application to other
19 circumstances shall nevertheless be valid, and council declares that the Thirty-
20 Second 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 2020A 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 wastewater treatment system to extend and improve the Water/Wastewater
28 System, 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-Second Supplement, shall be transferred to
37 the 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-Second Supplement is adopted was open to the public and
9 public notice of the time, place, and subject matter of the public business to be
10 considered at such meeting, including the Thirty-Second Supplement, was given;
11 all as required by Chapter 551.

12 **SECTION 39: EFFECTIVE DATE.** This Thirty-Second 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-Second Supplement, Council adopted the Thirty-Third 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-Second 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	370,000	
2021	370,000	
2022	370,000	
2023	370,000	
2024	370,000	
2025	370,000	
2026	370,000	
2027	370,000	
2028	370,000	
2029	370,000	
2030	370,000	
2031	370,000	
2032	370,000	
2033	370,000	
2034	370,000	
2035	370,000	
2036	370,000	
2037	370,000	
2038	370,000	
2039	370,000	
2040	375,000	
2041	375,000	
2042	375,000	
2043	375,000	
2044	380,000	
2045	380,000	
2046	380,000	
2047	385,000	
2048	385,000	
2049	390,000	

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 2020A

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-Second Supplemental Ordinance to the Master Ordinance (the "Thirty-Second 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 \$11,200,000 (the "Bonds") for the purpose of (i) extending and improving the City's combined water and wastewater system through the financing of projects that are part of the City's wastewater treatment 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-Second 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-Second 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-Second 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-Second 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-Second 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-Second 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-Second 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-Second Supplement; and for the other terms and provisions contained in the Master Ordinance and the Thirty-Second Supplement. Capitalized terms used in this Bond have the same meanings assigned in the Master Ordinance and the Thirty-Second 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-Second 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-Second 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-Second 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.