

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS AUTHORIZING THE ISSUANCE AND SALE OF \$3,820,000 CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2007; PRESCRIBING THE FORM OF SAID CERTIFICATES; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID CERTIFICATES; ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN IMMEDIATE EFFECTIVE DATE**

WHEREAS, said notice was published in the *Austin American-Statesman*, as required by Section 271.049 of the Texas Local Government Code, on July 29, 2007 and August 5, 2007; and

WHEREAS, the Certificates of Obligation hereinafter authorized are to be issued and delivered pursuant to Subchapter C of Chapter 271 of the Texas Local Government Code; and

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

Section 1. AUTHORIZATION OF CERTIFICATES OF OBLIGATION. That the Issuer's Certificates of Obligation, to be designated the "City of Austin, Texas Certificates of Obligation, Series 2007" (the "Certificates"), are hereby authorized to be issued and delivered in the principal amount of \$3,820,000, for the purpose of providing part of the funds for paying contractual obligations to be incurred by the Issuer, as further described in Schedule I attached to this Ordinance, and the payment of fiscal, engineering and legal fees incurred in connection therewith. The term "Certificates" as used in this Ordinance shall mean and include collectively the Certificates of Obligation initially issued and delivered pursuant to this Ordinance and all substitute Certificates of Obligation exchanged therefor, as well as all other substitute Certificates of Obligation and replacement Certificates of Obligation issued pursuant hereto, and the term "Certificate" shall mean any of the Certificates.

Section 2. DATE, DENOMINATIONS, NUMBERS AND MATURITIES. That the Certificates shall initially be issued, sold and delivered hereunder as fully registered certificates, without interest coupons, dated September 1, 2007, in the respective denominations and principal amounts hereinafter stated, numbered consecutively from R-1 upward, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of the Certificates or any portion or portions thereof (in each case, the "Registered Owner"), and the Certificates shall mature and be payable on September 1 in each of the years and in the principal amounts as follows:

MATURITY DATE: SEPTEMBER 1

<u>YEARS</u>	<u>AMOUNTS (\$)</u>	<u>YEARS</u>	<u>AMOUNTS (\$)</u>
2008	115,000	2018	190,000
2009	120,000	2019	195,000
2010	125,000	2020	210,000
2011	135,000	2021	220,000
2012	140,000	2022	230,000
2013	145,000	2023	240,000
2014	155,000	2024	255,000
2015	160,000	2025	265,000
2016	170,000	2026	280,000
2017	180,000	2027	290,000

The Certificates shall be issued in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination").

Section 3. REDEMPTION. (a) *Optional Redemption*. That the City reserves the right to redeem the Certificates maturing on or after September 1, 2018, in whole or in part in Authorized Denominations, on September 1, 2017, or on any date thereafter, for the principal amount thereof plus accrued interest thereon, without premium, to the date fixed for redemption. The years of maturity of the Certificates called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Certificates or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar (hereinafter defined); *provided*, that during any period in which ownership of the Certificates is determined only by a book entry at a securities depository for the Certificates, if fewer than all of the Certificates of the same maturity and bearing the same interest rate are to be redeemed, the particular Certificates of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

(b) *Mandatory Redemption*. The Certificates are not subject to mandatory sinking fund redemption prior to their scheduled maturities.

(c) *Notice*. At least 30 days prior to the date fixed for any such redemption the City shall cause a written notice of such redemption to be deposited in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration

Books (hereinafter defined) of the Paying Agent/Registrar. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or the portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Certificates or the portions thereof which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Certificates or any portion thereof. If a portion of any Certificate shall be redeemed a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the written request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in this Ordinance. In addition to the foregoing, the City shall cause the Paying Agent/Registrar to give notice of any such redemption in the manner set forth in Section 5(h) hereof. The failure to cause such notice to be given, however, or any defect therein, shall not affect the validity or effectiveness of such redemption.

Section 4. INTEREST. That the Certificates scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

maturities 2007, _____%	maturities 2017, _____%
maturities 2008, _____%	maturities 2018, _____%
maturities 2009, _____%	maturities 2019, _____%
maturities 2010, _____%	maturities 2020, _____%
maturities 2011, _____%	maturities 2021, _____%
maturities 2012, _____%	maturities 2022, _____%
maturities 2013, _____%	maturities 2023, _____%
maturities 2014, _____%	maturities 2024, _____%
maturities 2015, _____%	maturities 2025, _____%
maturities 2016, _____%	maturities 2026, _____%

Said interest shall be payable to the registered owner of any such Certificate in the manner provided and on the dates stated in the FORM OF CERTIFICATE. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 5. CHARACTERISTICS OF THE CERTIFICATES. That the City shall keep or cause to be kept at the designated corporate trust office in \_\_\_\_\_, Texas (the "Designated Payment/Transfer Office") of \_\_\_\_\_ (the "Paying Agent/Registrar"), or such other bank, trust company, financial institution, or other agency named in accordance with the provisions of (g) below, books or records of the registration and transfer of the Certificates (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying

Agent/Registrar shall make such transfers and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided. The City or its designee shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Certificate may be transferred in the Registration Books only upon presentation and surrender of such Certificate to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of such Certificate, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have such Certificate or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Certificate or any portion thereof, a new substitute Certificate or Certificates shall be issued in exchange therefor in the manner herein provided.

(b) The entity in whose name any Certificate shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Ordinance, whether or not such Certificate shall be overdue, and the City and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Certificate shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid.

(c) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, and to act as its agent to exchange or replace Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all exchanges thereof, and all replacements thereof, as provided in this Ordinance.

(d) Each Certificate may be exchanged for fully registered bonds in the manner set forth herein. Each Certificate issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal amount thereof, may, upon surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF CERTIFICATE, in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Certificate shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Certificate or Certificates so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Certificate shall be redeemed prior to its scheduled maturity as provided herein, a substitute Certificate or Certificates having the

172 same maturity date, bearing interest at the same rate, in an Authorized Denomination at the request  
173 of the registered owner, and in an aggregate principal amount equal to the unredeemed portion  
174 thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any  
175 Certificate or portion thereof is assigned and transferred, each Certificate issued in exchange therefor  
176 shall have the same principal maturity date and bear interest at the same rate as the Certificate for  
177 which it is being exchanged. Each substitute Certificate shall bear a letter and/or number to  
178 distinguish it from each other Certificate. The Paying Agent/Registrar shall exchange or replace  
179 Certificates as provided herein, and each fully registered Certificate or Certificates delivered in  
180 exchange for or replacement of any Certificate or portion thereof as permitted or required by any  
181 provision of this Ordinance shall constitute one of the Certificates for all purposes of this Ordinance,  
182 and may again be exchanged or replaced. It is specifically provided, however, that any Certificate  
183 delivered in exchange for or replacement of another Certificate prior to the first scheduled interest  
184 payment date on the Certificates (as stated on the face thereof) shall be dated the same date as such  
185 Certificate, but each substitute Certificate so delivered on or after such first scheduled interest  
186 payment date shall be dated as of the interest payment date preceding the date on which such  
187 substitute Certificate is delivered, unless such substitute Certificate is delivered on an interest  
188 payment date, in which case it shall be dated as of such date of delivery; *provided, however*, that if at  
189 the time of delivery of any substitute Certificate the interest on the Certificate for which it is being  
190 exchanged has not been paid, then such substitute Certificate shall be dated as of the date to which  
191 such interest has been paid in full. On each substitute Certificate issued in exchange for or replace-  
192 ment of any Certificate or Certificates issued under this Ordinance there shall be printed thereon a  
193 Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth in the FORM  
194 OF CERTIFICATE (the "Authentication Certificate"). An authorized representative of the Paying  
195 Agent/Registrar shall, before the delivery of any such substitute Certificate, date such substitute  
196 Certificate in the manner set forth above, and manually sign and date the Authentication Certificate,  
197 and no such substitute Certificate shall be deemed to be issued or outstanding unless the  
198 Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all  
199 Certificates surrendered for exchange or replacement. No additional ordinances, orders, or  
200 resolutions need be passed or adopted by the City Council or any other body or person so as to  
201 accomplish the foregoing exchange or replacement of any Certificate or portion hereof, and the  
202 Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute  
203 Certificates in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code,  
204 the duty of exchange or replacement of any Certificate as aforesaid is hereby imposed upon the  
205 Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or  
206 replaced Certificate shall be valid, incontestable, and enforceable in the same manner and with the  
207 same effect as the Certificates which originally were delivered pursuant to this Ordinance, approved  
208 by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor  
209 the Paying Agent/Registrar shall be required to transfer or exchange any Certificate so selected for  
210 redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; *provided*,  
211 however, such limitation of transfer shall not be applicable to an exchange by the registered owner  
212 of the uncalled principal of a Certificate.

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214 (e) All Certificates issued in exchange or replacement of any other Certificate or portion  
215 thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of

and interest on such Certificates to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Certificates shall be payable, all as provided, and in the manner required or indicated, in the FORM OF CERTIFICATE.

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Certificates, but the registered owner of any Certificate requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of any Certificate requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any such Certificate or portion thereof, together with any taxes or governmental charges required to be paid with respect thereto, all as a condition precedent to the exercise of such privilege of exchange, except, however, that in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof in any Authorized Denomination, and in the case of the exchange of the unredeemed portion of a Certificate which has been redeemed in part prior to maturity, as provided in this Ordinance, such fees and charges will be paid by the City. In addition, the City hereby covenants with the registered owners of the Certificates that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Certificates, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Certificates solely to the extent above provided, and with respect to the exchange of Certificates solely to the extent above provided.

(g) The City covenants with the registered owners of the Certificates that at all times while the Certificates are outstanding the City will provide a competent and legally qualified bank, trust company, or other entity duly qualified and legally authorized to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/-Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified national or state banking institution which shall be an entity organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar

shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) (i) In addition to the manner of providing notice of redemption of Certificates as set forth in this Ordinance, the Paying Agent/Registrar shall give notice of redemption of Certificates by United States mail, first-class postage prepaid, at least 30 days prior to a redemption date to each NRMSIR (as defined in Section 18 hereof) and the SID (as defined in Section 18 hereof). In addition, in the event of a redemption caused by an advance refunding of the Certificates, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least 30 days but not more than 90 days prior to the actual redemption date. Any notice sent to the NRMSIRs or the SID shall be sent so that they are received at least two days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the owner of any Certificate who has not sent the Certificates in for redemption 60 days after the redemption date.

(ii) Each redemption notice, whether required in the FORM OF CERTIFICATE or otherwise by this Ordinance, shall contain a description of the Certificates to be redeemed, including the complete name of the Certificates, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts called of each certificate, the publication and mailing date for the notice (in the manner as provided in the FORM OF CERTIFICATE), the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Certificate may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Certificates shall include CUSIP numbers relating to each amount paid to such registered owner.

**Section 6. FORM OF CERTIFICATES.** That the Certificates shall be signed with the manual or facsimile signatures of the Mayor and the City Clerk, and that the seal of the City shall be affixed or impressed upon the Certificates. The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be in substantially the form as set forth in Exhibit A to this Ordinance, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance. The printer of the Certificates is hereby authorized to print on the Certificates (i) the form of bond counsel's opinion relating to the Certificates, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance, if any, covering all or any part of the Certificates.

**Section 7. DEFINITIONS.** That the terms "Certificates" and "Certificates of Obligation" shall mean the City of Austin, Texas Certificates of Obligation, Series 2007, authorized to be issued and delivered by this Ordinance; and the term "Surplus Revenues" shall mean those revenues from the operation of the City's solid waste disposal system remaining after payment of all operation and maintenance expenses thereof and other obligations heretofore or hereafter incurred to which such

304 revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the  
305 lien on and pledge of such revenues to the Certificates.  
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307       Section 8. INTEREST AND SINKING FUND. That a special fund or account, to be  
308 designated the "City of Austin, Texas Series 2007 Certificate of Obligation Interest and Sinking  
309 Fund" (the "Interest and Sinking Fund") is hereby created and shall be established and maintained by  
310 the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and  
311 accounts of the Issuer, and shall be used only for paying the interest on and principal of the Cer-  
312 tificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be  
313 deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of  
314 the Certificates are outstanding and unpaid, the governing body of the Issuer shall compute and  
315 ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the Issuer,  
316 with full allowances being made for tax delinquencies and the cost of tax collections, which will be  
317 sufficient to raise and produce the money required to pay the interest on the Certificates as such  
318 interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking  
319 fund redemption payments, if any) of the Certificates as such principal matures, but never less than  
320 2% of the original amount of the Certificates as a sinking fund each year. Said rate and amount of  
321 ad valorem tax is hereby ordered to be levied against all taxable property in the Issuer for each year  
322 while any of the Certificates are outstanding and unpaid, and said ad valorem tax shall be assessed  
323 and collected each such year and deposited to the credit of the Interest and Sinking Fund. Said ad  
324 valorem taxes necessary to pay the interest on and principal of the Certificates, as such interest  
325 comes due and such principal matures or comes due through operation of the mandatory sinking  
326 fund redemption, if any, as provided in the FORM OF CERTIFICATE, are hereby pledged for such  
327 payment, within the limit prescribed by law. The Issuer hereby appropriates from current funds on  
328 hand, and directs the transfer to the Interest and Sinking Fund for the Certificates of, an amount of  
329 money sufficient when added to the accrued interest received from the sale of the Certificates, to pay  
330 the principal and interest scheduled to come due on the Certificates on March 1, 2007.  
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332       Section 9. REVENUES. That the Certificates of Obligation are additionally secured by and  
333 shall be payable from the Surplus Revenues. The Surplus Revenues are pledged by the City  
334 pursuant to authority of Chapter 363, Texas Health and Safety Code, specifically Section 363.135  
335 thereof. The City shall promptly deposit the Surplus Revenues upon their receipt to the credit of the  
336 Interest and Sinking Fund created pursuant to Section 8, to pay the principal and interest on the  
337 Certificates of Obligation. The amount of Surplus Revenues pledged to the payment of the  
338 Certificates of Obligation shall not exceed \$1,000.  
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340       Chapter 1208, Texas Government Code, applies to the issuance of the Certificates and the  
341 pledge of ad valorem taxes and the Surplus Revenues granted by the City under Sections 8 and 9,  
342 and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time  
343 while the Certificates are outstanding and unpaid such that the pledge of the ad valorem taxes and  
344 Surplus Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas  
345 Business & Commerce Code, then in order to preserve to the registered owners of the Certificates  
346 the perfection of the security interest in said pledge, the City agrees to take such measures as it  
347 determines are reasonable and necessary under Texas law to comply with the applicable provisions



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

Section 10. TRANSFER. That the Issuer shall do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest due on the Certificates.

Section 11. SECURITY FOR FUNDS. That the Interest and Sinking Fund created by this Ordinance shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and the Interest and Sinking Fund shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 12. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.  
(a) *Replacement Certificates.* That in the event any outstanding Certificate is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new certificate of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) *Application for Replacement Certificates.* That application for replacement of damaged, mutilated, lost, stolen, or destroyed Certificates shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Certificate, the registered owner applying for a replacement certificate shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Certificate, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Certificate, as the case may be. In every case of damage or mutilation of a Certificate, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) *No Default Occurred.* That notwithstanding the foregoing provisions of this Section, in the event any such Certificate shall have matured, and no default has occurred which is then continuing in the payment of the principal of, premium, if any, or interest on the Certificate, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate) instead of issuing a replacement certificate, provided security or indemnity is furnished as above provided in this Section.

(d) *Charge for Issuing Replacement Certificates.* That prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the registered owner of such Certificate with all legal, printing, and other expenses in connection therewith. Every replacement certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is damaged, mutilated, lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the damaged, mutilated, lost, stolen, or destroyed Certificate shall be found at any

time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) *Authority for Issuing Replacement Certificates.* That in accordance with Chapter 1206, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates in the form and manner and with the effect, as provided in Section 5(a) of this Ordinance for Certificates issued in conversion and exchange of other Certificates.

Section 13. FEDERAL INCOME TAX MATTERS. That the Issuer covenants to refrain from any action which would adversely affect, or to take such action as to ensure, the treatment of the Certificates as obligations described in Section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Certificates (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates, in contravention of Section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Certificates (less amount deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of Section 141(b)(3) of the Code, to the governmental use;

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

(d) to refrain from taking any action which would otherwise result in the Certificates being treated as "private activity bonds" within the meaning of Section 141(b) of the Code;

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

(f) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in Section 148(b)(2) of the Code) which produces a

437 materially higher yield over the term of the Certificates, other than investment property  
438 acquired with B

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440 (1) proceeds of the Certificates invested for a reasonable temporary  
441 period of three years or less until such proceeds are needed for the purpose for which  
442 the Certificates are issued,

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

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447 (3) amounts deposited in any reasonably required reserve or replacement  
448 fund to the extent such amounts do not exceed 10 percent of the proceeds of the  
449 Certificates;

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451 (g) to otherwise restrict the use of the proceeds of the Certificates or amounts treated  
452 as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise  
453 contravene the requirements of Section 148 of the Code (relating to arbitrage) and, to the ex-  
454 tent applicable, Section 149(d) of the Code (relating to advance refundings); and

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456 (h) to pay to the United States of America at least once during each five-year period  
457 (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90  
458 percent of the "Excess Earnings," within the meaning of Section 148(f) of the Code and to  
459 pay to the United States of America, not later than 60 days after the Certificates have been  
460 paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings  
461 under Section 148(f) of the Code.

462  
463 For purposes of the foregoing (a) and (b), the Issuer understands that the term "proceeds" includes  
464 "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds,  
465 transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of  
466 issuance of the Certificates. It is the understanding of the Issuer that the covenants contained herein  
467 are intended to assure compliance with the Code and any regulations or rulings promulgated by the  
468 U.S. Department of the Treasury pursuant thereto. In the event that regulations or ruling are  
469 hereafter promulgated which modify or expand provisions of the Code, as applicable to the  
470 Certificates, the Issuer will not be required to comply with any covenant contained herein to the  
471 extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not  
472 adversely affect the exemption from federal income taxation of interest on the Certificates under  
473 Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which  
474 impose additional requirements which are applicable to the Certificates, the Issuer agrees to comply  
475 with the additional requirements to the extent necessary, in the opinion of nationally-recognized  
476 bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates  
477 under Section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and  
478 directs the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the  
479 City and the Deputy Chief Financial Officer of the City to execute any documents, certificates or  
480 reports required by the Code, and to make such elections on behalf of the Issuer which may be  
481 permitted by the Code as are consistent with the purpose for the issuance of the Certificates.  
482

483 In order to facilitate compliance with clause (h) above, a "Rebate Fund" is hereby established  
484 and held by the Issuer for the sole benefit of the United States of America, and such Fund shall not  
485 be subject to the claim of any other person, including without limitation the holders of the  
486 Certificates. The Rebate Fund is established for the additional purpose of compliance with Section  
487 148 of the Code.  
488

489 Section 14. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE  
490 PROJECT. That the Issuer covenants to account for the expenditure of proceeds from the sale of the  
491 Certificates and any investment earnings thereon to be used for the purposes described in Schedule I  
492 attached to this Ordinance (each such purpose shall be referred to herein and Section 15 hereof as a  
493 "Project") on its books and records in accordance with the requirements of the Code. The Issuer  
494 recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the  
495 proceeds must be allocated to expenditures within 18 months of the later of the date that (a) the  
496 expenditure on a Project is made or (b) such Project is completed; but in no event later than three  
497 years after the date on which the original expenditure is paid. The foregoing notwithstanding, the  
498 Issuer recognizes that in order for the proceeds to be expended under the Code, the sale proceeds or  
499 investment earnings must be expended no more than 60 days after the later of (a) the fifth  
500 anniversary of the date of delivery of the Certificates or (b) the date the Certificates are retired. The  
501 Issuer agrees to obtain the advise of nationally-recognized bond counsel if such expenditure fails to  
502 comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt  
503 status of the Certificates. For purposes hereof, the Issuer shall not be obligated to comply with this  
504 covenant if it obtains an opinion from nationally-recognized bond counsel to the effect that such  
505 failure to comply will not adversely affect the excludability for federal income tax purposes from  
506 gross income of the interest.  
507

508 Section 15. DISPOSITION OF PROJECT. That the Issuer covenants that the property  
509 constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt  
510 by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-  
511 recognized bond counsel substantially to the effect that such sale or other disposition will not  
512 adversely affect the tax-exempt status of the Certificates. For purposes of this Section, the portion of  
513 the property comprising personal property and disposed of in the ordinary course of business shall  
514 not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of  
515 this Section, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion of  
516 a nationally-recognized bond counsel to the effect that such failure to comply will not adversely  
517 affect the excludability for federal income tax purposes from gross income of the interest.  
518

519 Section 16. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES. That  
520 the Mayor or the designee thereof is hereby authorized to have control of the Certificates and all  
521 necessary records and proceedings pertaining to the Certificates pending their delivery and their  
522 investigation, examination and approval by the Attorney General of the State of Texas, and their  
523 registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the  
524 Certificates, said Comptroller of Public Accounts (or a deputy designated in writing to act for said  
525 Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the  
526 Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each such

527 certificate. After registration by said Comptroller, delivery of the Certificates shall be made to the  
528 Purchaser, as defined in Section 19 below, under and subject to the general supervision and direction  
529 of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.  
530

531 Section 17. DTC REGISTRATION. That the Certificates initially shall be issued and  
532 delivered in such manner that no physical distribution of the Certificates will be made to the public,  
533 and The Depository Trust Company ("DTC"), New York, New York, initially will act as depository  
534 for the Certificates. DTC has represented that it is a limited purpose trust company incorporated  
535 under the laws of the State of New York, a member of the Federal Reserve System, a "clearing  
536 corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing  
537 agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the  
538 Issuer accepts, but in no way verifies, such representations. The Certificates initially authorized by  
539 this Ordinance shall be delivered to and registered in the name of CEDE & CO., the nominee of  
540 DTC. It is expected that DTC will hold the Certificates on behalf of the Purchaser and its  
541 participants. So long as each Certificate is registered in the name of CEDE & CO., the Paying  
542 Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and  
543 beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will  
544 identify ownership of the Certificates in integral amounts of \$5,000, with transfers of ownership  
545 being effected on the records of DTC and its participants pursuant to rules and regulations  
546 established by them, and that the Certificates initially deposited with DTC shall be immobilized and  
547 not be further exchanged for substitute Certificates except as hereinafter provided. The Issuer and  
548 the Paying Agent/Registrar are not responsible or liable for any functions of DTC, will not be  
549 responsible for paying any fees or charges with respect to its services, will not be responsible or  
550 liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting  
551 any interests or rights of the beneficial owners of the Certificates. It shall be the duty of the DTC  
552 Participants, as defined in the Official Statement herein approved, to make all arrangements with  
553 DTC to establish this book-entry system, the beneficial ownership of the Certificates, and the  
554 method of paying the fees and charges of DTC. The Issuer does not represent, nor does it in any  
555 way covenant that the initial book-entry system established with DTC will be maintained in the  
556 future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if  
557 for any reason any of the originally delivered Certificates is duly filed with the Paying  
558 Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance,  
559 substitute Certificates will be duly delivered as provided in this Ordinance, and there will be no  
560 assurance or representation that any book-entry system will be maintained for such Certificates. In  
561 connection with the initial establishment of the foregoing book-entry system with DTC, the Issuer  
562 heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to  
563 implement the book-entry system described above.  
564

565 Section 18. CONTINUING DISCLOSURE OBLIGATION. (a) *Definitions*. That as used  
566 in this Ordinance, the following terms have the meanings ascribed to such terms below:  
567

568 "MAC" means the Municipal Advisory Council of Texas.  
569

570 "MSRB" means the Municipal Securities Rulemaking Board.

571  
572 "NRMSIR" means each person whom the SEC or its staff has determined to be a  
573 nationally recognized municipal securities information repository within the meaning of the Rule  
574 from time to time.

575 "Rule" means SEC Rule 15c2-12, as amended from time to time.

576  
577 "SEC" means the United States Securities and Exchange Commission.

578  
579 "SID" means any person designated by the State of Texas or an authorized  
580 department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state  
581 information depository within the meaning of the Rule from time to time.

582  
583 (b) *Annual Reports.* (i) The Issuer shall provide annually to each NRMSIR and any SID,  
584 within six months after the end of each fiscal year ending in or after 2007, financial information and  
585 operating data with respect to the Issuer of the general type described in Exhibit B hereto. Any  
586 financial statements so to be provided shall be (1) prepared in accordance with the accounting  
587 principles described in Exhibit B hereto, or such other accounting principles as the Issuer may be  
588 required to employ from time to time pursuant to state law or regulation, and (2) audited, if the  
589 Issuer commissions an audit of such statements and the audit is completed within the period during  
590 which they must be provided. If the audit of such financial statements is not complete within such  
591 period, then the Issuer shall provide unaudited financial statements by the required time, and shall  
592 provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID,  
593 when and if the audit report on such statements becomes available.

594  
595 (ii) If the Issuer changes its fiscal year, it will notify each NRMSIR and any SID of the  
596 change (and of the date of the new fiscal year end) prior to the next date by which the Issuer  
597 otherwise would be required to provide financial information and operating data pursuant to this  
598 Section. The financial information and operating data to be provided pursuant to this Section may  
599 be set forth in full in one or more documents or may be included by specific reference to any  
600 document (including an official statement or other offering document, if it is available from the  
601 MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

602  
603 (c) *Material Event Notices.* The Issuer shall notify any SID and either each NRMSIR or the  
604 MSRB, in a timely manner, of any of the following events with respect to the Certificates of  
605 Obligation, if such event is material within the meaning of the federal securities laws:

- 606  
607 1. Principal and interest payment delinquencies;  
608 2. Non-payment related defaults;  
609 3. Unscheduled draws on debt service reserves reflecting financial difficulties;  
610 4. Unscheduled draws on credit enhancements reflecting financial difficulties;  
611 5. Substitution of credit or liquidity providers, or their failure to perform;  
612 6. Adverse tax opinions or events affecting the tax-exempt status of the  
613 Certificates;  
614 7. Modifications to rights of holders of the Certificates;

8. Certificate calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates; and
11. Rating changes.

The Issuer shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection. Any filing under this Section may be made solely by transmitting such filing to the MAC as provided at <http://www.disclosureusa.org>, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

(d) *Limitations, Disclaimers, and Amendments.* (i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the Issuer in any event will give written notice of any deposit made in accordance with this Ordinance or applicable law that causes Certificates no longer to be outstanding.

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

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Section 19. SALE. (a) That the sale of the Certificates to \_\_\_\_\_ (the "Purchaser"), at the purchase price set forth in the hereinafter defined Purchase Agreement, is hereby authorized, ratified and confirmed. It is hereby officially found, determined and declared that the Certificates were sold at terms that were the most advantageous reasonably obtained.

(b) The Certificates are to be sold to the Purchaser pursuant to the terms of a Purchase Agreement between the City and the Purchaser (the "Purchase Agreement"), in substantially the form attached to this Ordinance as Exhibit C. The City Manager is authorized to execute the Purchase Agreement on behalf of the City.

Section 20. INTEREST EARNINGS. That the interest earnings derived from the investment of proceeds from the sale of the Certificates may be used along with other proceeds for the purposes set forth in Schedule I attached to this Ordinance for which the Certificates are issued; provided that after completion of such projects, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to this Ordinance hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 21. DEFEASANCE. (a) *Defeased Certificates*. That any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of



702 this Section, when payment of the principal of such Certificate, plus interest thereon to the due date  
703 (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or  
704 caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or  
705 before such due date by irrevocably depositing with or making available to the Paying  
706 Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow  
707 Agreement") for such payment (1) lawful money of the United States of America sufficient to make  
708 such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts  
709 and at such times as will insure the availability, without reinvestment, of sufficient money to provide  
710 for such payment, and when proper arrangements have been made by the Issuer with the Paying  
711 Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due  
712 and payable. There shall be delivered to the Paying Agent/Registrar a certificate from a firm of  
713 certified public accountants certifying as to the sufficiency of the deposit made pursuant to clause  
714 (ii) above. The Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to  
715 the

716 Issuer that reflects such payment does not adversely affect the exclusion under the Code of interest  
717 on the Defeased Certificates from the gross income of the holders thereof for federal income taxation  
718 purposes. At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder, as  
719 aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or  
720 entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in  
721 this Ordinance, and such principal and interest shall be payable solely from such money or  
722 Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is  
723 hereby provided that any determination not to redeem Defeased Certificates that is made in  
724 conjunction with the payment arrangements specified in subsection 21(a)(i) or (ii) shall not be  
725 irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the  
726 Issuer expressly reserves the right to call the Defeased Certificates for redemption; (2) gives notice  
727 of the reservation of that right to the owners of the Defeased Certificates immediately following the  
728 making of the payment arrangements; and (3) directs that notice of the reservation be included in  
729 any redemption notices that it authorizes.

730  
731 (b) *Investment in Defeasance Securities.* Any moneys so deposited with the Paying  
732 Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities,  
733 maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance  
734 Securities received by the Paying Agent/Registrar that is not required for the payment of the  
735 Certificates and interest thereon, with respect to which such money has been so deposited, shall be  
736 turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow  
737 Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of  
738 Defeased Certificates may contain provisions permitting the investment or reinvestment of such  
739 moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the  
740 satisfaction of the requirements specified in subsection 21(a)(i) or (ii). All income from such  
741 Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment  
742 of the Defeased Certificates, with respect to which such money has been so deposited, shall be  
743 remitted to the Issuer or deposited as directed in writing by the Issuer. The Paying Agent/Registrar

shall not be liable for any loss pertaining to an investment executed in accordance with written instructions from the Issuer.

(c) *Defeasance Securities Defined.* The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) *Paying Agent/Registrar Services.* Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

## Section 22. DEFAULT AND REMEDIES.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Certificates, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the Issuer.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer, or any official, officer or employee of the Issuer in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement

787 contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of  
788 any right of the Registered Owners hereunder or any combination of such remedies.  
789

790 (ii) It is provided that all such proceedings shall be instituted and maintained for the  
791 equal benefit of all Registered Owners of Certificates then outstanding.  
792

793 (c) Remedies Not Exclusive.  
794

795 (i) No remedy herein conferred or reserved is intended to be exclusive of any other  
796 available remedy or remedies, but each and every such remedy shall be cumulative and shall  
797 be in addition to every other remedy given hereunder or under the Certificates or now or  
798 hereafter existing at law or in equity; provided, however, that notwithstanding any other  
799 provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates  
800 shall not be available as a remedy under this Ordinance.  
801

802 (ii) The exercise of any remedy herein conferred or reserved shall not be deemed a  
803 waiver of any other available remedy.  
804

805 (iii) By accepting the delivery of a Certificate authorized under this Ordinance, such  
806 Registered Owner agrees that the certifications required to effectuate any covenants or  
807 representations contained in this Ordinance do not and shall never constitute or give rise to a  
808 personal or pecuniary liability or charge against the officers, employees or trustees of the  
809 Issuer or the City Council.  
810

811 (iv) None of the members of the City Council, nor any other official or officer,  
812 agent, or employee of the Issuer, shall be charged personally by the Registered Owners with  
813 any liability, or be held personally liable to the Registered Owners under any term or  
814 provision of this Ordinance, or because of any Event of Default or alleged Event of Default  
815 under this Ordinance.  
816

817 Section 23. OFFICIALS AUTHORIZED TO ACT ON BEHALF OF THE CITY. That the  
818 Mayor, the City Clerk, the City Manager, any Assistant City Manager, the Chief Financial Officer of  
819 the City or any Deputy Chief Financial Officer of the City, and all other officers, employees, and  
820 agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered,  
821 and directed from time to time and at any time to do and perform all such acts and things and to  
822 execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all such  
823 instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out  
824 the terms and provisions of this Ordinance, the Certificates, the offering documents prepared in  
825 connection with the sale of the Certificates, or the Paying Agent/Registrar Agreement. In case any  
826 officer whose signature appears on any Certificate shall cease to be such officer before the delivery  
827 of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same  
828 as if he or she had remained in office until such delivery.  
829

830 Section 24. PREAMBLE. That the findings set forth in the preamble to this Ordinance are  
831 hereby incorporated into the body of this Ordinance and made a part hereof for all purposes.  
832

833 Section 25. RULES OF CONSTRUCTION. That for all purposes of this Ordinance, unless  
834 the context requires otherwise, all references to designated Sections and other subdivisions are to the  
835 Sections and other subdivisions of this Ordinance. The words "herein", "hereof" and "hereunder"  
836 and other words of similar import refer to this Ordinance as a whole and not to any particular  
837 Section or other subdivision. Except where the context otherwise requires, terms defined in this  
838 Ordinance to impart the singular number shall be considered to include the plural number and vice  
839 versa. References to any named person means that party and its successors and assigns. References  
840 to any constitutional, statutory or regulatory provision means such provision as it exists on the date  
841 this Ordinance is adopted by the City and any future amendments thereto or successor provisions  
842 thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the  
843 payment of any mandatory sinking fund redemption payments as described herein. Any reference  
844 to "FORM OF CERTIFICATE" shall refer to the form of the Certificates set forth in Exhibit A to  
845 this Ordinance. The titles and headings of the Sections and subsections of this Ordinance have been  
846 inserted for convenience of reference only and are not to be considered a part hereof and shall not in  
847 any way modify or restrict any of the terms or provisions hereof.  
848

849 Section 26. CONFLICTING ORDINANCES REPEALED. That all ordinances and  
850 resolutions or parts thereof in conflict herewith are hereby repealed.  
851

852 Section 27. IMMEDIATE EFFECT. That in accordance with the provisions of V.T.C.A.,  
853 Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its  
854 adoption by the City Council.  
855

856 **FINALLY PASSED, APPROVED AND EFFECTIVE this August 30, 2007.**  
857

858  
859  
860 \_\_\_\_\_  
861 Mayor, City of Austin, Texas  
862

863 ATTEST:

864 \_\_\_\_\_  
865 City Clerk, City of Austin, Texas  
866  
867

(SEAL)

868 APPROVED:

869 \_\_\_\_\_  
870 David Allan Smith, City Attorney,  
871 City of Austin, Texas

## SCHEDULE I

The following projects are to be funded with the proceeds of the Certificates:

the cost of constructing improvements to the City-owned Circle C Metro Park (Veloway Trail);

the cost of design and installation of a Compressed Natural Gas Fuel Facility to be located at 4308 Todd Lane;

together with the payment of fiscal, engineering and legal fees incurred in connection with the issuance of the Certificates and the projects funded therewith.

## EXHIBIT A

## FORM OF CERTIFICATE

NO. \_\_\_\_\_

\$

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS  
CERTIFICATES OF OBLIGATION  
SERIES 2007

<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>ORIGINAL ISSUE DATE</u>	<u>CUSIP</u>
	%	SEPTEMBER 1, 2007	

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF AUSTIN, TEXAS (the "Issuer"), in the Counties of Travis and Williamson, hereby promises to pay to

or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of:

DOLLARS

and to pay interest thereon, from the Original Issue Date specified above, to the Maturity Date specified above, or the date of its redemption prior to scheduled maturity, at the interest rate per annum specified above, with said interest payable on March 1, 2008, and semiannually on each September 1 and March 1 thereafter; except that if this Certificate is required to be authenticated and the date of its authentication is later than March 1, 2008, such interest is payable semiannually on each September 1 and March 1 following such date.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity or redemption prior to maturity at the designated corporate trust office in \_\_\_\_\_, Texas (the "Designated Payment/Transfer Office"), of \_\_\_\_\_, which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States

mail, first-class, postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal and interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Certificates, when due. All Certificates of this Series are issuable solely as fully registered certificates, without interest coupons, in any integral multiple of \$5,000 (an "Authorized Denomination").

IN THE EVENT OF NON-PAYMENT of interest on a scheduled payment date, and for 30 days thereafter, 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Certificate appearing on the Registration Books kept by the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE for the payment of the principal of, premium, if any, or interest on this Certificate shall be a Saturday, Sunday, a legal holiday, or a day on which 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 on which 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.

THIS CERTIFICATE is one of a Series of Certificates dated as of the Original Issue Date stated above, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$3,820,000, FOR THE PURPOSE OF PROVIDING PART OF THE FUNDS FOR PAYING CONTRACTUAL OBLIGATIONS TO BE INCURRED BY THE CITY, TO-WIT, MAKING AND ACQUIRING VARIOUS PUBLIC IMPROVEMENTS FOR THE CITY, AS DESCRIBED IN THE CERTIFICATE ORDINANCE, AND THE PAYMENT OF FISCAL, ENGINEERING AND LEGAL FEES INCURRED IN CONNECTION THEREWITH.

ON SEPTEMBER 1, 2017, or on any date thereafter, the Certificates of this Series maturing on September 1, 2018 and thereafter may be redeemed prior to their scheduled maturities, at the option of the Issuer, in whole, or in part, at par and accrued interest to the date fixed for redemption. The years of maturity of the Certificates called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Certificates or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar; *provided*, that during any period in which ownership of the Certificates is determined only by a book entry at a securities depository for the Certificates, if fewer than all of the Certificates of the same maturity and bearing the same interest rate are to be redeemed, the particular Certificates of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Certificate or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar, and to major securities depositories, national bond rating agencies and bond information services. By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Certificate or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Certificate, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Certificate or any portion hereof. If a portion of any Certificate shall be redeemed a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

AS PROVIDED IN THE CERTIFICATE ORDINANCE, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation, all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar at its Designated Payment/Transfer Office, together with proper instruments of assignment, in form and with guarantee of signatures



satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any Authorized Denomination to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the Issuer. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Certificate or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege. In any circumstance, neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate so selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Certificate.

WHENEVER the beneficial ownership of this Certificate is determined by a book entry at a securities depository for the Certificates, the foregoing requirements of holding, delivering or transferring this Certificate shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed, and been done in accordance with law; that this Certificate is a direct obligation of said Issuer, issued on the full faith and credit thereof, that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limits prescribed by law, and that a limited pledge (not to exceed \$1,000) of the surplus revenues from the operation of the City's solid waste disposal system remaining after payment of all operation and maintenance expenses thereof and any other obligations heretofore or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of such revenues to the Certificates, have been pledged as additional security for the Certificates.

BY BECOMING the registered owner of this Certificate, the registered owner thereby acknowledges all of the terms and provisions of the Certificate Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Certificate Ordinance is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Certificate and the Certificate Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, this Certificate has been duly executed on behalf of the City, under its official seal, in accordance with law.

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City Clerk  
City of Austin, Texas

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Mayor  
City of Austin, Texas

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the proceedings adopted by the Issuer as described in the text of this Certificate of Obligation; and that this Certificate of Obligation has been issued in exchange for or replacement of a certificate of obligation, certificates of obligation, or a portion of a certificate of obligation or certificates of obligation of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated \_\_\_\_\_

\_\_\_\_\_  
Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

\*FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO  
THE CERTIFICATES UPON INITIAL DELIVERY THEREOF

OFFICE OF COMPTROLLER

:

REGISTER NO. \_\_\_\_\_

STATE OF TEXAS

:

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Austin, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Certificate has this day been registered by me.

WITNESS MY HAND and seal of office at Austin, Texas this \_\_\_\_\_.

(SEAL)

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

NOTE:

\*& to accompany initial certificates only

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please insert Social Security or Taxpayer Identification Number of Transferee)

\_\_\_\_\_  
/ \_\_\_\_\_/

\_\_\_\_\_  
(Please print or typewrite name and address, including zip code of Transferee)  
\_\_\_\_\_

the within Certificate of Obligation and all rights thereunder, and hereby irrevocably constitutes  
and appoints \_\_\_\_\_ attorney to  
register the transfer of the within Certificate of Obligation on books kept for registration thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by  
a member firm of the New York Stock  
Exchange or a commercial bank or trust  
company.

\_\_\_\_\_  
NOTICE: The signature above must  
correspond with the name of the Registered  
Owner as it appears upon the front of this  
Certificate in every particular, without  
alteration or enlargement or any change  
whatsoever.

The printer of the Certificates is hereby authorized to print on the Certificates (i) the form of bond  
counsel's opinion relating to the Certificates, and (ii) an appropriate statement of insurance furnished  
by a municipal bond insurance company providing municipal bond insurance, if any, covering all or  
any part of the Certificates.

**Exhibit B  
to  
Ordinance**

**DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 18 of this Ordinance.

**Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified below:

The City has heretofore filed with each NRMSIR and the SID its official statement with respect to that certain issue of \$31,585,000 City of Austin, Texas Public Improvement Bonds, Series 2006. In the ordinance authorizing the issuance of such Bonds, the City agreed to update annually financial information and operating data with respect to the City of the general type included in the main text of the Official Statement under the subcaptions: "Tax Valuation" with respect to the appraised value as of January 1 during the fiscal year as to which such annual report relates; "Current Investments"; "Valuation and Funded Debt History"; "Tax Rates, Levy and Collection History"; "Ten Largest Taxpayers"; "Property Tax Rate Distribution"; "General Fund Revenues and Expenditures and Changes in Fund Balance"; "Municipal Sales Tax"; and "Transfers from Utility Fund". The above-described financial information and operating data with respect to the City is hereby incorporated by reference, and in Section 18 of this Ordinance the City has agreed to annually update such financial information and operating data in accordance with Rule 15c2-12, promulgated by the United States Securities and Exchange Commission.

**Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the City's financial statements.

EXHIBIT C

PURCHASE AGREEMENT

DRAFT