

EXHIBIT A
to
Ordinance

FORM OF BOND

NO. _____

\$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT REFUNDING BONDS,
SERIES 2008

MATURITY DATE INTEREST RATE DATE OF DELIVERY CUSIP

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 Date of Delivery specified above, to the maturity date specified above, at the rate of interest per annum specified above, with said interest being payable on _____ 1, 200_, and semiannually on each _____ 1 and _____ 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than _____ 1, 200_, such interest is payable semiannually on each _____ 1 and _____ 1 following such date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity at the designated corporate trust office in _____, Texas (the "Designated Payment/Transfer Office"), of

_____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the 15th day of the month next preceding such 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 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 appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity shall be paid to the registered owner upon presentation and surrender of this Bond for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the ordinance authorizing the Bonds (the "Ordinance") the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IN THE EVENT OF A 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 Bond appearing on the registration books of 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 or interest on this Bond 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. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Issuer and the securities depository.

THIS BOND is one of a Series of Bonds of like tenor and effect except as to number, principal amount, interest rate and maturity, authorized in accordance with the Constitution and laws of the State of Texas, dated _____ 1, 2008, in the principal amount of \$_____, for the purpose of refunding those obligations designated in the Ordinance as the "Refunded Obligations".

ON _____ 1, 201_, or on any date thereafter, the Bonds of this Series maturing on _____ 1, 201_ 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 Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Bonds 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 Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

THE BONDS are also subject to mandatory redemption in part by lot pursuant to the terms of the Ordinance, on _____ 1 in each of the years 20__ through 20__, inclusive, with respect to Bonds maturing _____ 1, 20__, in the following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

Year

Principal Amount

* Final Maturity

To the extent, however, that Bonds subject to sinking fund redemption have been previously purchased or called for redemption in part and otherwise than from a sinking fund redemption payment, each annual sinking fund payment for such Bond shall be reduced by the amount obtained by multiplying the principal amount of Bonds so purchased or redeemed by the ratio which each remaining annual sinking fund redemption payment for such Bonds bears to the total remaining sinking fund payments, and by rounding each such payment to the nearest \$5,000 integral; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, the particular Bonds to be called for mandatory redemption shall be selected in accordance with the arrangements between the City 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 Bond 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 Bond 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 Bond, 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 Bond or any portion hereof. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, 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.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of

\$5,000. As provided in the Ordinance, this Bond 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 bonds, 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 denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond 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 Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond 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 Bond or any portion or portions hereof from time to time by the registered owner. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Bond or portion thereof. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the Issuer. 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 Bond 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 Bond.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond 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 Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the 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 Bonds.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond, and the series of which it is a part, is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of this series of bonds, and of this Bond, have been properly done and performed and have happened in regular and due time, form and manner as required by law; that sufficient and proper provision for the levy and collection of ad valorem taxes has been made, which, when collected, shall be appropriated exclusively to the payment of this Bond and the series of which it is a part; and that the total indebtedness of the City of Austin, Texas, including the entire series of bonds of which this is one, does not exceed any constitutional or statutory limitation.

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

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

City Clerk,
City of Austin, Texas

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 Bond has been issued under the provisions of the proceedings adopted by the Issuer as described in the text of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds 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 BONDS UPON INITIAL DELIVERY THEREOF):

OFFICE OF COMPTROLLER :
STATE OF TEXAS : REGISTER NO. _____

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 Bond 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 Bond has this day been registered by me.

WITNESS MY HAND and seal of office at Austin, Texas _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

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 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Bond on the 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 Bond in every particular, without alteration or enlargement or any change whatsoever.

The printer of the Series 2008 Bonds is hereby authorized to print on the Series 2008 Bonds (i) the form of bond counsel's opinion relating to the Series 2008 Bonds, 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 Series 2008 Bonds.

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 13 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 (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City 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; "Valuation and Funded Debt History"; "Tax Rates, Levy and Collection History"; "Ten Largest Taxpayers"; "Property Tax Rate Distribution"; "Current Investments"; "General Fund Revenues and Expenditures and Changes in Fund Balance"; "Municipal Sales Tax"; and "Transfers from Utility Fund".

The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

SCHEDULE I

CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 1997, all outstanding obligations maturing on September 1, 2009, aggregating \$110,000 in principal amount; Redemption Date: March 16, 2008.

CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 1998, all outstanding obligations maturing on September 1 in each of the years 2013 through 2018, aggregating \$9,765,000 in principal amount; Redemption Date: September 1, 2008.

CITY OF AUSTIN, TEXAS PUBLIC IMPROVEMENT BONDS, SERIES 1998, all outstanding obligations maturing on September 1 in each of the years 2013 through 2018, aggregating \$7,940,000 in principal amount; Redemption Date: September 1, 2008.

CITY OF AUSTIN, TEXAS PUBLIC IMPROVEMENT REFUNDING BONDS, SERIES 1998, all outstanding obligations maturing on September 1 in each of the years 2009 through 2016, aggregating \$76,460,000 in principal amount; Redemption Date: March 16, 2008.

CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 1999, all outstanding obligations maturing on September 1, 2011, aggregating \$285,000 in principal amount; Redemption Date: September 1, 2009.

CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2000, all outstanding obligations maturing on September 1 in each of the years 2013 and 2014, aggregating \$680,000 in principal amount; Redemption Date: September 1, 2010.

CITY OF AUSTIN, TEXAS PUBLIC IMPROVEMENT BONDS, SERIES 2000, all outstanding obligations maturing on September 1 in each of the years 2012, 2016 and 2017, aggregating \$14,085,000 in principal amount; Redemption Date: September 1, 2010.

CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2001, all outstanding obligations maturing on September 1 in each of the years 2017 and 2018, aggregating \$4,825,000 in principal amount; Redemption Date: September 1, 2011.

CITY OF AUSTIN, TEXAS PUBLIC IMPROVEMENT BONDS, SERIES 2001, all outstanding obligations maturing on September 1 in each of the years 2018 and 2019, aggregating \$12,000,000 in principal amount; Redemption Date: September 1, 2011.

CITY OF AUSTIN, TEXAS PUBLIC IMPROVEMENT BONDS, SERIES 2002, all outstanding obligations maturing on September 1, 2017, aggregating \$6,400,000 in principal amount; Redemption Date: September 1, 2012.

The redemption price for the Refunded Obligations shall be par plus accrued interest to the date of redemption.

Attachment
to
Ordinance

Form of Preliminary Official Statement
(Draft 1 010708 attached hereto)

Form of Escrow Agreement

ESCROW AGREEMENT

CITY OF AUSTIN, TEXAS,
PUBLIC IMPROVEMENT REFUNDING BONDS 2008 ESCROW

THIS ESCROW AGREEMENT, dated as of _____, 2008 (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the City of Austin, Texas (herein called the "Issuer") and U.S. Bank National Association, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit "A" attached hereto and made a part hereof.

W I T N E S S E T H:

WHEREAS, the Issuer heretofore issued and there presently remain outstanding the obligations (the "Refunded Obligations") described in the Verification Report of The Arbitrage Group, a true and correct copy of which is attached hereto as Exhibit "B" and made a part hereof (the "Report"), relating to the Refunded Obligations; and

WHEREAS, the Refunded Obligations are scheduled to mature on such dates, bear interest at such rates, and be payable at such times and in such amounts as are set forth in the Report; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption date of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any place of

payment (paying agent) for any of the Refunded Obligations, or a trust company or commercial bank other than any place of payment for any of the Refunded Obligations that does not act as a depository for the Issuer, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, the Escrow Agent does not act as a depository for the Issuer, and this Agreement constitutes an escrow agreement of the kind authorized and required by Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the issuance, sale, and delivery of the City of Austin, Texas Public Improvement Refunding Bonds, Series 2008 (the "Refunding Obligations") have been issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their maturity or date of redemption and the interest thereon to such dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, if applicable, shall be applied to purchase certain obligations described in Chapter 1207,

hereinafter defined as the "Escrowed Securities", for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity or date of redemption; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the designated corporate trust office of the Escrow Agent.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the obligations described in the Report or cash or other direct obligations of the United States of America substituted therefor pursuant to Article IV of this Agreement.

Section 1.02. Other Definitions. The terms "Agreement", "Issuer", "Escrow Agent", "Refunded Obligations", "Refunding Obligations", "Report" and "Paying Agent", when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law. The recitals contained in the preamble to this Agreement are hereby incorporated into the body of this Agreement.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in the Report, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing. The Issuer hereby represents that all of the Escrowed Securities are eligible under the provisions of Chapter 1207 to be deposited in the Escrow Fund, as further dedicated to the payment of the Refunded Obligations as described in the Report.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the City of Austin, Texas Public Improvement Refunding Bonds Series 2008 Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will

irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in the Report. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations and interest thereon in the amounts and on the date shown in the Report.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as the Refunded Obligations mature, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment (paying agent) for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given as promptly as practicable as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow

Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. Duty of Escrow Agent to Investment Funds. Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Certain Cash Balances in Escrow by Escrow Agent. In addition to the Escrowed Securities listed in the Report, the Escrow Agent shall reinvest cash balances shown in the Report in United States Treasury Obligations - State and Local Government Series with an interest rate equal to zero percent (0%) to the extent (i) such Treasury Obligations are available from the Department of the Treasury and (ii) such reinvestments are called for in the Report. All such reinvestments shall be made, if and to the extent so required, only from the portion of cash balances derived from the maturing principal of and interest on

Escrowed Securities that are United States Treasury Certificates of Indebtedness, Notes or Bonds - State and Local Government Series. All such reinvestments shall be acquired on and shall mature on the dates shown on the Report.

Section 4.03. Substitutions and Reinvestments. At the direction of the Issuer, the Escrow Agent shall reinvest cash balances representing receipts from the Escrowed Securities, make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or securities held in the Escrow Fund, provided that the Issuer delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after such substitution or reinvestment the principal amount of the securities in the Escrow Fund, together with the interest thereon and other available moneys, will be sufficient to pay, without further investment or reinvestment, as the same become due in accordance with the Report, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such substitution or reinvestment will not cause the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Refunded Obligations subject to federal income taxation, and (b) such substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations.

The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

Section 4.04. Substitution for Escrowed Securities. Concurrently with the initial deposit by the Issuer with the Escrow Agent, but not thereafter, the Issuer, at its option, may substitute cash or non-interest bearing direct noncallable, non-prepayable obligations of the United States Treasury (i.e., Treasury obligations which mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date) (the "Substitute Obligations") for non-interest bearing Escrowed Securities, if any, but only if such Substitute Obligations

- (a) are in an amount, and/or mature in an amount, which is equal to or greater than the amount payable on the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted,
- (b) mature on or before the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted, and
- (c) produce the amount necessary to pay the interest on and principal of the Refunded Obligations, as set forth in the Report, as verified by a certified public accountant or a firm of certified public accountants.

If, concurrently with the initial deposit by the Issuer with the Escrow Agent, any such Substitute Obligations are so substituted for any Escrowed Securities, the Issuer may, at any time thereafter, substitute for such Substitute Obligations the same Escrowed Securities for which such Substitute Obligations originally were substituted.

Section 4.05. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Obligations or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

ARTICLE V

APPLICATION OF CASH BALANCES

Except as provided in Sections 3.01, 3.02, 4.02, 4.03 and 4.04 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions

relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent,

it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement.

Section 7.03. Compensation.

(a) Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of \$_____, the sufficiency of which is hereby acknowledged by the Escrow Agent. In addition,

_____, acts as Paying Agent for certain of the Refunded Obligations, and concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to _____ the sum of \$_____ for all future

paying agency services as Paying Agent for the Refunded Obligations. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses. The Escrow Agent's right to compensation and reimbursement of its costs and expenses shall survive its resignation or removal as Escrow Agent and the termination of this Agreement.

(b) Upon receipt of the aforesaid specific sums stated in subsection (a) of this Section 7.03 for Escrow Agent and paying agency fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, authorized under Texas law to act as an escrow agent, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and such successor Escrow Agent shall be a paying agent for the Refunded Obligations and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder.

Section 7.05. Indemnification. To the extent permitted by the laws of the State of Texas, the Issuer agrees to indemnify the Escrow Agent for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Escrow Agent arising out of or in connection with the exercise or performance of any of its powers or duties under this Agreement. The foregoing provision shall survive the resignation or substitution of the Escrow Agent or the termination of this Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit "A" attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007 and Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in the Report and the Escrowed Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08. Amendments. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations.

Section 8.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same instrument.

EXECUTED as of the date first written above.

CITY OF AUSTIN, TEXAS

By: _____
City Manager

ATTEST:

City Clerk

(SEAL)

APPROVED AS TO FORM:

City Attorney

U.S. BANK NATIONAL ASSOCIATION

By: _____
Title: _____

ATTEST:

By: _____
Title: _____

(SEAL)

Form of Paying Agent/Registrar Agreement

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the "Agreement"), dated as of the 10th day of January, 2008, is by and between the City of Austin, Texas (the "City") and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America (together with any successor, the "Bank");

W I T N E S S E T H:

WHEREAS, the City is authorized to issue the series of obligations described in Exhibit A hereto (the "Bonds") in accordance with the ordinance adopted by the City on January 10, 2008, and incorporated herein for all purposes (the "Bond Resolution");

WHEREAS, the City desires that the Bonds be issued in fully registered form with privileges of transfer and exchange as herein provided, and as authorized in the Bond Resolution;

WHEREAS, the City has authorized the issuance of the Bonds subject to the terms of the Bond Resolution and, to provide for registration, payment, transfer, exchange, and replacement of the Bonds, the City has authorized the execution and delivery of this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained, and subject to the conditions herein set forth, the City and the Bank agree as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. Definitions.

The terms defined in this Article shall have the meaning set out below unless the context requires a different meaning:

"Agreement" means this agreement as originally executed or as it may from time to time be supplemented, modified, or amended.

"Bank" means the entity named as the "Bank" in the first paragraph of this Agreement or a successor Bank selected in accordance with the applicable provisions of this Agreement.

"Bond Register" has the meaning stated in Section 5.01.

"Bond Resolution" means the ordinance authorizing the issuance of the Bonds, adopted by the City on January 10, 2008, and incorporated herein for all purposes.

"Bonds" means the obligations issued by the City that are to be governed by this Agreement, as described in Exhibit A attached hereto.

"City" means the City of Austin, Texas.

"City Request" and "City Order" means a written request or order signed in the name of the City by the Mayor, City Manager, any Assistant City Manager, the Chief Financial Officer, any Deputy Chief Financial Officer or the City Clerk, any one or more of said officials, and delivered to the Bank.

"Code" means the Internal Revenue Code of 1986, as amended.

"Designated Payment/Transfer Office" means the corporate trust office of the Paying Agent/ Registrar designated as the place of payment, transfer and exchange of the Bonds, initially, the corporate trust office of the Paying Agent/Registrar in Houston, Texas.

"Holder" when used with respect to any Bond, means the Person in whose name such Bond is registered in the Bond Register.

"Interest Payment Date" means the Stated Maturity of an installment of interest on any Bonds.

"Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity or by call for redemption or otherwise.

"Person" means any entity, individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any governmental agency or political subdivision.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 5.02 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Bond.

"Record Date" for the interest payable on an Interest Payment Date means the 15th day (whether or not a business day) of the calendar month next preceding such Interest Payment Date.

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof, the Bond Resolution and this Agreement.

"Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to terms thereof and the Bond Resolution, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

SECTION 1.02. Written Communication.

Any request, demand, authorization, direction, notice, consent, waiver, or other written communication provided or permitted by this Agreement to be made upon, given or furnished to, or filed with

A. the City, shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid, to the City addressed to it at City Hall, 301

West Second Street, Austin, Texas 78701, or at any other address previously furnished to the Bank in writing by the City, and

B. the Bank, shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid (and properly referred to this Agreement or the Bonds), to the Bank addressed to it at 5555 San Felipe, 11th Floor, Houston, Texas 77056, or at any other address previously furnished to the City in writing by the Bank.

SECTION 1.03. Notice to Holders; Waiver.

Where this Agreement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise expressly provided herein) if in writing and mailed, first-class, postage prepaid, to each Holder, at the address of such Holder as it appears in the Bond Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to all other Holders. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Bank, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 1.05. Successors and Assigns.

All covenants and agreements in this Agreement by the City or the Bank shall bind its successors and assigns.

SECTION 1.06. Severability Clause.

In case any provision of this Agreement, the Bond Resolution, or the Bonds or any application thereof shall be invalid, illegal or unenforceable, the validity,

legality and enforceability of the remaining provisions and applications of this Agreement shall not in any way be affected or impaired thereby.

SECTION 1.07. Amendment.

This Agreement may be amended only by an agreement in writing by both of the parties hereto.

SECTION 1.08. Benefits of Agreement.

Nothing in this Agreement or in the Bonds, expressed or implied, shall give to any Person other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

SECTION 1.09. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

ARTICLE TWO

THE BONDS

SECTION 2.01. Forms Generally.

The Bonds, Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Authentication Certificate, and the Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in the Bond Resolution with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Bond Resolution and this Agreement and may have such letters, numbers, or other marks of identification and the Bonds may have such legends and endorsements thereon (including any reproduction of an opinion of counsel) as may, consistently herewith, be established by the Bond Resolution or determined by the officers executing such Bonds as evidenced by their execution of such Bonds.

SECTION 2.02. Execution, Registration, Delivery, and Dating.

The Bonds shall be executed on behalf of the City as provided in the Bond Resolution.

No Bond shall be entitled to any right or benefit under this Agreement or the Bond Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in the Bond Resolution, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, by manual signature, or an authentication certificate substantially in the form provided in the Bond Resolution, executed by the Bank, by manual signature, and either such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or registered or delivered.

SECTION 2.03. Cancellation.

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The City may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever and all Bonds so delivered shall be promptly cancelled by the Bank. No Bond shall be registered in lieu of or in exchange for any Bond cancelled as provided by this Agreement. All cancelled Bonds held by the Bank shall be disposed of as directed by City Request.

SECTION 2.04. Persons Deemed Owners.

The City, the Bank, and any agent of the City or the Bank may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal (and Redemption Price, if applicable) of and interest on such Bond and for all other purposes whatsoever whether or not such Bond be overdue, and, to the extent permitted by law, none of the City, the Bank, and any such agent shall be affected by notice to the contrary.

ARTICLE THREE

PAYMENT OF BONDS

SECTION 3.01. Payment of Interest.

Interest on any Bond of any series which is payable on any Interest Payment Date shall be paid to the Holder of such Bond as determined at the close of business on the Record Date.

Such interest shall be paid by the Bank by check mailed to the Holder at the address of such Holder as it appears on the Bond Register, or by such other customary banking arrangements to which the Holder and the Bank may agree, but solely from funds collected from the City for such purpose.

Each Bond delivered under this Agreement upon transfer or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 3.02. Payment of Principal and Redemption Price.

Principal (and the Redemption Price, if applicable) of each Bond shall be paid by the Bank to the Holder at the Maturity thereof, but solely from funds collected from the City for such purpose, upon presentation and surrender of such Bond to the Bank for cancellation. All Bonds presented and surrendered for payment shall be delivered to the Designated Payment/Transfer Office.

SECTION 3.03. City to Deposit Funds.

The City will duly and punctually deposit with the Bank, at its principal payment office in Charlotte, North Carolina, on or before each Stated Maturity of interest on Bonds and each Maturity of Bonds, money sufficient to pay the principal (and Redemption Price, if applicable) of and interest on the Bonds when due.

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.01. General Applicability of Article.

If the Bonds are to be redeemed before their Stated Maturity, they shall be redeemed in accordance with their terms and the Bond Resolution.

SECTION 4.02. Election to Redeem; Notice to Bank.

The exercise by the City of its option to redeem any Bonds shall be evidenced by City action consistent with the provisions of the Bond Resolution. In case of any redemption at the election of the City of less than all of the outstanding Bonds, the City shall, at least 45 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Bank), notify the Bank of such Redemption Date and of the principal amount of Bonds of each Stated Maturity to be redeemed, and the Redemption Price to be paid to the Holders.

SECTION 4.03. Notice of Redemption.

Notice of redemption shall be given by the Bank in the name and at the expense of the City, prior to the Redemption Date, to each Person entitled to receive notice of such redemption at the times and in the manner required by the Bond Resolution.

All notices of redemption shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the Maturity, the CUSIP number, if any, the Bond numbers, the amounts called of each Bond, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Bank and the address at which the Bond may be redeemed including a contact person and telephone number.

ARTICLE FIVE

REGISTRATION, TRANSFER, EXCHANGE, AND REPLACEMENT OF BONDS

SECTION 5.01. Registration, Transfer, and Exchange.

The Bank shall keep at the Designated Payment/Transfer Office a register (herein referred to as the "Bond Register") in which, subject to such reasonable regulations as the City or the Bank may prescribe, the Bank shall provide for the registration of the Bonds and registration of transfers of the Bonds as herein provided.

Upon surrender for transfer or exchange of any Bond at the Designated Payment/Transfer Office of the Bank, the Bank shall register and deliver, in the

name of the designated transferee or transferees, one or more new fully registered Bonds of the same maturity, of any authorized denominations, and of a like aggregate principal amount in accordance with the terms of the Bond Resolution.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed (if so required by the Bank) or be accompanied by a written instrument of transfer in form satisfactory to the Bank duly executed by the Holder or the attorney thereof duly authorized in writing.

Neither the City nor the Bank shall be required (i) to issue, transfer, or exchange any Bond subject to redemption during a period beginning at the opening of business thirty (30) days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond after it is so selected for redemption, in whole or in part, prior to the redemption date; except that at the option of the Holder of at least \$1,000,000 in principal amount of a series of Bonds, the Bank is required to transfer or exchange any such Bond which has been selected in whole or in part for redemption upon the surrender thereof.

In the event that the use of book-entry transfers for the Bonds is discontinued, the City shall provide an adequate inventory of Bond certificates to facilitate transfers and exchanges. The Bank covenants that it will maintain Bond certificates in safekeeping and will use reasonable care in maintaining such condition in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

The Bank as Registrar will maintain the records of the Bond Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain the Bond Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Bond Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

SECTION 5.02. Mutilated, Destroyed, Lost, and Stolen Bonds.

If (i) any mutilated Bond is surrendered to the Bank, or the City and the Bank receive evidence to their satisfaction of the destruction, loss or theft of any

Bond, and (ii) there is delivered to the City and the Bank such security or indemnity as may be required by them to save each of them harmless, then, the City shall execute and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond (but only upon surrender of such Bond if such Bond is mutilated), a new Bond of the same series and maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding, in accordance with the Bond Resolution.

In case any such mutilated, destroyed, lost or stolen Bond shall have matured and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bonds, the City in its discretion may by City Request have the Bank pay such Bond instead of issuing a new Bond, provided security or indemnity is furnished to the City and the Bank as may be required by them to save each of them harmless from any loss or damage with respect thereto, all in accordance with the Bond Resolution.

SECTION 5.03. List of Holders.

The Bank will provide the City at any time requested by the City, upon payment of the agreed upon fee, a copy of the information contained in the Bond Register. The City may also inspect the information in the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any Person other than pursuant to a City Request or other than to an authorized officer or employee of the City, except upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the City so that the City may contest the subpoena or court order.

SECTION 5.04. Surety Bond.

The City hereby accepts the Bank's current blanket bond for lost, stolen or destroyed Bonds (and any future substitute blanket bond for lost, stolen or destroyed Bonds that the Bank may arrange with sufficient coverage to protect the City in the opinion of the Bank) and agrees that the coverage under any such blanket bond is acceptable to it and meets the City's requirements as to security or indemnity. The Bank need not notify the City of any changes in the security or other company giving such bond or the terms of any such bond. The blanket bond

then utilized for the purpose of lost, stolen, or destroyed certificates by the Bank is available for inspection by the City on request.

SECTION 5.05. Transaction Information to City.

The Bank will, within a reasonable time after receipt of written request from the City, furnish the City information as to the Bonds it has paid, Bonds it has delivered upon the transfer or exchange of any Bond, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds.

ARTICLE SIX

RIGHTS AND OBLIGATIONS OF BANK

SECTION 6.01. Certain Duties and Responsibilities.

A. The Bank:

1. shall perform the duties imposed on the Bank under the Bond Resolution.

2. shall exercise reasonable care in the performance of its duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank; and

3. in the absence of bad faith on its part, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Agreement, but in the case of any opinions which by any provision hereof are specifically required to be furnished to the Bank, shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement.

B. No provision of this Agreement shall be construed to relieve the Bank from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct except that:

1. this Subsection shall not be construed to limit the effect of Subsection A of this Section; and

2. the Bank shall not be liable for any error of judgment made in good faith by any officer thereof, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

C. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Bank shall be subject to the provisions of this Section.

D. By executing this Agreement, the Bank hereby represents that it has received certified copies of the Bond Resolution.

SECTION 6.02. Certain Rights of Bank.

Except as otherwise provided in Section 6.01 hereof:

A. the Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, coupon or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

B. the Bank may consult with legal counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Bank hereunder in good faith and in reliance thereon;

C. the Bank shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, coupon or other paper or document, but the Bank, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Bank shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the City, personally or by agent or attorney; and

D. the Bank may execute any of the trusts or powers hereunder or perform any of the duties hereunder either directly or by or through agents or attorneys, and the Bank shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care by it.

SECTION 6.03. Not Responsible for Recitals.

The recitals contained in the Bonds, except any authentication certificate signed by the Bank on the Bonds, shall be taken as the statements of the City, and the Bank assumes no responsibility for their correctness.

SECTION 6.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and otherwise deal with the City with the same rights it would have if it were not serving as paying agent, transfer agent, bond registrar, authenticating agent, or in any other capacity hereunder.

SECTION 6.05. Money Deposited with Bank.

Money deposited by the City with the Bank for payment of principal (or Redemption Price, if applicable) of or interest on any Bonds shall be segregated from other funds of the Bank and the City and shall be held in trust for the benefit of the Holders of such Bonds.

All money deposited with the Bank hereunder shall be secured in the manner and to the fullest extent required by law for the security of funds of the City.

Amounts held by the Bank which represent principal of and interest on the Bonds remaining unclaimed by the owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Bank in accordance with the provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

The Bank shall be under no liability for interest on any money received by it hereunder.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the City, act as trustee under indentures authorizing other bond transactions, or act in any other capacity not in conflict with its duties hereunder.

SECTION 6.06. Compensation and Reimbursement.

The City agrees:

A. to pay to the Bank from time to time reasonable compensation for all services rendered by it hereunder, which compensation shall be established initially for the Bonds in accordance with the schedule attached as Exhibit B, which is made a part hereof for all purposes;

B. except as otherwise expressly provided herein, to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any provisions of this Agreement, except to the extent (i) covered by the compensation established pursuant to Subsection A of this Section or (ii) any such expense, disbursement, or advance as may be attributable to the negligence or bad faith of the Bank; and

C. to the extent permitted by law, to indemnify the Bank for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration or performance of its duties and obligations hereunder, including the costs and expenses of defending itself (including counsel fees) against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

SECTION 6.07. Resignation and Removal.

The Bank may resign from its duties hereunder at any time by giving not less than sixty (60) days written notice thereof to the City, with such resignation effective upon the appointment of a successor thereto.

The Bank may be removed from its duties hereunder at any time with or without cause by the City designating a successor upon not less than sixty (60) days written notice; provided, however, that no such removal shall become effective until such successor shall have accepted the duties of the Bank hereunder by written instrument.

Upon the effective date of such resignation or removal (or any earlier date designated by the City in case of resignation) the Bank shall, upon payment of all its fees, charges, and expenses then due, transfer and deliver to, or upon the order of, the City all funds, records, and Bonds held by it (except any Bonds owned by the Bank as Holder or pledgee), under this Agreement.

If the Bank shall resign or be removed, the City shall promptly appoint and engage a successor to act in the place of the Bank hereunder, which appointment

shall be effective as of the effective date of the resignation or removal of the Bank. Such successor shall immediately give notice of its substitution hereunder in the name of the City to the Holders, including the name of the successor to the Bank and the address of its principal office and office of payment as provided in the Bond Resolution.

SECTION 6.08. Merger, Conversion, Consolidation, or Succession.

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further acts on the part of either of the parties hereto. In case any Bond shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Bond so registered with the same effect as if such successor Bank had itself registered such Bonds.

SECTION 6.09. Bank Not a Trustee.

This Agreement shall not be construed to require the Bank to enforce any remedy which any Holder may have against the City during any default or event of default under any agreement between any Holder and the City, including the Bond Resolution, or to act as trustee for such Holder.

SECTION 6.10. Bank Not Responsible for Bonds.

The Bank shall not be accountable for the use of any Bonds or for the use on application of the proceeds thereof.

SECTION 6.11. Adjudication and Interpleader.

The City and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and the County where either the Bank Office or the administrative offices of the City is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 1.02 of this Agreement shall constitute adequate service. The City and the Bank further agree that the Bank has

the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

SECTION 6.12. Bank's Funds Not Used.

No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights of powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

The Bank shall in no event be liable to the City, any Holder, or any other Person for any amount due on any Bond from its own funds.

SECTION 6.13. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Bonds are otherwise qualified and accepted for The Depository Trust Company services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the operational arrangements which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time and notification of redemptions and calls.

SECTION 6.14. Reporting Requirements.

To the extent required by the Code or the Treasury Regulations, the Bank shall report the amount of interest paid or the amount treated as interest accrued on the Bonds which is required to be reported by the Holders on their returns of federal income tax, or assure that such a report is made, to the Holders and the Internal Revenue Service.

SECTION 6.15. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

SECTION 6.16. Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and their respective seals to be hereunto affixed and attested, all as of the day and year first above written.

CITY OF AUSTIN, TEXAS

By: _____
City Manager

ATTEST:

City Clerk

(SEAL)

U.S. BANK NATIONAL ASSOCIATION

By: _____
Title: _____

Attention: Corporate Trust Group

EXHIBIT A

CITY OF AUSTIN, TEXAS PUBLIC IMPROVEMENT REFUNDING BONDS,
SERIES 2008, DATED _____, 2008, ISSUED IN THE
AGGREGATE PRINCIPAL AMOUNT OF \$_____.

EXHIBIT B

FEE SCHEDULE

BOND REGISTRAR, TRANSFER AGENT, AND PAYING AGENT