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**ORDINANCE NO.**

**AUTHORIZING THE ISSUANCE OF CITY OF AUSTIN, TEXAS  
ELECTRIC UTILITY SYSTEM PROGRAM NOTES, TAXABLE  
SERIES**

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

**SECTION 1. DEFINITIONS AND FINDINGS.** The terms below have following meanings, unless the text specifically indicates otherwise: “Act” shall mean, together, Chapter 1371 and Chapter 1502.

“Agreement” or “Note Purchase Agreement” shall mean the Note Purchase Agreement between the City and the Bank, together with any Program Note, and any amendments, restatements, supplements or other modifications.

“Authorized Installment” shall mean, on the Original Issue Date, an amount equal to \$5,000 and on each Issue Date thereafter, an amount equal to the amount of any draw upon the Financial Security by ERCOT, reflecting payment by the Bank of the purchase price of such Authorized Installment of the Program Notes to ERCOT on behalf of the City.

“Authorized Installment Draw Period” shall mean the period commencing on the Original Issue Date and ending immediately following the effective date of the end of the term of the Financial Security, whether by termination, non-renewal or otherwise.

“Authorized Representative” shall mean one or more of the following officers or employees of the City, acting in concert or individually: the Mayor, the City Manager, General Manager of Austin Energy, the Chief Financial Officer of the City, the Director of Financial Services, the City Treasurer, or any other officer or employee of the City designated in writing by the City Manager or the Chief Financial Officer of the City, and approved by council, to act as an Authorized Representative.

“Bank” shall mean Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and its successors and assigns under the Agreement.

“Bank Rate” has the meaning set forth in the Note Purchase Agreement.

“Bonds” shall mean a series or issue of bonds, notes, or similar obligations (other than the Commercial Paper Notes, or the Program Notes) issued or incurred by the City after the passage of the Ordinance, payable from and secured solely by a lien on and pledge of the Net Revenues, equal or subordinate in rank and dignity to the lien and pledge securing the payment of the Priority Lien Obligations.

“Business Day” shall mean (a) a Saturday or Sunday, or (b) a day on which the New York Stock Exchange is closed or on which commercial bonds in the State of Texas or the State of New York are authorized or obligated by law or executive order to close, or (c) a day on which the office of the Bank where draws under the Letter of Credit are to be presented it not open for business.

1 “Chapter 1371” shall mean Chapter 1371 of the Texas Government Code, as amended.

2 “Chapter 1502” shall mean Chapter 1502 of the Texas Government Code, as amended.

3 “City” shall mean the City of Austin, Texas.

4 “Code” shall mean the Internal Revenue Code of 1986.

5 “Commercial Paper Notes” shall mean, collectively, the taxable commercial paper notes  
6 issued pursuant to the terms of Ordinance No. 20200827-071 and the tax-exempt commercial  
7 paper notes issued pursuant to the terms of Ordinance No. 20200827-072, each as from time to  
8 time amended or supplemented by council, and authorized to be issued in the forms of commercial  
9 paper notes and direct purchase notes.

10 “Council” or “council” shall mean the governing body of the City.

11 “Designated Office” means the corporate trust office of the Paying Agent/Registrar  
12 designated as the place for payment, transfer and exchange of the Program Notes, initially, the  
13 corporate trust office of the Paying Agent/Registrar in Dallas, Texas.

14 “Electric Fund” shall mean the fund so designated in **Section 25**.

15 “Electric Light and Power System” or “Electric Utility System” or “System” shall mean  
16 all properties, facilities and plants currently owned, operated and maintained by the City, wholly  
17 or partially in participation with others, for the generation, transmission, supply and distribution  
18 of electrical energy and power, together with all future extensions, improvements, replacements  
19 and additions to, and all replacements of, the properties, facilities and plants; provided that,  
20 notwithstanding the foregoing, and to the extent authorized or permitted by law, the term “Electric  
21 Light and Power System” shall not include facilities of any kind (including any electric power  
22 generating and transmission facilities) which are declared not to be a part of the Electric Light and  
23 Power System and which are acquired or constructed by the City, or in participation with others,  
24 with the proceeds from the issuance of “Special Facilities Bonds,” which are defined as being  
25 special revenue obligations of the City which are not Priority Lien Obligations but which are  
26 payable from and secured by other liens on and pledges of any revenues, sources or payments not  
27 pledged to the payment of Priority Lien Obligations including, but not limited to, special contract  
28 revenues or payments received from any other legal entity in connection with the special facilities.

29 “Eligible Investments” shall mean any or all of the authorized investments described in the  
30 Public Funds Investment Act, Chapter 2256, Texas Government Code, in which the City may  
31 purchase, sell and invest its funds and funds under its control, consistent with the City’s investment  
32 policy.

33 “Eligible Project” shall mean (a) any eligible project as defined in Section 1371.001(2)(A)  
34 of Chapter 1371, as the same may be amended from time to time, (b) acquiring, purchasing, and  
35 equipping property, facilities or related infrastructure for the Electric Utility System, or (c) the  
36 acquisition of personal property in accordance with Chapter 271 of the Texas Local Government  
37 Code, as the same may be amended from time to time.

1           “ERCOT” shall mean The Electric Reliability Council of Texas and any successor thereto.

2           “Financial Security” shall mean the letter of credit issued by the Bank pursuant to the terms  
3 of the Note Purchase Agreement (and any extension or amendment of such letter of credit or any  
4 substitute or replacement letter of credit of the Bank) delivered to ERCOT, as beneficiary, for the  
5 account of the City pursuant to Section 16 of the ERCOT Nodal Protocols.

6           “Fiscal Year” shall mean the twelve-month financial accounting period used by the City in  
7 connection with the operation of the Electric Light and Power System, which may be any twelve  
8 consecutive month period established by the City

9           “Gross Revenues of the Electric Light and Power System” and “Gross Revenues” shall  
10 mean all income, receipts and revenues of every nature derived or received from the operation and  
11 ownership (excluding refundable meter deposits, restricted gifts and grants and proceeds derived  
12 from the sale or other disposition of all or part of the City’s participating interest in the South  
13 Texas Project and revenues, sources or payment from facilities acquired or constructed with  
14 Special Facilities Bonds) of the Electric Light and Power System, including earnings and income  
15 derived from the investment or deposit of moneys in any special funds or accounts created and  
16 established by the City for the payment and security of the Priority Lien Obligations.

17           “Holder” or “Noteholder” shall mean the registered owner of any Program Note as shown  
18 on the registration books maintained by the Registrar, but if a Program Note is not in registered  
19 form, such terms shall mean any person, firm, association, or corporation who is in possession of  
20 any Program Note drawn, issued or endorsed to such person, firm, association or corporation or to  
21 the order of such person, firm, association or corporation or to bearer or in blank.

22           “Initial Note” shall mean the Program Note, Number T-1, delivered to and held by the  
23 Paying Agent/Registrar on the Original Issue Date.

24           “Issue Date” shall mean the date of delivery of an Authorized Installment of the Program  
25 Notes.

26           “Latest Draw Date” shall mean August 18, 2028, as may be extended in accordance with  
27 the Note Purchase Agreement.

28           “Maintenance and Operating Expenses” shall mean all current expenses of operating and  
29 maintaining the Electric Light and Power System, including all salaries, labor, materials, repairs  
30 and extensions necessary to render efficient service; provided, however, that only repairs and  
31 extensions, as in the judgment of council, reasonably and fairly exercised, are necessary to  
32 maintain the operations and render adequate service to the City and its inhabitants, or as might be  
33 necessary to meet some physical accident or condition which would otherwise impair the Priority  
34 Lien Obligations shall be deducted in determining Net Revenues. Depreciation shall never be  
35 considered as an expense of Maintenance and Operation. Maintenance and Operating Expenses  
36 shall include payment under contracts for the purchase of power and energy or other materials,  
37 goods or services for the Electric Light and Power System to the extent authorized by law and the  
38 provisions of the contract.

1           “Master Ordinance” shall mean Ordinance No. 010118-53A, adopted by the City Council  
2 on June 18, 2001, as amended from time to time, relating to, in part, issuance of the Separate Lien  
3 Electric Utility Obligations.

4           “Maximum Available Amount” shall mean the maximum amount that is available to be  
5 drawn on the Financial Security on any particular day plus \$5,000, which shall initially be in the  
6 principal amount not to exceed \$100,005,000 as evidenced in the Initial Note.

7           “Maximum Interest Rate” shall mean the lesser of the (i) maximum net effective interest  
8 rate (as defined in and calculated in accordance with the provisions of Chapter 1204, Texas  
9 Government Code, as amended) and (ii) maximum non usurious lawful rate of interest permitted  
10 by applicable law.

11           “Maximum Maturity Date” shall mean November 16, 2028, being ninety (90) days after  
12 the Latest Draw Date, as may be extended in accordance with the Note Purchase Agreement.

13           “Net Revenues” and “Net Revenues of the Electric Light and Power System” shall mean  
14 Gross Revenues of the Electric Light and Power System minus the Electric Light and Power  
15 System’s Maintenance and Operating Expenses.

16           “Note Payment Fund” shall mean the fund so designated in **Section 16**.

17           “Ordinance” shall mean this ordinance.

18           “Original Issue Date” shall mean the date of delivery of the initial Authorized Installment,  
19 the Note Purchase Agreement and the Financial Security.

20           “Paying Agent,” “Paying Agent/Registrar” or “Registrar” shall mean the agent appointed  
21 pursuant to **Section 3A**, or any successor to the agent.

22           “Paying Agent/Registrar Agreement” shall mean the agreement authorized to be entered  
23 into by **Section 38(a)**, as from time to time amended, restated, supplemented or otherwise  
24 modified.

25           “Pledged Revenues” and “Pledged Revenues of the Electric Light and Power System” shall  
26 mean (i) the Net Revenues of the Electric Light and Power System, plus (ii) any additional  
27 revenues, income, or other resources, including, without limitation, any grants, donations, or  
28 income received or to be received from the United States Government, or any other public or  
29 private source, whether pursuant to an agreement or otherwise, which in the future may, at the  
30 option of the City, be pledged to the payment of the Priority Lien Obligations, the Commercial  
31 Paper Notes, and the Program Notes and any other obligations of the City to the Bank under the  
32 Note Purchase Agreement and the Related Documents.

33           “Priority Lien Obligations” shall mean, collectively, the Separate Lien Electric Utility  
34 Obligations.

35           “Program Notes” shall mean the “City of Austin, Texas Electric Utility System Program  
36 Notes, Taxable Series”, including a promissory note or notes issued hereunder in accordance with

1 the terms and conditions of the Note Purchase Agreement (including, without limitation, the Initial  
2 Note and any Authorized Installments) to evidence and secure Authorized Installments made by  
3 the Bank under, and having the terms and characteristics contained in, and issued in accordance  
4 with, the Note Purchase Agreement.

5 “Project Costs” shall mean all costs and expenses incurred in relation to Eligible Projects,  
6 including, without limitation, design, planning, engineering and legal costs, acquisition costs of  
7 land, interests in land, right-of-way and easements, personal property (including electricity),  
8 construction costs, costs of machinery, equipment, and other capital assets incident and related to  
9 the operation, maintenance, and administration of an Eligible Project; financing costs, including  
10 interest during construction and thereafter, underwriter’s discount and/or fees for legal, financial,  
11 and other professional services; and reimbursement for Project Costs attributable to Eligible  
12 Projects incurred prior to the issuance of any Program Notes.

13 “Regulations” shall mean all applicable temporary, proposed and final regulations and  
14 procedures promulgated under the Code or the Internal Revenue Code of 1954, to the extent  
15 applicable to the Code.

16 “Related Documents” shall have the meaning set forth in the Note Purchase Agreement.

17 “Schedule of Authorized Installment Deliveries” shall mean the schedule attached to the  
18 Initial Note and maintained by the Paying Agent/Registrar evidencing the terms of each  
19 Authorized Installment delivered to the Bank.

20 “Separate Lien Electric Utility Obligations” shall mean the outstanding “CITY OF  
21 AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS,  
22 TAXABLE SERIES 2008”, dated March 1, 2008, “CITY OF AUSTIN, TEXAS, ELECTRIC  
23 UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2010B (Direct  
24 Subsidy-Build America Bonds)”, dated June 1, 2010, “CITY OF AUSTIN, TEXAS, ELECTRIC  
25 UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2012A”, dated December 1,  
26 2012, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING  
27 BONDS, TAXABLE SERIES 2012B”, dated December 1, 2012, “CITY OF AUSTIN, TEXAS,  
28 ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2015A”, dated  
29 May 1, 2015, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE  
30 REFUNDING BONDS, TAXABLE SERIES 2015B”, dated May 1, 2015, “CITY OF AUSTIN,  
31 TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2017”,  
32 dated February 14, 2017, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM  
33 REVENUE BONDS, TAXABLE SERIES 2019A”, dated June 13, 2019, “CITY OF AUSTIN,  
34 TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2019B,”  
35 dated August 21, 2019, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM  
36 REVENUE REFUNDING AND IMPROVEMENT BONDS, TAXABLE SERIES 2019C,” dated  
37 August 21, 2019, “CITY OF AUSTIN, TEXAS ELECTRIC UTILITY SYSTEM REVENUE  
38 REFUNDING AND IMPROVEMENT BONDS, SERIES 2020A,” dated November 17, 2020,  
39 CITY OF AUSTIN, TEXAS ELECTRIC UTILITY SYSTEM REVENUE REFUNDING  
40 BONDS, TAXABLE SERIES 2020B,” dated November 17, 2020, CITY OF AUSTIN, TEXAS  
41 ELECTRIC UTILITY SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS,  
42 SERIES 2023,” dated May 17, 2023; CITY OF AUSTIN, TEXAS ELECTRIC UTILITY

1 SYSTEM REVENUE REFUNDING BONDS, SERIES 2024,” dated December 19, 2024; and any  
2 Bonds hereinafter issued by the City; all in accordance with and pursuant to the Master Ordinance.

3 “Similarly Secured Notes” shall mean the Program Notes, the Commercial Paper Notes  
4 and any bonds or other obligations of the City payable, in whole or in part, from and secured by a  
5 parity lien on and pledge of Pledged Revenues.

6 “South Texas Project” shall mean the City’s ownership interest in two nuclear steam  
7 electric generating units and related land and facilities, as more particularly defined in the South  
8 Texas Project Participation Agreement effective as of December 1, 1973, as amended.

9 “Stated Amount” shall mean, initially, \$100,000,000, the maximum amount that is  
10 available to be drawn on the Financial Security on the Closing Date, as adjusted from time to time  
11 in accordance with the terms of the Note Purchase Agreement and the Financial Security.

12 Terms not defined by, but used in, the Ordinance shall have the meanings given in the Note  
13 Purchase Agreement, as the context requires.

14 There are no obligations outstanding that were issued by the City secured by a lien on and  
15 pledge of Pledged Revenues superior to the lien on and pledge of Pledged Revenues securing the  
16 Separate Lien Electric Utility Obligations.

17 The authorized amount of Program Notes to be issued and sold shall be limited to the  
18 Maximum Available Amount.

19 In accordance with the provisions of Chapter 1371, council delegates to each Authorized  
20 Representative the authority to affect the issuance and sale of Program Notes and any adjustments  
21 to the Stated Amount pursuant to Section 2.1 of the Note Purchase Agreement, all within certain  
22 specified parameters set forth in the Ordinance. The sale of Program Notes on the terms  
23 determined by an Authorized Representative is in the best interests of the City.

24 If appropriate in the context of the Ordinance, words of the singular number shall be  
25 considered to include the plural, words of the plural number shall be considered to include the  
26 singular, and words of the masculine, feminine or neuter gender shall be considered to include the  
27 other genders. Unless the context requires otherwise, all references in the Ordinance to designated  
28 Sections and other subdivisions are to the Sections and other subdivisions of the Ordinance.  
29 References to any named person means that party and its successors and assigns. References to  
30 officials and officers mean the person holding the position in a permanent, acting or interim  
31 capacity. References to any constitutional, statutory or regulatory provision means the provision  
32 as it exists on the date council passed the Ordinance and any future amendments to or successor  
33 provisions of the constitutional, statutory or regulatory provision.

34 **SECTION 2. AUTHORIZATION – DESIGNATION – PRINCIPAL AMOUNT -**  
35 **PURPOSE.** Acting under authority of the Act, council authorizes the issuance of Program Notes  
36 designated the “**CITY OF AUSTIN, TEXAS ELECTRIC UTILITY SYSTEM PROGRAM**  
37 **NOTES, TAXABLE SERIES**”. The Program Notes shall be issued as fully registered notes,  
38 payable to the Bank, and may be issued from time to time and in an aggregate principal amount

1 not to exceed **ONE HUNDRED MILLION FIVE THOUSAND DOLLARS (\$100,005,000)** for  
2 the purpose of financing Project Costs of Eligible Projects all in accordance with the Act and the  
3 terms, conditions, and limitations contained in this Ordinance. In connection with the issuance of  
4 the Financial Security and the execution of the Note Purchase Agreement, an Initial Note shall be  
5 issued on the Original Issue Date in an amount equal to the Maximum Available Amount,  
6 reflecting the maximum principal amount of the Program Notes that may be issued, under this  
7 Ordinance for the purpose of evidencing Authorized Installments and all other obligations of the  
8 City under the Note Purchase Agreement; all in accordance with and subject to the terms,  
9 conditions and limitations contained in the Ordinance and the Note Purchase Agreement. The  
10 Initial Note shall, after approval by the Attorney General of the State of Texas and registration by  
11 the Comptroller of Public Account of the State of Texas, be held by the Paying Agent/Registrar.

12 The initial Authorized Installment of the Program Notes in the amount of \$5,000 delivered  
13 on the Original Issue Date shall be dated as of Original Issue Date. An Authorized Installment of  
14 the Program Notes delivered after the Original Issue Date shall be dated as of its Issue Date. The  
15 Authorized Installments of the Program Notes shall bear interest as determined in the Note  
16 Purchase Agreement from the Issue Date of an Authorized Installment of the Program Notes until  
17 payment of the principal amount thereof at maturity or prior redemption or prepayment.

18 Subject to applicable terms, limitations, and procedures contained herein, after the delivery  
19 of the initial Authorized Installment, Authorized Installments of the Program Notes may be  
20 purchased and issued pursuant to the terms of the Note Purchase Agreement in consideration of  
21 and in the amount of, any draw upon the Financial Security by ERCOT, reflecting payment by the  
22 Bank of the purchase price of such Authorized Installments concurrently upon payment to  
23 ERCOT, on behalf of the City, pursuant to such draw upon the Financial Security. No Authorized  
24 Installments may be issued after the end of the Authorized Installment Draw Period, and no  
25 Authorized Installment may be issued in an amount that exceeds the Maximum Available Amount  
26 in effect as of the date of the applicable draw on the Financial Security; provided that the aggregate  
27 principal amount of all Authorized Installments issued and delivered under this Ordinance may at  
28 times exceed the then applicable Maximum Available Amount due to a reduction in such amount  
29 subsequent to the issuance of Authorized Installments pursuant to the terms of the Financial  
30 Security, if provided for by the Financial Security. The City shall promptly notify the Paying  
31 Agent/Registrar of any changes to the Maximum Available Amount made pursuant to the Note  
32 Purchase Agreement and of the end of the Authorized Installment Draw Period, provided that the  
33 Paying Agent/Registrar may alternatively receive actual notice of such events from the Bank.

34 The authority to issue Authorized Installments from time to time under the provisions of  
35 the Ordinance shall exist during the Authorized Installment Draw Period until the Latest Draw  
36 Date, regardless of whether prior to the Latest Draw Date there are at any time no outstanding  
37 Program Notes.

38 In connection with the refinancing or refunding of outstanding Program Notes, Priority  
39 Lien Obligations and any other authorized obligations of the Electric Light and Power System,  
40 including accrued interest, the Program Notes, Priority Lien Obligations and any other authorized  
41 obligations of the Electric Light and Power System shall qualify as “obligations”, as defined in the  
42 Act, at the time any refinancing or refunding occurs. The refunding or refinancing, other than a  
43 simultaneous refunding, of Program Notes, Priority Lien Obligations and other obligations of the

1 Electric Light and Power System, to the extent then required by applicable law, shall be by means  
2 of a gross defeasance established at the time of the issuance of the refunding Program Notes, and  
3 the selection of Program Notes, Priority Lien Obligations and any other authorized obligations of  
4 the Electric Light and Power System to be so refunded or refinanced shall be made in the manner  
5 council determines.

6       **SECTION 3. TERMS APPLICABLE TO THE PROGRAM NOTES.** Subject to the  
7 limitations contained in the Ordinance, the Initial Note shall be dated as of the Original Issue Date  
8 and each Authorized Installment shall be dated as of their Issue Date; shall bear interest in  
9 accordance with the terms of the Note Purchase Agreement; and all Program Notes shall be issued  
10 on or before the Latest Draw Date and shall mature no later than the Maximum Maturity Date.

11       Subject to applicable terms, limitations and procedures contained in this Ordinance, after  
12 delivery of the Initial Authorized Installment, Authorized Installments may be purchased and  
13 issued pursuant to the terms of the Note Purchase Agreement in consideration of and in the amount  
14 of, any draw upon the Financial Security by ERCOT, reflecting payment by the Bank of the  
15 purchase price of such Authorized Installment concurrently upon payment to ERCOT, on behalf  
16 of the City, pursuant to such draw upon the Financial Security.

17       The Bank shall give notice to the City and the Paying Agent/Registrar of any draw upon  
18 the Financial Security by ERCOT, provided such notice is not required for the issuance of an  
19 Authorized Installment. The Paying Agent/Registrar shall issue and deliver a Authorized  
20 Installment in the principal amount of any draw on the Financial Security to the Bank pursuant to  
21 the terms of this Ordinance and the Note Purchase Agreement by noting the issuance of such  
22 Authorized Installment on the Schedule of Authorized Installment Issuances attached to the Initial  
23 Note; provided, however, in consideration of the delivery of the Financial Security and the  
24 unconditional obligation of the Bank thereunder, any particular Authorized Installment  
25 corresponding to the related draw of the Financial Security is deemed purchased and issued to the  
26 Bank on the date of such drawing.

27       Council confirms that U.S. Bank Trust Company, National Association, Dallas, Texas shall  
28 serve Paying Agent/Registrar for the Program Notes, and the City covenants to keep and maintain  
29 with the Registrar at its Designated Office books and records (Registration Books) for the  
30 registration, payment, transfer and exchange of the Program Notes, all as provided in the  
31 Ordinance and reasonable rules and regulations as the Registrar may prescribe. The City covenants  
32 to maintain and provide a Registrar at all times while the Program Notes are outstanding, which  
33 shall be a national or state banking association or corporation or trust company organized and  
34 doing business under the laws of the United States of America or of any state and authorized under  
35 its laws to exercise trust powers. Any successor Paying Agent/Registrar shall be appointed in  
36 accordance with the Note Purchase Agreement. Should a change in the Paying Agent/Registrar  
37 for the Program Notes occur, the City agrees to promptly cause a written notice to be (i) sent to  
38 the Bank and to each registered owner of the Program Notes then outstanding by United States  
39 mail, first-class postage prepaid, and (ii) published in a financial newspaper or journal of general  
40 circulation in The City of New York, New York, once during each calendar week for at least two  
41 calendar weeks; provided, however, publication of notice is not required if notice is sent to each  
42 Holder of the Program Notes. The notice shall give the address of the successor Paying

1 Agent/Registrar. Council may appoint a successor Paying Agent/Registrar without the consent of  
2 the Holders.

3 The Program Notes shall be issued in registered form, without coupons; provided, however,  
4 Program Notes may be registered to bearer. The principal of and interest on the Program Notes  
5 shall be payable in lawful money of the United States of America, without exchange or collection  
6 charges to the Holder of the Program Note; principal is to be payable upon presentation and  
7 surrender of the Program Note at the Designated Office and interest is to be payable to the  
8 registered owner thereof (when registered other than to bearer) either (i) by check sent by United  
9 States mail, first-class postage prepaid, to the address of the registered owner appearing on the  
10 Registration Books of the City maintained by the Registrar or (ii) by any other method, acceptable  
11 to the Paying Agent/Registrar, requested by the Holder, including, without limitation, by wire  
12 transfer, but interest on a Program Note registered to bearer shall be payable only upon presentation  
13 of the Program Note at the Designated Office.

14 A copy of the Registration Books shall be provided to the City by the Paying  
15 Agent/Registrar, by means of telecommunications equipment or other means as are mutually  
16 agreed to, within two Business Days of either the opening of the Registration Books or any change  
17 in the Registration Books.

18 The City and the Paying Agent/Registrar may treat the bearer (in the case of Program Notes  
19 so registered) or the registered payee as the absolute owner of any Program Note for the purpose  
20 of receiving payment and for all purposes, and the City and the Paying Agent/Registrar shall not  
21 be affected by any notice or knowledge to the contrary.

22 **SECTION 4. AUTHORIZED INSTALLMENTS.** Authorized Installments of the  
23 Program Notes other than the Initial Authorized Installment are authorized to be issued and sold  
24 from time to time, but not later than the Latest Draw Date, in consideration of and in the amount  
25 of, any draw upon the Financial Security by ERCOT, and to mature and become due and payable,  
26 subject to earlier redemption as provided in the Note Purchase Agreement, on the dates as an  
27 Authorized Representative shall determine at the time of sale and issuance; provided, however,  
28 that no Authorized Installments shall (i) mature after the Maximum Maturity Date, (ii) have a term  
29 in excess of ninety (90) days or (iii) be issued in a manner that would cause the City to violate the  
30 covenants set forth in **Section 7**. Interest, if any, on Authorized Installments shall be payable at  
31 maturity with principal or as otherwise provided in the Note Purchase Agreement.

32 An Authorized Representative will notify the Bank of each new issuance of an Authorized  
33 Installment and confirm that at the time of the new issuance (after giving effect to the new  
34 issuance), the aggregate principal amount of Program Notes issued does not exceed \$100,005,000.

35 **SECTION 5. ISSUANCE AND SALE OF PROGRAM NOTES.**

36 (a) *Delegation to Authorized Representative.* As authorized by Chapter 1371 and this  
37 Ordinance, each Authorized Representative is hereby authorized to act on behalf of the City in  
38 selling and delivering the Program Notes, including the Authorized Installments, and carrying out  
39 the other procedures specified in this Ordinance, including determining and fixing (i) the Original  
40 Issue Date of the Program Notes, (ii) the principal amount of the initial Authorized Installment,

1 (iii) the price at which the Program Notes will be sold, (iv) the date or dates in which the Program  
2 Notes will mature, (v) the aggregate principal amount to mature on any such date or dates, (vi) the  
3 aggregate principal amount of Program Notes, (vii) the rate of interest to be borne by the Program  
4 Notes, (viii) the interest dates and payment periods, (ix) the dates, price, and terms, if any, upon  
5 and at which the Program notes shall be subject to redemption or prepayment prior to maturity at  
6 the option of the City, (x) the dated dates of the Initial Note and the initial Authorized Installment  
7 of the Program Notes delivered on the Original Issue Date, (xi) any adjustments to the Stated  
8 Amount pursuant to Section 2.1 of the Note Purchase Agreement, and (xii) all other matters  
9 relating to the issuance, sale, and delivery of the Program Notes and the delivery of the Note  
10 Purchase Agreement; provided that (A) the price to be paid for the Program Notes shall not be less  
11 than 100% of the aggregate original principal amount thereof plus accrued interest thereon from  
12 their date to their delivery and (B) none of the Program Notes shall bear interest at a rate greater  
13 than the Maximum Rate. It is further provided, however, that, notwithstanding the foregoing  
14 provisions, the Initial Note shall not be delivered unless prior to delivery, the Program Notes have  
15 been rated by a nationally recognized rating agency for municipal securities (I) in one of the four  
16 highest rating categories for long-term obligations or (II) in one of the three highest rating  
17 categories for short-term obligations, as required by Chapter 1371.

18 (b) *Completion of Authorized Installments.* Authorized Installments shall be completed  
19 and issued by the Paying Agent/Registrar in accordance with telephonic, electronic or written  
20 instructions of the Authorized Representative and the Paying Agent/Registrar Agreement. To the  
21 extent instructions are not written, they shall be confirmed in writing by the Authorized  
22 Representative within twenty-four (24) hours. The instructions shall specify the Authorized  
23 Installments to be issued and the principal amounts corresponding to the Authorized Installment  
24 with respect to the related draw on the Financial Security, the dates of issue, and the maturity  
25 (which shall be the earlier of 90 days from the related date of issuance and the Maximum Maturity  
26 Date). The instructions shall include the purchase price of the Authorized Installment and a request  
27 that the Paying Agent/Registrar register the Authorized Installment in the registration books  
28 maintained by the Paying Agent/Registrar, including evidencing the issuance of the Authorized  
29 Installment on the Schedule of Authorized Installment Issuances attached to the Initial Note.

30 (c) *Execution of Note Purchase Agreement.* Upon its execution and delivery, the Note  
31 Purchase Agreement is in full force and effect and loans may be made in accordance with the terms  
32 of the Note Purchase Agreement.

33 **SECTION 6. PROCEEDS OF SALE OF PROGRAM NOTES.** The proceeds of the  
34 sale of the Initial Authorized Installment shall be applied by an Authorized Representative to pay  
35 a portion of the costs of the issuance of the Program Notes. Proceeds relating to any other  
36 Authorized Installment corresponding to a draw on the Financial Security by ERCOT will be for  
37 the payment, on behalf and for the benefit of the City, of the Project Costs of Eligible Projects.

38 **SECTION 7. LIMITATION ON ISSUANCE.** Unless council amends the Ordinance in  
39 accordance with the provisions of **Section 34**, the City covenants that there will not be issued under  
40 the Ordinance more than \$100,005,000 in aggregate principal amount of Program Notes. For  
41 purposes of this **Section 7** any portion of outstanding Program Notes to be paid from money on  
42 deposit in the Note Payment Fund, and available proceeds of Program Notes or Bonds shall not be

1 considered outstanding on that day. The City shall not direct the Paying Agent/Registrar to issue  
2 Program Notes that mature after the Maximum Maturity Date.

3 While the Note Purchase Agreement is in effect and supports the payment of the principal  
4 amount of the Program Notes, the City covenants and agrees that the total principal amount of all  
5 Program Notes shall not exceed the Maximum Available Amount.

6 **SECTION 8. PUNCTUAL PAYMENT.** The City will punctually pay or cause to be  
7 paid the principal of and interest on the Program Notes (but only from the sources pledged by the  
8 Ordinance), in conformity with the Note Purchase Agreement, as applicable.

9 **SECTION 9. PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Whenever  
10 under the terms of the Ordinance or the Program Notes, the performance date of any of their  
11 provisions, including the payment of principal of or interest on the Program Notes, shall occur on  
12 a day other than a Business Day, then performance, including the payment of principal of and  
13 interest on the Program Notes, need not be made on that day but may be performed or paid on the  
14 next succeeding Business Day with the same force and effect as if made on that day.

15 **SECTION 10. FORM OF INITIAL NOTE.** The Initial Note and the Certificate of  
16 Authentication to appear on the Initial Note shall be substantially in the form set forth in **Exhibit**  
17 **A**, with appropriate insertions, omissions, substitutions and other variations as are permitted or  
18 required by the Ordinance, and may have letters, numbers or other marks of identification  
19 (including identifying numbers and letters of the Committee on Uniform Securities Identification  
20 Procedures of the American Bankers Association) and legends and endorsements as may be  
21 approved by an Authorized Representative. The Initial Note shall be printed, lithographed, or  
22 engraved or produced in any other similar manner, or typewritten, all as determined and approved  
23 by an Authorized Representative.

24 **SECTION 11. EXECUTION - AUTHENTICATION.** Under authority granted by  
25 Section 1371.055, Texas Government Code, the Initial Note shall be executed on behalf of the  
26 City by the Mayor, and attested by the City Clerk under its seal reproduced or impressed thereon,  
27 all as provided in **Section 10**. The signatures appearing on the Initial Note may be manual or  
28 facsimile. The Initial Note bearing the manual or facsimile signatures of individuals who are or  
29 were the proper officers of the City on the date of passage of the Ordinance are duly executed on  
30 behalf of the City, regardless of whether any individual ceases to hold office at the time of the  
31 initial sale and delivery of the Initial Note or at the time Authorized Installments are delivered in  
32 future sales, exchanges and transfers, all as authorized and provided in Section 1371.055 and  
33 Chapter 1206, Texas Government Code.

34 No Initial Note shall be entitled to any right or benefit under the Ordinance, or be valid or  
35 obligatory for any purpose, unless there appears on the Initial Note a certificate of authentication  
36 executed by the Paying Agent/Registrar by manual signature, and the execution of any Initial Note  
37 by the Paying Agent/Registrar is the only evidence necessary for the Initial Note to be duly  
38 certified or registered and delivered.

39 **SECTION 12. NOTES MUTILATED, LOST, DESTROYED OR STOLEN.** If any  
40 Program Notes shall become mutilated, the City, at the expense of the Holder of the Program Note,

1 shall execute and deliver a new Program Note of like tenor and number in exchange and  
2 substitution for the Program Note so mutilated, but only upon surrender to the City of the Program  
3 Note so mutilated. If any Program Note shall be lost, destroyed or stolen, evidence of the loss,  
4 destruction or theft may be submitted to the City and, if evidence be satisfactory to it and indemnity  
5 satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a  
6 new Program Note of like tenor in lieu of and in substitution for the lost, destroyed or stolen  
7 Program Note. Neither the City nor the Paying Agent/Registrar shall be required to treat both the  
8 original Program Note and any duplicate Program Note as being outstanding for the purpose of  
9 determining the principal amount of Program Notes which may be issued hereunder, but both the  
10 original and the duplicate Program Note shall be treated as one and the same.

11           **SECTION 13. NEGOTIABILITY, REGISTRATION AND EXCHANGEABILITY.**  
12 The obligations issued under the Ordinance, including the Initial Note, shall be, and shall have all  
13 of the qualities and incidents of, a negotiable instrument under the laws of the State of Texas, and  
14 each successive Holder, in accepting any obligation, agrees that the obligations shall be and have  
15 all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

16           The Registration Books relating to the registration, payment and transfer or exchange of  
17 the Program Notes shall at all times be kept and maintained by the City at the Designated Office  
18 of the Registrar, and the Registrar shall obtain, record and maintain in the Registration Books the  
19 name and address of each registered owner of the Program Notes, except for Program Notes  
20 registered to bearer, issued under the Ordinance, and the Registrar shall provide the information  
21 to the City as described in **Section 3A**. Any Program Note may, in accordance with its terms and  
22 the terms of the Ordinance, be transferred or exchanged for Program Notes of like tenor and  
23 character upon the Registration Books by the Holder in person or by its duly authorized agent,  
24 upon surrender of the Program Note to the Registrar for cancellation, accompanied by a written  
25 instrument of transfer or request for exchange duly executed by the Holder or by its duly authorized  
26 agent, in form satisfactory to the Registrar.

27           Upon surrender for transfer of any Program Note at the Designated Office of the Registrar,  
28 the Registrar shall register and deliver, in the name of each designated transferee (or to bearer, as  
29 appropriate), one or more new Program Notes executed on behalf of, and furnished by, the City of  
30 like tenor and character and having the same maturity, bearing interest at the same rate or rates  
31 and of a like aggregate principal amount as the Program Note or Program Notes surrendered for  
32 transfer.

33           Program Notes may be exchanged for other Program Notes of like tenor and character and  
34 having the same maturity, bearing the same rate or rates of interest and of like aggregate principal  
35 amount as the Program Notes surrendered for exchange, upon surrender of the Program Notes to  
36 be exchanged at the Designated Office of the Registrar. Whenever any Program Notes is  
37 surrendered for exchange, the Registrar shall register and deliver new Program Notes of like tenor  
38 and character as the Program Notes exchanged, executed on behalf of, and furnished by, the City  
39 to the Holder requesting the exchange.

40           The City and the Registrar may charge the Noteholder a sum sufficient to reimburse them  
41 for any expenses incurred in making any exchange or transfer after the first exchange or transfer.  
42 The Registrar or the City may also require payment from the Holder of a sum sufficient to cover

1 any tax, fee or other governmental charge that may be imposed in relation thereto. These charges  
2 and expenses shall be paid before a new Program Note shall be delivered.

3 New Program Notes delivered upon any transfer or exchange shall be valid obligations of  
4 the City, evidencing the same debt as the Program Notes surrendered, shall be secured by the  
5 Ordinance and shall be entitled to all of the security and benefits of the Ordinance to the same  
6 extent as the Program Notes surrendered.

7 The City reserves the right to change the registration and transferability provisions of the  
8 Program Notes at any time on or prior to the delivery of Program Notes in order to comply with  
9 applicable laws and regulations of the United States in effect at the time of their issuance.

10 **SECTION 14. CANCELLATION.** All Program Notes which at maturity are surrendered  
11 to the Paying Agent/Registrar for the collection of the principal and interest due and payable or  
12 are surrendered for transfer or exchange pursuant to the provisions of the Ordinance shall be  
13 cancelled by the Paying Agent/Registrar, and the Paying Agent/Registrar shall transmit to the City  
14 a certificate identifying the Program Notes that have been duly cancelled and destroyed.

15 **SECTION 15. FISCAL AND OTHER AGENTS.** The City may from time to time  
16 appoint and provide for the payment of additional fiscal, paying or other agents and trustees as  
17 council determines are necessary or appropriate in connection with the Program Notes.

18 **SECTION 16. NOTE PAYMENT FUND.** The creation, establishment and maintenance  
19 of a separate and special fund designated as the “**City of Austin, Texas Electric Utility System**  
20 **Taxable Program Note Payment Fund**” (Note Payment Fund) with the Paying Agent/Registrar  
21 is confirmed. Moneys on deposit in the Note Payment Fund shall be used to pay the principal of  
22 and interest on Program Notes as the same shall become due and payable as provided in the  
23 Ordinance and the Note Purchase Agreement to repay any Authorized Installment and any other  
24 obligations of the City to the Bank under the Note Purchase Agreement (as evidenced by the Initial  
25 Note).

26 Pending the expenditure of moneys in the Note Payment Fund for authorized purposes,  
27 moneys deposited therein may be invested at the direction of the City Treasurer or the designee  
28 thereof in Eligible Investments; provided, that moneys received by the City under the terms of the  
29 Note Purchase Agreement and moneys received in connection with a rollover of Program Notes  
30 shall remain uninvested.

31 **SECTION 17. [INTENTIONALLY OMITTED].**

32 **SECTION 18. [INTENTIONALLY OMITTED].**

33 **SECTION 19. PLEDGE; PAYMENTS.** The Program Notes and any obligations of the  
34 City to the Bank under the Note Purchase Agreement (including the Initial Note) are obligations  
35 of the City payable from and secured solely by the pledged funds pursuant to this Ordinance. The  
36 City agrees to make payments into the Note Payment Fund at the times and in the amounts as are  
37 necessary to provide for the full payment of the principal of and the interest on the Program Notes  
38 when due, and the repayment of Authorized Installments made under and pursuant to the Note

1 Purchase Agreement and any obligations of the City to the Bank under the Note Purchase  
2 Agreement.

3 To provide security for the payment of the principal of and interest on the Program Notes  
4 as the same shall become due and payable and any other amounts due and owing under the Note  
5 Purchase Agreement, the City grants a lien on and pledge of, subject only to the provisions of the  
6 Ordinance permitting the application of the sources listed for purposes and on the terms and  
7 conditions set forth in the Ordinance, (i) the proceeds from the sale of Bonds issued and to be used  
8 to pay outstanding Program Notes, (ii) the amounts held in the Note Payment Fund until those  
9 amounts are used for authorized purposes, and (iii) the Pledged Revenues of the Electric Light and  
10 Power System, however, (a) on a parity with the lien and pledge securing the payment of the  
11 Program Notes made under and pursuant to the Note Purchase Agreement and all other amounts  
12 payable by the City under the Note Purchase Agreement and the Similarly Secured Notes, and (b)  
13 subordinate to the lien on and pledge securing the payment of Priority Lien Obligations. Council  
14 declares that the principal of and interest on the Program Notes and any other amounts due under  
15 the Note Purchase Agreement shall be and are hereby equally and ratably secured by and payable  
16 from a lien on and pledge of the sources identified in clauses (i), (ii), and (iii) subject and  
17 subordinate only to the exceptions noted above.

18 To provide security for the payment of the principal of and interest on the Program Notes  
19 and any other amounts payable under the Note Purchase Agreement as the same shall become due  
20 and payable, the City grants a lien on and pledge of the Pledged Revenues, subject only to the  
21 provisions of the Ordinance permitting the application of Pledged Revenues for purposes and on  
22 the terms and conditions set forth in the Ordinance; however, this lien on and pledge of the Pledged  
23 Revenues, and the lien and pledge securing the Program Notes is subordinate only to the lien on  
24 and pledge of the Pledged Revenues securing the payment of Priority Lien Obligations and the  
25 debt service and reserve funds relating to the Priority Lien Obligations, and being on a parity and  
26 of equal dignity with the lien and pledge securing the payment of the Program Notes and the  
27 Similarly Secured Notes. As provided in Chapter 1208, Texas Government Code, the lien is valid,  
28 binding and fully perfected on the passage of the Ordinance without physical delivery or transfer  
29 of control of the Pledged Revenues, the filing of the Ordinance or any other act.

30 Consistent with the provisions of **Section 26**, the City intends to refinance Program Notes  
31 issued from time to time pursuant to the terms of the Ordinance through the issuance of refunding  
32 bonds issued under authority of Chapter 1207, Texas Government Code, and the Program Notes  
33 so refunded shall be treated as having the intended terms and payment schedule of the refunding  
34 bonds issued under Chapter 1207, Texas Government Code, as provided in Section 1371.057(c),  
35 Texas Government Code.

36 Chapter 1208, Texas Government Code, as amended, applies to the issuance of the  
37 Program Notes and the pledge of the Pledged Revenues granted by the City under this Ordinance,  
38 and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time  
39 while the Program Notes are outstanding or any amount is owing under the Note Purchase  
40 Agreement such that the pledge of the Pledged Revenues granted by the City is to be subject to the  
41 filing requirements of Chapter 9, Texas Business & Commerce Code, then to preserve to the  
42 Noteholders and the Bank the perfection of the security interest in the pledge, the City agrees to  
43 take measures as it determines are reasonable and necessary under Texas law to comply with the

1 applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to  
2 perfect the security interest in the pledge to occur.

3         **SECTION 20. FUNDS SECURED.** Moneys in all funds and accounts, to the extent not  
4 invested, shall be secured in the manner prescribed by law for securing moneys of the City.

5         **SECTION 21. NOTE PURCHASE AGREEMENT.** The Note Purchase Agreement,  
6 including, without limitation, the form of Financial Security attached thereto, substantially in the  
7 form attached to the Ordinance as **Exhibit B**, is hereby approved, and shall be entered into with  
8 the Bank. Each Authorized Representative is authorized to execute and deliver the Note Purchase  
9 Agreement and the other Related Documents (as defined in the Note Purchase Agreement), and to  
10 take such other actions as shall be required under the Note Purchase Agreement in connection with  
11 the issuance of the Financial Security. The Note Purchase Agreement shall constitute a “credit  
12 agreement” under Chapter 1371. Each Authorized Representative is hereby authorized to take  
13 such action to effectuate the intent of the Note Purchase Agreement, including finalizing the Note  
14 Purchase Agreement and making certain non-substantive amendments to the Note Purchase  
15 Agreement, including any adjustments to the Stated Amount pursuant to Section 2.1 of the Note  
16 Purchase Agreement.

17         **SECTION 22. ORDINANCE TO CONSTITUTE A CONTRACT; EQUAL**  
18 **SECURITY.** In consideration of the acceptance of the Program Notes by those who shall hold  
19 the same from time to time, the Ordinance constitutes a contract between the City and the Holders  
20 from time to time of the Program Notes and the Bank and the pledge made in the Ordinance by  
21 the City and the covenants and agreements set forth in the Ordinance to be performed by the City  
22 shall be for the equal and proportionate benefit, security and protection of all Holders of the  
23 Program Notes and the Bank, without preference, priority or distinction as to security or otherwise  
24 of any of the Program Notes authorized by the Ordinance over any of the others by reason of time  
25 of issuance, sale or maturity or otherwise for any cause, except as expressly provided in or  
26 permitted by the Ordinance or, with respect to the Program Notes, the Note Purchase Agreement.

27         **SECTION 23. APPLICATION OF PRIOR COVENANTS.** The covenants and  
28 agreements (to the extent the same do not conflict with the covenants and agreements in the  
29 Ordinance) contained in the ordinances authorizing the issuance of the Priority Lien Obligations  
30 are incorporated by reference into the Ordinance and are for the benefit and protection of the Bank  
31 and its rights under and pursuant to the Note Purchase Agreement in like manner as applicable to  
32 the Priority Lien Obligations; provided, however, in the event of any conflict between the terms,  
33 covenants and agreements contained in the Ordinance and the terms, covenants and agreements  
34 contained in the ordinances authorizing the issuance of the Priority Lien Obligations, the  
35 provisions of the ordinances authorizing the issuance of the Priority Lien Obligations shall control.

36         **SECTION 24. RATES AND CHARGES.** The City hereby agrees and reaffirms its  
37 covenants to the holders of the Priority Lien Obligations and covenants to the Bank that it will at  
38 all times maintain rates and charges for the services furnished, provided, and supplied by the  
39 Electric Light and Power System which shall comply with the provisions of ordinances authorizing

1 the issuance of the Priority Lien Obligations, be reasonable and non-discriminatory and produce  
2 Gross Revenues in each Fiscal Year from the Electric Light and Power System sufficient:

3 (1) To pay the Maintenance and Operating Expenses,

4 (2) To produce Net Revenues, collectively or individually, as the case may be,  
5 sufficient (i) to pay the amounts required to be deposited in any reserve or contingency fund and  
6 interest and sinking fund maintained for the payment and security of the Priority Lien Obligations  
7 and (ii) to satisfy any annual debt service coverage requirement specified in the ordinances  
8 authorizing the issuance of Priority Lien Obligations.

9 (3) To comply with any provisions contained in the Note Purchase Agreement and to  
10 the extent the same are incurred or reasonably anticipated to be paid with Pledged Revenues, to  
11 pay the interest on and principal of the Similarly Secured Notes or the repayment of the Program  
12 Notes and any other amounts payable to the Bank under the Note Purchase Agreement as and when  
13 the same shall become due; and

14 (4) any other legal debt or obligation of the Electric Light and Power System, as and  
15 when the same shall become due .

16 **SECTION 25. SYSTEM FUNDS.** The City reaffirms its covenants to the holders of the  
17 Priority Lien Obligations, and covenants to the Holders of the Notes and to the Bank, as follows:

18 (a) Gross Revenues shall be, as collected, deposited into a separate account maintained  
19 with a depository bank of the City and known as the "Electric Light and Power System Fund"  
20 (Electric Fund) and Gross Revenues shall be kept separate and apart from all other funds of the  
21 City. All revenues deposited in the Electric Fund shall be pledged and appropriated to the extent  
22 required for the following uses and order of priority:

23 **FIRST:** To the payment of all necessary and reasonable Maintenance and Operating  
24 Expenses, and expenses required by statute to be a first charge on and claim against its Gross  
25 Revenues.

26 **SECOND:** To the payment of the amounts required to be deposited in the special funds or  
27 accounts created for the payment and security of the Priority Lien Obligations in accordance with  
28 the provisions of the ordinances authorizing the issuance of the Priority Lien Obligations.

29 **THIRD:** On a pro rata basis, to the payment of the amounts required to be deposited in the  
30 Note Payment Fund for the payment of the principal of and interest on the Program Notes, if any,  
31 and any other amounts owing under the Note Purchase Agreement, and any debt service payment  
32 funds established for the Similarly Secured Notes.

33 (b) Any Net Revenues remaining in the Electric Fund after satisfying the priority  
34 payments, or making adequate and sufficient provision for their payment, and after paying all other

1 amounts due under the Note Purchase Agreement, may be appropriated and used for any other  
2 City purpose permitted by law.

3         **SECTION 26. BONDS.** The City hereby acknowledges that the Program Notes are being  
4 issued as bond anticipation notes, and the City in good faith shall endeavor to sell a sufficient  
5 principal amount of Bonds in order to have funds available, together with other available moneys,  
6 to pay the principal and interest on the Program Notes, or any renewals of the Program Notes, as  
7 the same shall become due, and any other amounts due under the Note Purchase Agreement. The  
8 City does not reasonably expect to pay the principal and interest on the Program Notes with  
9 Pledged Revenues but such reasonable expectation does not impair in any way the City's  
10 obligation to pay the principal and interest on the Program Notes with Pledged Revenues or to  
11 maintain rates and charges pursuant to Section 24 hereof sufficient to pay the interest on and  
12 principal of the Similarly Secured Notes or the repayment of the Program Notes and any other  
13 amounts payable to the Bank under the Note Purchase Agreement as and when the same shall  
14 become due.

15         **SECTION 27. COMPLIANCE WITH PRIORITY LIEN OBLIGATION**  
16 **ORDINANCES AND OTHER DOCUMENTS.** The City will comply with the terms and  
17 provisions of the ordinances authorizing the Priority Lien Obligations, and any other ordinance or  
18 contract to which the City is a party, the non-compliance with which would materially adversely  
19 affect the ability of the City to make payments on the Program Notes when due.

20         **SECTION 28. TAXABLE PROGRAM NOTES NOT TAX EXEMPT.** The Program  
21 Notes are not obligations described in section 103 of the Code, the interest on which is not  
22 includable in the "gross income" of the holder for purposes of federal income taxation. **ONGOING**  
23 **CONTINUING DISCLOSURE COVENANT.** To the extent required by the provisions of Rule  
24 15c2-12 (Rule) promulgated by the U.S. Securities and Exchange Commission, the City agrees to  
25 enter into an agreement to file financial information and operating data with respect to the Program  
26 Notes with the Electronic Municipal Marketplace Access (EMMA) system administered by the  
27 MSRB. The City agrees to provide the Bank a written copy of the City's continuing disclosure  
28 undertaking filings in connection with its Separate Lien Electric Utility Obligations that it files  
29 with the MSRB.

30         **SECTION 30. EVENTS OF DEFAULT.** If one or more of the following events shall  
31 occur:

32         (a) if default in the due and punctual payment of any installment of principal of and  
33 interest on any Program Note occurs, when and as the same shall become due and payable, whether  
34 at maturity or otherwise;

35         (b) an "Event of Default" shall have occurred and be continuing under the Note  
36 Purchase Agreement;

37         (c) if default by the City in the performance or observance of any other of the  
38 covenants, agreements or conditions on its part in the Ordinance or in the Program Notes occurs,  
39 and the default shall continue for a period of sixty (60) days after written notice has been received  
40 by the City from the Bank, a Holder of the Notes, or the Paying Agent/Registrar; provided,

1 however, if the default cannot be cured within the sixty (60) day period but corrective action to  
2 cure the default is commenced and diligently pursued by the City until the default is corrected, the  
3 default shall not be an Event of Default; and provided, further, that so long as the Agreement is in  
4 effect and the Bank has not failed to honor a properly presented and conforming request for an  
5 Authorized Installment under the Agreement, no Event of Default shall be deemed to have  
6 occurred under this clause (d) unless the notice provided above to the City has been consented to  
7 in writing by the Bank;

8 (d) if there shall occur the dissolution (without a successor being named to assume the  
9 rights and obligations) or liquidation of the City or the filing by the City of a voluntary petition in  
10 bankruptcy, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of  
11 its creditors, or the entry by the City into an agreement of composition with its creditors, or the  
12 approval by a court of competent jurisdiction of a petition applicable to the City in any proceeding  
13 for the adjustment of its debts instituted under the provisions of the Bankruptcy Code, as amended,  
14 or under any similar act in any jurisdiction which may be in effect or enacted; or

15 (e) if an order or decree shall be entered, with the consent or acquiescence of the City,  
16 appointing a receiver or receivers of the Electric Light and Power System, or any part of the  
17 Electric Light and Power System, or of the rents, fees, charges or other revenues of the Electric  
18 Light and Power System, or if an order or decree, having been entered without the consent or  
19 acquiescence of the City shall not be vacated or discharged or stayed within ninety (90) days of its  
20 entry;

21 then any event described above is an “Event of Default” under the Ordinance.

22 **SECTION 31. SUITS AT LAW OR IN EQUITY AND MANDAMUS.** In case any  
23 Event of Default occurs, then the Bank and the Holder of any Program Note at the time outstanding  
24 is entitled to proceed to protect and enforce its rights by appropriate judicial proceeding as the  
25 Holder or the Bank, respectively, determines most effectual to protect and enforce its rights, either  
26 by suit in equity or by action at law, whether for the specific performance of any covenant or  
27 agreement contained in the Ordinance, or in aid of the exercise of any power granted in the  
28 Ordinance, or to enforce any other legal or equitable right vested in the Holders of Program Notes  
29 by the Ordinance or the Program Notes or by law. The provisions of the Ordinance shall be a  
30 contract with each and every Holder of Program Notes and the Bank, and the duties of the City  
31 shall be enforceable by any Noteholder or the Bank, respectively, by mandamus or other  
32 appropriate suit, action or proceeding in any court of competent jurisdiction.

33 **SECTION 32. REMEDIES NOT EXCLUSIVE.** No remedy conferred upon or reserved  
34 to the Bank, or the Holders of Program Notes by the Ordinance is intended to be exclusive of any  
35 other remedy, and every remedy shall be cumulative, and may be exercised at any time or from  
36 time to time, and as often as may be necessary, by the Bank or the Holder of any one or more of  
37 the Program Notes.

38 **SECTION 33. SUPPLEMENTAL ORDINANCES.** Except as permitted by the  
39 Ordinance, including **Section 27**, with respect to the issuance or incurrence of additional  
40 obligations of the City secured by the Pledged Revenues, the City will not adopt any supplemental

1 ordinances with respect to the Pledged Revenues, pursuant to the ordinances authorizing the  
2 issuance of Priority Lien Obligations or otherwise, without the prior written consent of the Bank.

3           **SECTION 34. AMENDMENTS OR MODIFICATIONS WITHOUT CONSENT OF**  
4 **HOLDERS OF NOTES.** The Ordinance and the rights and obligations of the City and of the  
5 Holders of Program Notes may be modified or amended at any time by a supplemental ordinance,  
6 subject to the requirements of the Note Purchase Agreement, but only to the extent permitted by  
7 law, and, subject to the consent of the Bank and the Holders of the Program Notes:

8           (1) to add to the covenants and agreements of the City in the Ordinance, other  
9 covenants and agreements thereafter to be observed, or to surrender any right or power herein  
10 reserved to or conferred upon the City by the Ordinance;

11           (2) to increase the principal amount of Similarly Secured Notes that may be  
12 outstanding at any one time under the terms of the ordinances authorizing the issuance of Similarly  
13 Secured Notes, or to issue additional Program Notes or commercial paper notes under the Act;

14           (3) to cure any ambiguity or inconsistency, or to cure or correct any defective provision  
15 contained in the Ordinance, upon receipt by the City of an approving opinion of Bond Counsel,  
16 that the amendment is necessary or advisable, and will more clearly express the intent of the  
17 Ordinance;

18           (4) to supplement the security for the Notes, replace or provide additional credit or  
19 liquidity facilities, make changes, modifications or amendments as may be necessary or desirable  
20 in order to obtain the approval of the Ordinance by the Attorney General of Texas, as required by  
21 **Section 41**, or to obtain or maintain the granting of a rating on the Program Notes by a nationally  
22 recognized municipal bond rating agency, or change the form of the Program Notes, or make any  
23 other changes in the provisions that are necessary or desirable and which shall not materially  
24 adversely affect the security, rights or interests of the Bank or the Holders of the Program Notes;

25 provided, however, that no amendment to the Ordinance or of the Program Notes is permitted to:

26           (A) Make any change in the maturity of any outstanding Program Notes or the  
27 Initial Note;

28           (B) Reduce the rate of interest borne by any outstanding Program Notes or the  
29 Initial Note;

30           (C) Reduce the amount of the principal payable on any outstanding Program  
31 Notes or the Initial Note;

32           (D) Modify the terms of payment of principal of or interest on the outstanding  
33 Program Notes or the Initial Note, or impose any conditions with respect to their  
34 payment;

35           (E) Affect the security, rights or interests of the Bank or the Holders of less than  
36 all of the outstanding Program Notes; or

1 (F) Reduce or restrict the pledge made pursuant to **Section 19** for payment of  
2 the Program Notes or the Initial Note;

3 and provided, further, that no change, modification or amendment shall be made in the Ordinance  
4 or become valid and effective (i) without the approval of the change, modification or amendment  
5 by the Attorney General of the State of Texas, to the extent required by the Act, and (ii) without  
6 the prior written consent of the Bank (which, in the case of an amendment authorizing an increase  
7 in the principal amount of Program Notes at any one time outstanding, shall mean the written  
8 consent of the Bank providing, as of the effective date of the authority to issue additional Program  
9 Notes in excess of the maximum principal amount of Program Notes then authorized at any one  
10 time to be outstanding.

11 **SECTION 35. ADDITIONAL ACTIONS.** Any Authorized Representative, the City  
12 Clerk, and the other officers of the City, each are authorized, jointly and severally, to do any and  
13 all things and to execute and deliver any and all certificates, instruments and other documents  
14 which they may deem necessary or advisable in order to consummate the issuance, sale and  
15 delivery of the Program Notes and to effectuate the purposes of the Ordinance, the Note Purchase  
16 Agreement, and the Paying Agent/Registrar Agreement. By passing the Ordinance, council  
17 authorizes the payment of the fees and expenses incurred and to be paid by the City in connection  
18 with the issuance, sale and delivery of the Program Notes and the execution and delivery of the  
19 Note Purchase Agreement, and the Paying Agent/Registrar Agreement, including, without  
20 limitation, fees of Rating Agencies.

21 **SECTION 36. LIMITATION OF BENEFITS WITH RESPECT TO THE**  
22 **ORDINANCE.** With the exception of the rights or benefits expressly conferred by the Ordinance,  
23 nothing expressed or contained in, or implied from the provisions of, the Ordinance or the Program  
24 Notes is intended or should be construed to confer upon or give to any person other than the City,  
25 the Holders of the Program Notes, the Bank, the Paying Agent/Registrar, and the parties to the  
26 Note Purchase Agreement, any legal or equitable right, remedy or claim under or by reason of or  
27 in respect to the Ordinance or any of its covenants, conditions, stipulations, promises, agreements  
28 or provisions. The Ordinance and all of the covenants, conditions, stipulations, promises,  
29 agreements and provisions are intended to be and shall be for and inure to the sole and exclusive  
30 benefit of the City, the Holders of the Program Notes, the Paying Agent/Registrar, and the parties  
31 to the Note Purchase Agreement.

32 **SECTION 37. [INTENTIONALLY OMITTED].**

33 **SECTION 38. PAYING AGENT/REGISTRAR AGREEMENT.** The Paying  
34 Agent/Registrar Agreement by and between the City and U.S. Bank Trust Company, National  
35 Association, relating to the Program Notes, substantially in the form to the Ordinance as **Exhibit**  
36 **C**, is approved as to form and content, and, upon the approval of the City Attorney, whose approval  
37 shall be evidenced by executing the Paying Agent/Registrar Agreement, the City Manager is  
38 authorized to execute the Paying Agent/Registrar Agreement for and on behalf of the City, and the  
39 City Clerk or Deputy City Clerk is authorized to place the City seal on the Paying Agent/Registrar  
40 Agreement. Any Authorized Representative is hereby authorized to enter into any supplemental  
41 agreement with the Paying Agent/Registrar or with any successor Paying Agent/Registrar in order  
42 to implement the functions of the Paying Agent/Registrar with respect to the Program Notes. Any

1 successor Paying Agent/Registrar shall be a financial institution of recognized national standing  
2 organized and existing under the laws of the United States of America or the State of Texas and  
3 which has trust powers. The successor Paying Agent/Registrar shall have assumed the duties of  
4 the Paying Agent/Registrar to be replaced before it shall be relieved of the obligation to perform  
5 the duties as Paying Agent/Registrar, and the successor Paying Agent/Registrar shall have  
6 executed an agreement substantially in the same form and substance as the Paying Agent/Registrar  
7 Agreement approved by the Ordinance.

8         **SECTION 39. OPINION OF BOND COUNSEL.** The City shall cause the legal opinion  
9 of Bond Counsel as to the validity of the Program Notes to be furnished to any Holder without  
10 cost. **[INTENTIONALLY OMITTED].**

11         **SECTION 41. APPROVAL OF ATTORNEY GENERAL.** The Authorized  
12 Representative shall submit the Ordinance and a transcript of proceedings to the Attorney General  
13 of the State of Texas for approval, as required by the Act. No Program Notes shall be sold or  
14 delivered by an Authorized Representative until the Attorney General of the State of Texas shall  
15 have approved the Ordinance, the Note Purchase Agreement and other agreements and  
16 proceedings as may be required by the Act. Council authorizes the payment of the fee of the Office  
17 of the Attorney General of the State of Texas for the examination of the proceedings relating to  
18 the issuance of the Program Notes, in the amount determined in accordance with the provisions of  
19 Section 1202.004, Texas Government Code.

20         **SECTION 42. SECTION 2252.908, TEXAS GOVERNMENT CODE.** The City shall  
21 not execute the Note Purchase Agreement or the Paying Agency Agreement unless the each of the  
22 parties has confirmed to an Authorized Representative that either it (i) has made disclosure filings  
23 to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code  
24 or (ii) is exempt from making filings under Section 2252.908(c)(4), Texas Government Code. If  
25 clause (i) of this **Section 42** applies to any party, within 30 days of receipt of any such disclosure  
26 filing the filing will be acknowledged by the City in accordance with the rules of the Texas Ethics  
27 Commission.

28         **SECTION 43. SEVERABILITY.** If any one or more of the covenants, agreements or  
29 provisions contained in the Ordinance shall be held contrary to any express provisions of law or  
30 contrary to the policy of express law, though not expressly prohibited, or against public policy, or  
31 shall for any reason be held invalid, then those covenants, agreements or provisions shall be null  
32 and void and shall be separable from the remaining covenants, agreements or provisions and shall  
33 in no way affect the validity of any of the other provisions of, or of the Notes issued under, the  
34 Ordinance.

35         **SECTION 44. [INTENTIONALLY OMITTED].**

36         **SECTION 45. EFFECTIVE DATE.** The Ordinance is passed on one reading as  
37 authorized by Section 1201.028, Texas Government Code, and is effective immediately upon its  
38 passage.

39

**PASSED AND APPROVED**

CITY OF AUSTIN, TEXAS

July 24, 2025

§  
§  
§

\_\_\_\_\_  
KIRK WATSON  
Mayor

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
DEBORAH THOMAS  
City Attorney

\_\_\_\_\_  
ERIKA BRADY  
City Clerk

(City Seal)

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**EXHIBIT A**

Form of Program Note:

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS  
ELECTRIC UTILITY SYSTEM  
PROGRAM NOTE, TAXABLE  
SERIES

No.: \_\_\_\_\_

Maximum Principal Amount: \_\_\_\_\_

Note Date: \_\_\_\_\_

Maximum Maturity Date: \_\_\_\_\_

Interest Rate (%): Bank Rate (as defined in the Note Purchase Agreement)

Owner: Sumitomo Mitsui Banking Corporation, acting through its New York Branch

The City of Austin (the “City”), in Travis, Williamson and Hays Counties, State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of the party specified above on the maturity date recorded by the Paying Agent/Registrar on the attached Schedule of Authorized Installment Deliveries (or as otherwise recorded under the Note Purchase Agreement) or the date of prior redemption as provided in the Note Purchase Agreement, the principal sum specified above, or if less, the principal amount of each Authorized Installment purchased by the Bank under the Note Purchase Agreement and recorded by the Paying Agent/Registrar on the attached Schedule of Authorized Installment Deliveries (or as otherwise recorded under the Note Purchase Agreement), and to pay interest, if any, on said principal amount at said maturity date, from the specified note date recorded by the Paying Agent/Registrar on the attached Schedule of Authorized Installments to said maturity date at the Bank Rate (or as otherwise provided in the Note Purchase Agreement) as provided in the Note Purchase Agreement (computed on the basis of actual days elapsed and a 365 day year); both principal and interest on this Note being payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent/Registrar executing the “Certificate of Authentication” endorsed hereon and appearing below, or its successor, or as otherwise provided in the Ordinance. Defined terms used herein shall have the same meaning given to said terms in the hereinafter defined Ordinance, unless the context of the use of such term indicates otherwise. The Bank Rate borne by this Note, as adjusted pursuant to the Note Purchase Agreement, shall not exceed the Maximum Interest Rate.

This Initial Note is one of an issue of Program Notes (the “Program Notes” or the “Notes”) which has been duly authorized and issued in accordance with the provisions of an ordinance (the “Ordinance”) passed by the City Council of the City for the purpose of financing Project Costs of Eligible Projects for the City’s Electric Light and Power System (the “Electric Light and Power System”); to refund obligations issued in connection with an Eligible Project; and to refinance,

renew or refund Program Notes or Priority Lien Obligations and any other authorized obligations of the Electric Light and Power System, including interest thereon, issued for Eligible Projects; all in accordance in strict conformity with the provisions of the laws of the State of Texas, including the Act.

The initial Authorized Installment of the Program Notes issued on the Original Issue Date is in the principal amount of \$5,000. Thereafter, additional Authorized Installments of the Notes in an aggregate principal amount not to exceed \$100,005,000 may be issued on any date so long as the total aggregate principal amount of Notes issued does not exceed \$100,005,000, as reflected in the Schedule of Authorized Installment Deliveries attached to this Note. The foregoing notwithstanding, in no event shall an Authorized Installment of the Program Notes be issued after the end of the Authorized Installment Draw Period, and in no event shall an Authorized Installment be issued and delivered in an amount that exceeds the Maximum Available Amount in effect as of the date of the applicable draw on the Financial Security; provided that the aggregate principal amount of all Authorized Installments issued and delivered under the Ordinance may at times exceed the then applicable Maximum Available Amount due to a reduction in such amount subsequent to the issuance of Authorized Installments pursuant to the terms of the Financial Security but in no case shall the aggregate principal amount of all Authorized Installments issued and delivered under the Ordinance exceed \$100,005,000.

This Program Note and each Authorized Installment recorded on the Schedule of Authorized Installment Deliveries attached to this Note, and any other amounts owing under the Note Purchase Agreement, are payable from and equally secured by a lien on and pledge of (i) the proceeds from the sale of Bonds issued and to be used to pay outstanding Program Notes, (ii) the amounts held in the Note Payment Fund until those amounts are used for authorized purposes, and (iii) the Pledged Revenues of the Electric Light and Power System, however, (a) on a parity with the lien and pledge securing the payment of the Program Notes made under and pursuant to the Note Purchase Agreement and all other amounts payable by the City under the Note Purchase Agreement and the Similarly Secured Notes, and (b) subordinate to the lien on and pledge securing the payment of Priority Lien Obligations. As provided in the Ordinance, this Program Note is being issued as a bond anticipation note.

This Program Note is payable solely from the sources hereinabove identified securing the payment thereof, and the Program Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the City or the Electric Light and Power System. The holder hereof shall never have the right to demand payment of this obligation from taxation or any sources or properties of the City except as identified above.

If there is any inconsistency or conflict between the terms or provisions of this Program Note and the Ordinance, the terms and provisions of the Ordinance shall control.

It is hereby certified and recited that all acts, conditions and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Program Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by law and that the issuance of this Program Note, together with all other Program Notes, is not in excess of the principal amount of Program Notes permitted to be issued under the Ordinance.

This Program Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Program Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Program Note shall have been authenticated by the execution by the Paying Agent/Registrar of the Certificate of Authentication hereon.

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IN TESTIMONY WHEREOF, the City Council has caused the seal of the City to be duly impressed or placed in facsimile hereon, and this Note to be signed with the imprinted facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk.

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City Clerk, City of Austin, Texas

(SEAL)

\*\*\*\*\*

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Mayor, City of Austin, Texas

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Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Note only.

REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §  
OF PUBLIC ACCOUNTS §  
THE STATE OF TEXAS § REGISTER NO. \_\_\_\_\_

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

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

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

(SEAL)

Form of Authentication Certificate of Paying Agent/Registrar

**PAYING AGENT/REGISTRAR'S CERTIFICATE OF AUTHENTICATION**

This Note is one of the Program Notes delivered pursuant to the within mentioned Ordinance; the note or notes of the above titled and designated series originally delivered having been approved by the Attorney General of the State of Texas as registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

\_\_\_\_\_  
U.S. Bank Trust Company, National  
Association, as Paying  
Agent/Registrar

By: \_\_\_\_\_  
Authorized Signatory

Form of Schedule of Authorized Installment Deliveries to appear on the Program Note(s)

**SCHEDULE OF AUTHORIZED INSTALLMENT DELIVERIES**

Issue Date	No.	Principal Amount	Remaining Available Principal Balance	Maturity Date	Date Paid	Principal and Interest Paid

**EXHIBIT B**

Form of Note Purchase Agreement

See Tab No. \_\_

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**EXHIBIT C**

Paying Agent/Registrar Agreement

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