

ORDINANCE NO.

**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS, PUBLIC IMPROVEMENT BONDS, SERIES 2008 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$76,045,000; PRESCRIBING THE FORM OF THE BONDS; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF THE BONDS; AWARDING THE SALE OF THE BONDS; APPROVING THE OFFICIAL STATEMENT; ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT.**

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

**PART 1. BONDS TO BE SOLD; SERIES DESIGNATION.** The bond or bonds of the City to be called "**City of Austin, Texas Public Improvement Bonds, Series 2008**" (the "Bonds" or the "Series 2008 Bonds"), be issued in accordance with the Constitution and laws of the State of Texas and the Charter of the City, in the aggregate principal amount of \$76,045,000 for the purposes of (i) financing the projects described in the Schedule I and (ii) paying the costs of issuance associated with the sale of the Series 2008 Bonds.

**PART 2. MATURITY SCHEDULE.** The Series 2008 Bonds shall be dated September 1, 2008, shall be in the denomination of \$5,000 each, or any integral multiple of \$5,000 (an "Authorized Denomination"), shall be numbered consecutively from R-1 upward, and shall mature on the maturity date, in each of the years, and in the amounts, respectively, as set forth in the following schedule:

**MATURITY DATE: SEPTEMBER 1**

<u>YEARS</u>		<u>AMOUNTS (\$)</u>		<u>YEARS</u>		<u>AMOUNTS (\$)</u>
	40		52		64	
	41		53		65	
2009	42	16,135,000	54	2019	66	3,960,000
2010	43	****	55	2020	67	4,175,000
2011	44	3,445,000	56	2021	68	4,405,000
2012	45	480,000	57	2022	69	4,650,000
2013	46	100,000	58	2023	70	4,905,000
2014	47	100,000	59	2024	71	3,075,000
2015	48	100,000	60	2025	72	3,360,000
2016	49	100,000	61	2026	73	2,075,000
2017	50	100,000	62	2027	74	8,025,000
2018	51	3,750,000	63	2028	75	13,105,000

**PART 3. REDEMPTION PROVISIONS.** (a) The City reserves the right to redeem the Series 2008 Bonds maturing on or after September 1, 2019, in whole or in part in any Authorized Denomination, on September 1, 2018, or on any date thereafter, for the principal amount, without premium, plus accrued interest to the date fixed for redemption. The years of maturity of the Series 2008 Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Series 2008 Bonds or any portion redeemed within a maturity shall be selected by lot, or other method, by the Paying Agent/Registrar (defined below); *provided*, that during any period in which

ownership of the Bonds is determined only by a book entry at a securities depository for the Series 2008 Bonds, if fewer than all of the Series 2008 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2008 Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

(b) The Series 2008 Bonds [are][are not] subject to mandatory sinking fund redemption prior to their scheduled maturities[, in the manner provided in the FORM OF BOND].

(c) 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 (defined below) 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 Series 2008 Bonds or the portions thereof which are to be so redeemed, plus accrued interest to the date fixed for redemption. If such notice of redemption is given, and if provision for such payment is made, all as provided above, the Series 2008 Bonds, or the portions of the Bonds, which are to be so redeemed, 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 Series 2008 Bonds or any portion of the principal. If a portion of any Series 2008 Bond shall be redeemed, one or more substitute Series 2008 Bonds 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 for cancellation, at the expense of the City, all as provided in this Ordinance. In addition, the City shall cause the Paying Agent/Registrar to give notice of any redemption in the manner set forth in PART 5(h). The failure to cause such notice to be given, however, or any defect in the notice, shall not affect the validity or effectiveness of such redemption.

**PART 4. INTEREST.** The Series 2008 Bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

maturities 2009, _____%	128	maturities 2019, _____%
****	129	maturities 2020, _____%
maturities 2011, _____%	130	maturities 2021, _____%
maturities 2012, _____%	131	maturities 2022, _____%
maturities 2013, _____%	132	maturities 2023, _____%
maturities 2014, _____%	133	maturities 2024, _____%
maturities 2015, _____%	134	maturities 2025, _____%
maturities 2016, _____%	135	maturities 2026, _____%
maturities 2017, _____%	136	maturities 2027, _____%
maturities 2018, _____%	137	maturities 2028, _____%
	138	

139 The interest shall be payable to the registered owner of any such Series 2008 Bond in the manner  
140 provided and on the dates stated in the FORM OF BOND. Interest shall be calculated on the basis of a  
141 360-day year consisting of twelve 30-day months.  
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143 **PART 5. ADDITIONAL CHARACTERISTICS OF THE BONDS.** (a) The City shall  
144 keep or cause to be kept at the designated corporate trust office in Houston, Texas (the "Designated  
145 Payment/Transfer Office") of U.S. Bank, National Association (the "Paying Agent/Registrar"), or other  
146 bank, trust company, financial institution, or other agency named in accordance with the provisions of  
147 (g) below, books or records of the registration and transfer of the Series 2008 Bonds (the "Registration  
148 Books"), and the City appoints the Paying Agent/Registrar as its registrar and transfer agent to keep  
149 such books or records and make such transfers and registrations under such reasonable regulations as  
150 the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such  
151 transfers and registrations as provided in this Ordinance. It shall be the duty of the Paying  
152 Agent/Registrar to obtain from the registered owner and record in the Registration Books the address  
153 of such registered owner to which payments with respect to the Series 2008 Bonds shall be mailed, as  
154 provided in this Ordinance. The City, or its designee, shall have the right to inspect the Registration  
155 Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/-  
156 Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not  
157 permit their inspection by any other entity. Registration of each Series 2008 Bond may be transferred in  
158 the Registration Books only upon presentation and surrender of the Bond to the Paying Agent/Registrar  
159 for transfer of registration and cancellation, together with proper written instruments of assignment, in  
160 form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assign-  
161 ment of the Bond, or any portion of the Bond, in any Authorized Denomination, to the assignee or  
162 assignees thereof, and the right of such assignee or assignees to have such bond or any portion  
163 registered in the name of such assignee or assignees. Upon the assignment and transfer of any Series  
164 2008 Bond or any portion thereof, a new substitute bond or bonds shall be issued in exchange therefor  
165 in the manner provided in this Ordinance.  
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167 (b) The entity in whose name any Series 2008 Bond shall be registered in the Registration Books  
168 at any time shall be treated as the absolute owner of the Bond for all purposes of this Ordinance,  
169 whether or not such Bond shall be overdue, and the City and the Paying Agent/Registrar shall not be  
170 affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if  
171 any, and interest on any such Bond shall be made only to such registered owner. All such payments  
172 shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum  
173 or sums so paid.  
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175 (c) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for  
176 paying the principal of, and interest on, the Series 2008 Bonds, and to act as its agent to exchange or  
177 replace Series 2008 Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep  
178 proper records of all payments made by the City and the Paying Agent/Registrar with respect to the  
179 Series 2008 Bonds, and of all exchanges, and all replacements, as provided in this Ordinance.  
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181 (d) Each Series 2008 Bond may be exchanged for fully registered bonds in the manner set forth  
182 in this Ordinance. Each Bond issued and delivered pursuant to this Ordinance, to the extent of the  
183 unredeemed principal amount, may, upon surrender at the Designated Payment/Transfer Office of the  
184 Paying Agent/Registrar, together with a written request duly executed by the registered owner or the  
185 assignee or assignees, 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 BOND, in any Authorized Denomination (subject to the requirement stated below that each substitute bond 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 Series 2008 Bond or Series 2008 Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Series 2008 Bond shall be redeemed prior to its scheduled maturity as provided in this Ordinance, a substitute bond or bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination at the request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion, will be issued to the registered owner upon surrender for cancellation. If any Series 2008 Bond or portion is assigned and transferred, each Bond issued in exchange shall have the same maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Series 2008 Bonds as provided in this Ordinance, and each fully registered Bond or Bonds delivered in exchange for or replacement of any Series 2008 Bond or portion of a Series 2008 Bond as permitted or required by any provision of this Ordinance shall constitute one of the Series 2008 Bonds for all purposes of this Ordinance, and may again be exchanged or replaced. It is specifically provided, however, that any Series 2008 Bond delivered in exchange for or replacement of another Series 2008 Bond prior to the first scheduled interest payment date on the Series 2008 Bonds (as stated on the face of the Bond) shall be dated the same date as such Series 2008 Bond, but each substitute Bond so delivered on or after such first scheduled interest payment date shall be dated as of the interest payment date preceding the date on which such substitute Bond is delivered, unless such substitute Bond is delivered on an interest payment date, in which case it shall be dated as of such date of delivery; *provided, however*, that if at the time of delivery of any substitute Bond the interest on the bond for which it is being exchanged has not been paid, then such substitute Bond shall be dated as of the date to which such interest has been paid in full. On each substitute Bond issued in exchange for or replacement of any Series 2008 Bond or Series 2008 Bonds issued under this Ordinance there shall be printed on the Bond a Paying Agent/Registrar's Authentication Certificate, in the form identified in this Ordinance as the FORM OF BOND (the "Authentication Certificate"). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such substitute bond, date such substitute bond in the manner set forth above, and manually sign and date the Authentication Certificate, and no such substitute bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Series 2008 Bonds surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Series 2008 Bond or portion of a Bond, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute bonds in the manner prescribed in this Ordinance. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Series 2008 Bond is imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Series 2008 Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Series 2008 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

Series 2008 Bond.

(e) All Series 2008 Bonds issued in exchange or replacement of any other Series 2008 Bond or portion of a Bond, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2008 Bonds to be payable only to the registered owners, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Series 2008 Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Series 2008 Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND.

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Series 2008 Bonds, but the registered owner of any Series 2008 Bond requesting such transfer shall pay any taxes or other governmental charges required to be paid for the transfer. The registered owner of any Series 2008 Bond requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any Bond or a portion of a Bond, together with any required taxes or governmental charges, 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 bond or bonds or any portion or portions in any Authorized Denomination, and in the case of the exchange of the unredeemed portion of a Series 2008 Bond 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 Series 2008 Bonds 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 Series 2008 Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Series 2008 Bonds solely to the extent above provided, and with respect to the exchange of Series 2008 Bonds solely to the extent above provided.

(g) The City covenants with the registered owners of the Series 2008 Bonds that at all times while the Series 2008 Bonds 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 Series 2008 Bonds 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 of these Books), along with all other pertinent books and records relating to the Series 2008 Bonds, 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 to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2008 Bonds, 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

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

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283 (h) (i) In addition to providing notice of redemption of Series 2008 Bonds as set forth  
284 in this Ordinance, the Paying Agent/Registrar shall give notice of redemption of Series 2008 Bonds by  
285 United States mail, first-class postage prepaid, at least 30 days prior to a redemption date to each  
286 NRMSIR (as defined in PART 13 of this Ordinance) and the SID (as defined in PART 13 of this  
287 Ordinance). In addition, in the event of a redemption caused by an advance refunding of the Series  
288 2008 Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons  
289 specified in the immediately preceding sentence at least 30 days but not more than 90 days prior to the  
290 actual redemption date. Any notice sent to each NRMSIR or SID shall be sent so that the notice is  
291 received at least two days prior to the general mailing or publication date of such notice. The Paying  
292 Agent/Registrar shall also send a notice of prepayment or redemption to the owner of any Series 2008  
293 Bond who has not sent the Series 2008 Bonds in for redemption 60 days after the redemption date.

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295 (ii) Each redemption notice, whether required in the FORM OF BOND or otherwise by  
296 this Ordinance, shall contain a description of the Series 2008 Bonds to be redeemed, including the  
297 complete name of the Series 2008 Bonds, the series, the date of issue, the interest rate, the maturity date,  
298 the CUSIP number, if any, the amounts called of each certificate, the publication and mailing date for  
299 the notice (in the manner as provided in the FORM OF BOND), the date of redemption, the  
300 redemption price, the name of the Paying Agent/Registrar and the address at which the Series 2008  
301 Bond may be redeemed, including a contact person and telephone number.

302  
303 (iii) All redemption payments made by the Paying Agent/Registrar to the registered owners  
304 of the Series 2008 Bonds shall include CUSIP numbers relating to each amount paid to such registered  
305 owner.

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307 **PART 6. FORM OF BONDS.** The Series 2008 Bonds shall be signed with the manual or  
308 facsimile signatures of the Mayor and the City Clerk, and that the seal of the City shall be affixed or  
309 impressed upon the Series 2008 Bonds. The form of all Series 2008 Bonds, including the form of the  
310 Comptroller's Registration Certificate to accompany the Series 2008 Bonds on the initial delivery, the  
311 form of the Authentication Certificate, and the Form of Assignment to be printed on each of the Series  
312 2008 Bonds, shall be, respectively, substantially in the form set forth in Exhibit A to this Ordinance,  
313 with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

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315 **PART 7. LEVY OF TAX; INTEREST AND SINKING FUND.** (a) A special fund or  
316 account, to be designated the "**City of Austin, Texas Series 2008 Public Improvement Bonds**  
317 **Interest and Sinking Fund**" (the "Interest and Sinking Fund") is authorized to be created and it shall  
318 be established and maintained at an official depository of the City. The Interest and Sinking Fund shall  
319 be kept separate and apart from all other funds and accounts of the City, and shall be used only for  
320 paying the interest on and principal of the Series 2008 Bonds. All ad valorem taxes levied and collected  
321 for and on account of the Series 2008 Bonds shall be deposited, as collected, to the credit of the  
322 Interest and Sinking Fund. During each year while any Series 2008 Bond is outstanding and unpaid, the  
323 City Council of the City shall compute and ascertain the rate and amount of ad valorem tax, based on  
324 the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs  
325 of tax collections, which will be sufficient to raise and produce the money required to pay the interest on  
326 the Series 2008 Bonds as such interest comes due, and to provide a sinking fund to pay the principal

(including mandatory sinking fund redemption payments, if any) of the Series 2008 Bonds as such principal matures, but never less than 2% of the outstanding principal amount of the Series 2008 Bonds as a sinking fund each year. The rate and amount of ad valorem tax needed to fund this obligation is ordered to be levied against all taxable property in the City for each year while any Series 2008 Bond is outstanding and unpaid, and said ad valorem tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and principal of the Series 2008 Bonds, as such interest comes due, and such principal matures or comes due through operation of the mandatory sinking fund redemption, if any, as provided in the FORM OF BOND, are hereby pledged for this purpose, within the limit set by law. The City appropriates from current funds on hand, and directs the transfer for deposit into the Interest and Sinking Fund moneys as may be necessary to pay the interest payments on the Series 2008 Bonds scheduled to occur on March 1, 2009. Money in the Interest and Sinking Fund, at the option of the City, may be invested in such securities or obligations as permitted under applicable law and the City's investment policy. Any securities or obligations in which money is invested shall be kept and held in trust for the benefit of the owners of the Series 2008 Bonds and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund. Interest and income derived from the investment of money in the Interest and Sinking Fund shall be credited to the Fund.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Series 2008 Bonds and the pledge of ad valorem taxes made under PART 7(a) of this Ordinance, and such pledge is valid, effective, and perfected. If Texas law is amended at any time while the Series 2008 Bonds are outstanding and unpaid such that the pledge of ad valorem taxes made by the City under PART 7(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Series 2008 Bonds the perfection of the security interest in the pledge, the City agrees to take such measures as it 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 the pledge.

**PART 8. DAMAGED, LOST, STOLEN OR DESTROYED BONDS.** (a) In the event any outstanding Series 2008 Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Series 2008 Bond, in replacement for such Series 2008 Bond in the manner provided in this Ordinance.

(b) Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2008 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Series 2008 Bond, the applicant for a replacement bond shall furnish to the City 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 to the Bond. Also, in every case of loss, theft, or destruction of a Series 2008 Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Series 2008 Bond, as the case may be. In every case of damage or mutilation of a Series 2008 Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Series 2008 Bond so damaged or mutilated.

(c) Notwithstanding provisions (a) and (b) of this PART, in the event any such Series 2008 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 Series 2008 Bond, the City may authorize

the payment of the same (without surrender except in the case of a damaged or mutilated Series 2008 Bond) instead of issuing a replacement Series 2008 Bond, provided security or indemnity is furnished as above provided in this PART.

(d) Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Series 2008 Bond with all legal, printing, and other expenses in connection with the replacement. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Series 2008 Bond is damaged, mutilated, lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the damaged, mutilated, lost, stolen, or destroyed Series 2008 Bond 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 Series 2008 Bonds duly issued under this Ordinance.

(e) In accordance with Chapter 1206, Texas Government Code, this PART of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, subject to the conditions imposed by this PART 8 of this Ordinance, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in PART 5(d) of this Ordinance for Series 2008 Bonds issued in exchange for other Series 2008 Bonds.

**PART 9. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL.** The Mayor, or his designee, is authorized to have control of the Series 2008 Bonds and all necessary records and proceedings pertaining to the Series 2008 Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 2008 Bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Series 2008 Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on each such certificate. After registration by the Comptroller, delivery of the Series 2008 Bonds shall be made to the Purchaser, as defined in PART 10 below, under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

**PART 10. SALE OF BONDS.** The sale of the Series 2008 Bonds to \_\_\_\_\_ and associates (the "Purchaser"), at a price of par and accrued interest on the Series 2008 Bonds to the date of delivery, plus a premium of \$\_\_\_\_\_, is authorized, ratified and confirmed. The Series 2008 Bonds were sold pursuant to the terms of a "Notice of Sale and Bidding Instructions", "Official Bid Form" and "Official Statement", the use of these documents, a true and correct copy of each document being attached to this Ordinance, is approved. Council finds, determines and declares that the Series 2008 Bonds were sold to the highest bidder at terms that were the most advantageous reasonably obtained. One Series 2008 Bond in the principal amount maturing on each maturity date as set out in PART 2 of this Ordinance shall be delivered to the Purchaser, and the Purchaser shall have the right to exchange such certificates as provided in PART 5 of this Ordinance without cost. Council ratifies use of the "Preliminary Official Statement" prepared in connection with the sale of the Series 2008 Bonds. Any accrued interest and premium received in connection with the sale of the Series 2008 Bonds shall be deposited to the Interest and Sinking Fund.



PART 11. **FEDERAL TAX COVENANTS.** The City covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Series 2008 Bonds as obligations described in section 103 of the Internal Revenue Code of 1986 (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. The City covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Series 2008 Bonds or the projects financed with the Bonds (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 City, 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 Series 2008 Bonds, 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) above exceeds 5 percent of the proceeds of the Series 2008 Bonds or the projects financed with the proceeds (less amounts 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 5 percent of the proceeds of the Series 2008 Bonds (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 Series 2008 Bonds 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 Series 2008 Bonds 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 Series 2008 Bonds, 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 materially higher yield over the term of the Series 2008 Bonds, other than investment property acquired with --

(1) proceeds of the Series 2008 Bonds invested for a reasonable temporary period of three years or less, or in the case of refunding bonds, 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

466 (2) amounts invested in a bona fide debt service fund, within the meaning of  
467 section 1.148-1(b) of the Treasury Regulations, and  
468

469 (3) amounts deposited in any reasonably required reserve or replacement  
470 fund to the extent such amounts do not exceed 10 percent of the proceeds of the Series  
471 2008 Bonds;  
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473 (g) to otherwise restrict the use of the proceeds of the Series 2008 Bonds or  
474 amounts treated as proceeds of the Series 2008 Bonds, as may be necessary, so that the Series  
475 2008 Bonds do not otherwise contravene the requirements of section 148 of the Code (relating  
476 to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance  
477 refundings); and  
478

479 (h) to pay to the United States of America at least once during each five-year period  
480 (beginning on the date of delivery of the Series 2008 Bonds) an amount that is at least equal to  
481 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to  
482 pay to the United States of America, not later than 60 days after the Series 2008 Bonds have  
483 been paid in full, 100 percent of the amount then required to be paid as a result of Excess  
484 Earnings under section 148(f) of the Code.  
485

486 For purposes of clauses (a) and (b) above, the City understands that the term "proceeds" includes  
487 "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds,  
488 transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the  
489 issuance of the Series 2008 Bonds. It is the understanding of the City that the covenants contained in  
490 this Ordinance are intended to assure compliance with the Code and any regulations or rulings  
491 promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that  
492 regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as  
493 applicable to the Series 2008 Bonds, the City will not be required to comply with any covenant  
494 contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond  
495 counsel, will not adversely affect the exemption from federal income taxation of interest on the Series  
496 2008 Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter  
497 promulgated which impose additional requirements which are applicable to the Series 2008 Bonds, the  
498 City agrees to comply with the additional requirements to the extent necessary, in the opinion of  
499 nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest  
500 on the Series 2008 Bonds under section 103 of the Code. In furtherance of the foregoing, the Mayor,  
501 the City Manager, any Assistant City Manager, the Chief Financial Officer of the City and the Deputy  
502 Chief Financial Officer of the City may execute any documents, certificates or other reports required by  
503 the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are  
504 consistent with the purpose for the issuance of the Series 2008 Bonds.  
505

506 In order to facilitate compliance with clause (h) above, a "Rebate Fund" is established and held  
507 by the City for the sole benefit of the United States of America, and such Rebate Fund shall not be  
508 subject to the claim of any other person, including without limitation the registered owners of the Series  
509 2008 Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148  
510 of the Code.

511  
512 **PART 12. ADDITIONAL TAX COVENANTS REGARDING USE OF PROPERTY.**

513 (a) *Allocation of, and Limitation on, Expenditures for the Project.* The City covenants to account for the  
514 expenditure of proceeds from the sale of the Series 2008 Bonds and any investment earnings on these  
515 proceeds to be used for the purposes described in clause (i) of PART 1 of this Ordinance (each such  
516 purpose referred to in this PART and subsection (b) of this PART 12 as a "Project") on its books and  
517 records by allocating proceeds to expenditures within 18 months of the later of the date that (a) the  
518 expenditure on a Project is made or (b) each such Project is completed. The City shall not expend such  
519 proceeds or investment earnings more than 60 days after the later of (a) the fifth anniversary of the date  
520 of delivery of the Series 2008 Bonds or (b) the date the Series 2008 Bonds are retired, unless the City  
521 obtains an opinion of nationally-recognized bond counsel substantially to the effect that such  
522 expenditure will not adversely affect the tax-exempt status of the Series 2008 Bonds. For purposes of  
523 this PART, the City shall not be obligated to comply with this covenant if it contains an opinion of  
524 nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the  
525 excludability for federal income tax purposes from gross income of the interest.  
526

527 (b) *Disposition of Project.* The City covenants that the property constituting a Project will not be  
528 sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other  
529 compensation, unless the City obtains an opinion of nationally-recognized bond counsel substantially to  
530 the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Series  
531 2008 Bonds. For purposes of this subsection, the portion of the property comprising personal property  
532 and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the  
533 receipt of cash or other compensation. For purposes of this PART, the City shall not be obligated to  
534 comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect  
535 that such failure to comply will not adversely affect the excludability for federal income tax purposes  
536 from gross income of the interest.  
537

538 **PART 13. CONTINUING DISCLOSURE OBLIGATION.** (a) *Definitions.* As used in this  
539 Section, the following terms have the meanings ascribed to such terms below:  
540

541 "MAC" means the Municipal Advisory Council of Texas.  
542

543 "MSRB" means the Municipal Securities Rulemaking Board.  
544

545 "NRMSIR" means each person whom the SEC or its staff has determined to be a  
546 nationally recognized municipal securities information repository within the meaning of the Rule from  
547 time to time.  
548

549 "Rule" means SEC Rule 15c2-12, as amended from time to time.  
550

551 "SEC" means the United States Securities and Exchange Commission.  
552

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

556  
557 (b) *Annual Reports.* (i) The City shall provide annually to each NRMSIR and any SID, within six  
558 months after the end of each fiscal year ending in or after 2008, financial information and operating data  
559 with respect to the City of the general type included in the final Official Statement authorized by  
560 PART 10 of this Ordinance, being the information described in Exhibit B. Any financial statements to  
561 be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B, or  
562 such other accounting principles as the City may be required to employ from time to time pursuant to  
563 state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit  
564 is completed within the period during which they must be provided. If the audit of such financial  
565 statements is not complete within this period, then the City shall provide unaudited financial statements  
566 by the required time, and shall provide audited financial statements for the applicable fiscal year to each  
567 NRMSIR and any SID, when and if the audit report on such statements becomes available.

568  
569 (ii) If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change  
570 (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be  
571 required to provide financial information and operating data pursuant to this PART. The financial  
572 information and operating data to be provided pursuant to this PART may be set forth in full in one or  
573 more documents or may be included by specific reference to any document (including an official  
574 statement or other offering document, if it is available from the MSRB) that has been provided to each  
575 NRMSIR and any SID or filed with the SEC.

576  
577 (c) *Material Event Notices.* The City shall notify any SID and either each NRMSIR or the MSRB,  
578 in a timely manner, of any of the following events with respect to the Series 2008 Bonds, if such event is  
579 material within the meaning of the federal securities laws:

- 580  
581 1. Principal and interest payment delinquencies;  
582 2. Non-payment related defaults;  
583 3. Unscheduled draws on debt service reserves reflecting financial difficulties;  
584 4. Unscheduled draws on credit enhancements reflecting financial difficulties;  
585 5. Substitution of credit or liquidity providers, or their failure to perform;  
586 6. Adverse tax opinions or events affecting the tax-exempt status of the Series  
587 2008 Bonds;  
588 7. Modifications to rights of holders of the Series 2008 Bonds;  
589 8. Series 2008 Bond calls;  
590 9. Defeasances;  
591 10. Release, substitution, or sale of property securing repayment of the Series 2008  
592 Bonds; and  
593 11. Rating changes.

594  
595 The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure  
596 by the City to provide financial information or operating data in accordance with subsection (b) of this  
597 PART by the time required by subsection (b). Any filing under this Section may be made solely by  
598 transmitting such filing to the MAC as provided at <http://www.disclosureusa.org>, unless the SEC has  
599 withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

601 (d) *Limitations, Disclaimers, and Amendments.* (i) The City shall be obligated to observe and  
602 perform the covenants specified in this PART for so long as, but only for so long as, the City remains an  
603 "obligated person" with respect to the Series 2008 Bonds within the meaning of the Rule, except that the  
604 City will give written notice of any deposit made in accordance with this Ordinance, or applicable law,  
605 that causes any Series 2008 Bonds no longer to be outstanding.  
606

607 (ii) The provisions of this PART are for the sole benefit of the holders and beneficial owners of  
608 the Series 2008 Bonds, and nothing in this PART, express or implied, shall give any benefit or any legal  
609 or equitable right, remedy, or claim to any other person. The City undertakes to provide only the  
610 financial information, operating data, financial statements, and notices which it has expressly agreed to  
611 provide pursuant to this PART and does not hereby undertake to provide any other information that  
612 may be relevant or material to a complete presentation of the City's financial results, condition, or  
613 prospects or to update any information provided in accordance with this PART or otherwise, except as  
614 expressly provided herein. The City does not make any representation or warranty concerning such  
615 information or its usefulness to a decision to invest in or sell Series 2008 Bonds at any future date.  
616

617 (iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER  
618 OR BENEFICIAL OWNER OF ANY SERIES 2008 BOND OR ANY OTHER PERSON, IN  
619 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY  
620 BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF  
621 ANY COVENANT SPECIFIED IN THIS PART, BUT EVERY RIGHT AND REMEDY OF ANY  
622 SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH  
623 SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.  
624

625 (iv) No default by the City in observing or performing its obligations under this PART shall  
626 comprise a breach of or default under the Ordinance for purposes of any other provision of this  
627 Ordinance. Nothing in this PART is intended or shall act to disclaim, waive, or otherwise limit the  
628 duties of the City under federal and state securities laws.  
629

630 (v) The provisions of this PART may be amended by the City from time to time to adapt to  
631 changed circumstances that arise from a change in legal requirements, a change in law, or a change in the  
632 identity, nature, status, or type of operations of the City, but only if (1) the provisions of this PART, as  
633 so amended, would have permitted an underwriter to purchase or sell Series 2008 Bonds in the primary  
634 offering of the Series 2008 Bonds in compliance with the Rule, taking into account any amendments or  
635 interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a)  
636 the holders of a majority in aggregate principal amount (or any greater amount required by any other  
637 provision of this Ordinance that authorizes such an amendment) of the outstanding Series 2008 Bonds  
638 consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally-  
639 recognized bond counsel) determines that such amendment will not materially impair the interest of the  
640 holders and beneficial owners of the Series 2008 Bonds. If the City amends the provisions of this  
641 PART, it shall include with any amended financial information or operating data next provided in  
642 accordance with subsection (b) of this PART an explanation, in narrative form, of the reason for the  
643 amendment and of the impact of any change in the type of financial information or operating data so  
644 provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if  
645 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 Series 2008 Bonds in the primary offering of the Series 2008 Bonds.

**PART 14. DTC REGISTRATION.** The Series 2008 Bonds initially shall be issued and delivered in such manner that no physical distribution of the Series 2008 Bonds will be made to the public, and The Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Series 2008 Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, such representations. The Series 2008 Bonds initially authorized by this Ordinance intended to be held by DTC shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Series 2008 Bonds on behalf of the Purchaser and its participants. So long as each Series 2008 Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner. It is expected that DTC will maintain a book-entry system which will identify ownership of the Series 2008 Bonds in integral amounts of \$5,000, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Series 2008 Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Series 2008 Bonds except as set forth in this Ordinance. The City and the Paying Agent/Registrar are not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Series 2008 Bonds. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Series 2008 Bonds, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Series 2008 Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Series 2008 Bonds will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for such Series 2008 Bonds. In connection with the initial establishment of the foregoing book-entry system with DTC, the City has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

**PART 15. DEFEASANCE.** (a) *Defeased Bonds.* The Series 2008 Bond and the interest on the Bond shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this PART, when payment of the principal of the Bond, plus interest to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of this Ordinance, or (ii) shall have been provided for on or before such due date by irrevocably

690 depositing with or making available to the Paying Agent/Registrar in accordance with an escrow  
691 agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of  
692 the United States of America sufficient to make such payment or (2) Defeasance Securities, certified by  
693 an independent public accounting firm of national reputation to mature as to principal and interest in  
694 such amounts and at such times as will insure the availability, without reinvestment, of sufficient money  
695 to provide for such payment, and when proper arrangements have been made by the City with the  
696 Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due  
697 and payable. There shall be delivered to the Paying Agent/Registrar a certificate from a firm of certified  
698 public accountants certifying the sufficiency of the deposit made pursuant to clause (ii) above. The  
699 Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to the Issuer that  
700 reflects this payment does not adversely affect the exclusion under the Code of interest on the Defeased  
701 Bonds from the gross income of the holders for federal income taxation purposes. At such time as a  
702 Series 2008 Bond shall be deemed to be a Defeased Bond, such Series 2008 Bond and the interest on  
703 that Bond shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem  
704 taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be  
705 payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this  
706 Ordinance to the contrary, any determination not to redeem Defeased Bonds that is made in  
707 conjunction with the payment arrangements specified in subsection 15(a)(i) or (ii) shall not be  
708 irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City  
709 expressly reserves the right to call the Defeased Bonds for redemption; (2) the City gives notice of the  
710 reservation of that right to the owners of the Defeased Bonds immediately following the making of the  
711 payment arrangements; and (3) the City directs that notice of the reservation be included in any  
712 redemption notices that it authorizes.

713  
714 (b) *Investment in Defeasance Securities.* Any moneys deposited with the Paying Agent/Registrar  
715 may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts  
716 and times as set forth in this Ordinance, and all income from these Defeasance Securities received by the  
717 Paying Agent/Registrar that is not required for the payment of the Bonds and interest, with respect to  
718 which money has been deposited, shall be turned over to the City, or deposited as directed in writing by  
719 the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities  
720 are held for the payment of Defeased Bonds may contain provisions permitting the investment or  
721 reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities  
722 upon the satisfaction of the requirements specified in subsection 15(a)(i) or (ii). All income from the  
723 Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of  
724 the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the  
725 City or deposited as directed in writing by the City. The Paying Agent/Registrar shall not be liable for  
726 any loss pertaining to an investment executed in accordance with written instructions from the City.

727  
728 (c) *Defeasance Securities Defined.* The term "Defeasance Securities" means (i) direct,  
729 noncallable obligations of the United States of America, including obligations that are unconditionally  
730 guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality  
731 of the United States of America, including obligations that are unconditionally guaranteed or insured by  
732 the agency or instrumentality and that, on the date of their purchase are rated as to investment quality by  
733 a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable  
734 obligations of a state or an agency or a county, municipality, or other political subdivision of a state that  
735 have been refunded and that, on the date the governing body of the City adopts or approves the  
736 proceedings authorizing the financial arrangements are rated as to investment quality by a nationally

737 recognized investment rating firm not less than AAA or its equivalent.

738  
739 (d) *Paying Agent/Registrar Services.* Until all Defeased Bonds shall have become due and  
740 payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such  
741 Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements  
742 to provide and pay for such services as required by this Ordinance.

743  
744 (e) *Selection of Bonds for Defeasance.* In the event that the City elects to defease less than all of  
745 the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be  
746 selected, the amount of Bonds by such random method as it deems fair and appropriate.

747  
748 **PART 16. DEFAULT AND REMEDIES.** (a) *Events of Default.* Each of the following  
749 occurrences or events for the purpose of this Ordinance is an Event of Default:

750  
751 (i) the failure to make payment of the principal of or interest on any of the Bonds when  
752 the same becomes due and payable; or

753  
754 (ii) default in the performance or observance of any other covenant, agreement or  
755 obligation of the City, the failure to perform which materially, adversely affects the rights of the  
756 Registered Owners of the Bonds, including their prospect or ability to be repaid in accordance  
757 with this Ordinance, and the continuation for a period of 60 days after notice of default is given  
758 by any Registered Owner to the City.

759  
760 (b) *Remedies for Default.*

761  
762 (i) When any Event of Default occurs, any Registered Owner or the Registered Owner's  
763 authorized representative, including a trustee or trustees, may proceed against the City, or any  
764 official, officer or employee of the City in their official capacity, for the purpose of protecting  
765 and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other  
766 suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for  
767 any relief permitted by law, including the specific performance of any covenant or agreement  
768 contained in this Ordinance, or to enjoin any act or thing that may be unlawful or in violation of  
769 any right of the Registered Owners or any combination of remedies only as authorized by law.

770  
771 (ii) All default proceedings shall be instituted and maintained for the equal benefit of all  
772 Registered Owners of outstanding Bonds.

773  
774 (c) *Remedies Not Exclusive.*

775  
776 (i) No remedy in this Ordinance is exclusive of any other available remedy or remedies,  
777 but each remedy shall be cumulative and shall be in addition to every other remedy given in this  
778 Ordinance or under the Bonds; provided, however, there is no right to accelerate the debt  
779 evidenced by the Bonds.

780  
781 (ii) The exercise of any remedy in this Ordinance shall not be deemed a waiver of any  
782 other available remedy.



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

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

**PART 17. OFFICIALS AUTHORIZED TO ACT ON BEHALF OF THE CITY.** The Mayor, the City Clerk, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City or the Deputy Chief Financial Officer of the City, and all other officers, employees, and agents of the City, and each of them, shall be authorized, empowered, and directed to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the offering documents prepared in connection with the sale of the Bonds, or the Paying Agent/Registrar Agreement. In case any officer whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes if he or she had remained in office until the delivery.

#### **PART 18. FINDINGS.**

(A) General obligation bonds of the City of Austin (the "City" or the "Issuer"), were duly and favorably voted, as required by the Constitution and laws of Texas, at elections held in the City on the dates as further described in Schedule I to this Ordinance (the "Schedule"); and

(B) The City Council finds that it is necessary and in the best interest of the City that it approve by this Ordinance the issuance and delivery of the bonds authorized by the City in accordance with the Constitution and laws of the State of Texas, including specifically Chapter 1331, Texas Government Code, and the Home Rule Charter of the City, for the purposes set forth above; and

(C) The meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of the meeting was given as required by Chapter 551, Texas Government Code.

**PART 19. RULES OF CONSTRUCTION.** For all purposes of this Ordinance, unless the context requires otherwise, all references to designated PARTS and other subdivisions are to the PARTS and other subdivisions of this Ordinance. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and his successors and assigns. References to any constitutional, statutory or regulatory provision means the provision as it exists on the date this Ordinance is adopted by the City. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as described in this Ordinance. Any reference to "FORM OF BOND" refers to the form of the Bonds in Exhibit A to this Ordinance. The titles and headings of the PARTS and subsections of this Ordinance

832 have been inserted for convenience of reference only and are not a part of this Ordinance and shall not  
833 in any way modify or restrict any of the terms or provisions hereof.

834  
835 **PART 20. CONFLICTING ORDINANCES REPEALED.** All ordinances and resolutions  
836 or parts in conflict with this Ordinance are hereby repealed.  
837

838 **PART 21. IMMEDIATE EFFECT.** In accordance with the provisions of V.T.C.A.,  
839 Government Code, Section 1201.028, this Ordinance is effective immediately upon its adoption by the  
840 City Council.  
841

842 **FINALLY PASSED, APPROVED AND EFFECTIVE this August 28, 2008.**  
843  
844  
845

846  
847 \_\_\_\_\_  
848 Mayor, City of Austin, Texas  
849

850 ATTEST:

851  
852 \_\_\_\_\_  
853 City Clerk,  
854 City of Austin, Texas  
855  
856

(SEAL)

857 APPROVED:

858  
859  
860 \_\_\_\_\_  
861 David Allan Smith,  
862 City Attorney,  
863 City of Austin, Texas

**EXHIBIT A**

**FORM OF BOND**

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

\$\_\_\_\_\_

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

MATURITY DATE   INTEREST RATE   ORIGINAL ISSUE DATE   CUSIP

SEPTEMBER 1, 2008

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 rate of interest per annum specified above, with said interest being payable on March 1, 2009, and semiannually on each September 1 and March 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than March 1, 2009, such interest is payable semi-annually on each September 1 and March 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 or redemption prior to maturity at the designated corporate trust office in Houston, Texas (the "Designated Payment/Transfer Office") of U.S. Bank, National Association, 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 or upon redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and 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, premium, if any, 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, premium, if any, 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, maturity and option of redemption, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$76,045,000, for the purpose of providing funds with which to (i) make and acquire various public improvements for the City and (ii) pay the costs of issuance associated with the sale of the Bonds.

ON SEPTEMBER 1, 2018, or on any date thereafter, the Bonds of this Series maturing on September 1, 2019 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.

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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 (an "Authorized Denomination"). As provided in the Ordinance, this Bond, or any unredeemed portion hereof, 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 Authorized Denomination 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 a portion of a Bond which has been redeemed prior to maturity, as provided herein, and 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 :

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 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 PART 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 PART 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; "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 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 PART 13 of the Ordinance are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.

**SCHEDULE I**  
(\*Amounts in thousands)

<u>Purpose</u>	<u>Total Amounts Authorized*</u>	<u>Amounts Previously Issued*</u>	<u>Amounts Being Issued*+</u>	<u>Unissued Amounts*</u>
<u>10/23/83 Election</u>				
Brackenridge 2000	\$ 50,000	\$ 40,785	\$ -0-	\$ 9,215
<u>09/08/94 Election</u>				
Park Improvements	9,975	9,648	-0-	327
<u>1/19/85 Election</u>				
Cultural Arts	20,285	14,890	-0-	5,395
<u>11/7/00 Election</u>				
Street and Road Improve- ments	150,000	105,002	15,000	29,998
<u>11/7/06 Election</u>				
Street and Road Improve- ments	103,100	10,000	15,200	77,900
Water Quality Improve- ments	145,000	37,000	26,000	82,000
Park Improvements	84,700	8,675	11,345	64,680
Cultural Facilities	31,500	-0-	-0-	31,500
Affordable Housing	55,000	5,000	8,500	41,500
Central Library	90,000	-0-	-0-	90,000
Public Safety Improvements	58,100	-0-	21,850	36,250
TOTAL	<u>\$797,660</u>	<u>\$231,000</u>	<u>\$76,045</u>	<u>\$490,615</u>

+ This Series 2008 Bond issue