

**CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 16**

**AGENDA ITEM NO. 4
AGENDA DATE: 08/6/2009**

Subject: Authorize execution of an interlocal agreement by and between the City of Austin, the Tax Increment Financing Reinvestment Zone Number Sixteen, and the Mueller Local Government Corporation regarding tax increment financing of the Mueller Redevelopment Project.

Amount and Source of Funding:

Fiscal Note: There is no unanticipated financial impact.

Agenda Category: Economic Growth & Redevelopment Services

For More Information: Rodney Gonzales, Acting Director, EGRSO / 974-2313; Tom Nuckols, Attorney, Legal / 974-2568.

Prior Council Action: Created the Mueller Redevelopment Project Tax Increment Financing Reinvestment Zone No. 16 on December 16, 2004 (Ordinance No. 041216-083).

The purpose of this item is to authorize execution of an interlocal agreement (the "Agreement") between the City of Austin, Tax Increment Financing Reinvestment Zone No. 16 ("TIF"), and the Mueller Local Government Corporation (the "Corporation"). The Agreement specifies that the Corporation will provide necessary services requested by the TIF and the City to implement and manage the TIF Project Plan and Financing Plan to provide public financing for the development of the former Robert Mueller Municipal Airport (the "Project"). The Agreement also authorizes the Corporation to issue bonds that shall be repaid from payments made by the City and the TIF, in the form of property tax collections from within the boundaries of the TIF, that are sufficient to pay obligations of the issued bond debt. Issuance of the bonds by the Corporation require approval of the City Council.

To facilitate the redevelopment of the Project, the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 ("MDA"). Under the MDA, the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs" as defined in the MDA, either directly or through the auspices of a local government corporation to be created by the City.

On December 2, 2004, City Council approved Resolution No. 041202-060 approving the establishment of the Mueller Local Government Corporation ("LGC") including adoption of bylaws and appointment the members of the City Council as the LGC's board members. The LGC will issue debt that will be repaid from tax increment collected during the duration of the TIF. The TIF will remain in place until all debt payable from TIF revenues has been paid in full.

On December 16, 2004, the Austin City Council approved an Ordinance 041216-083 creating the TIF to fund the debt issued by the LGC debt that finances the "Public Finance Reimbursement Project Costs" for the Project.

**CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 16**

**AGENDA ITEM NO. 4
AGENDA DATE: 08/6/2009**

The TIF is approximately 700 acres and comprises the site of the former municipal airport and is located within the area bounded generally by 51st Street on the north, IH-35 on the west, Airport Boulevard on the west and the south, and Manor Road on the south and the east.

The purpose of the Project, which is to be partially financed through the TIF, is to redevelop the former municipal airport, which is approximately three miles northeast of downtown Austin. The site is predominantly open and contains obsolete structures and site improvements remaining following closure of the former municipal airport on the site that substantially impair the sound growth of the City.

At full build-out, the Project will be a mixed-use neighborhood with approximately 4,900 housing units, 1.1 million square feet of office, and 790,000 square feet of retail, and 1.2 million square feet of institutional uses, with schools, parks and open space. Key infrastructure elements of the project include almost 122,000 linear feet (lf) of water lines, over 93,000 lf of wastewater lines, 110,000 lf of storm sewers, 45,800 lf of reclaimed water lines, 140 acres of parks and greenways, and 149,000 lf of roadways ranging from 20 to 132 feet wide (including landscaped right-of-way and sidewalks).

In addition, the Project will have features and amenities considerably in excess of those found in most developments, including: a 25% affordable housing component; a 20% dedication of open space to parks, sports fields, and greenways; a transit boulevard, alleyways; and, a comprehensive network of bicycle facilities.

In a tax increment reinvestment zone, one or more political subdivisions contribute up to 100% of the property tax on the increase in value of real property in the district (tax increment) as generated. Under the terms of the TIF, the City of Austin will contribute as much of its tax increment as necessary to repay debt that is issued.

State law stipulates that before Council adopts an ordinance approving a final reinvestment zone project plan and financing plan, the TIF Board must approve a final reinvestment zone project plan and financing plan and recommend its adoption by the City Council. A final project plan and financing plan has been prepared to describe the Project and associated financing using dedicated tax increment revenue from the City of Austin as the sole taxing unit participating in the TIF.

On December 16, 2004, City Council adopted the preliminary project plan and financing plan. The preliminary project plan and financing plan was sent to the governing bodies of each taxing unit that levies taxes on real property in the proposed zone.

On December 16, 2004, City Council held a public hearing on the TIF.

AGREEMENT

by and among

the

CITY OF AUSTIN, TEXAS

and

**REINVESTMENT ZONE NUMBER SIXTEEN,
CITY OF AUSTIN, TEXAS**

and the

MUELLER LOCAL GOVERNMENT CORPORATION

dated as of

_____ 1, 2009

TABLE OF CONTENTS

	<u>Page</u>
I. DEFINITIONS.....	3
II. SCOPE OF SERVICES BY CORPORATION	5
A. <u>Management and Administrative Services</u>	5
B. <u>Services With Respect to the Project Plan and the Financing Plan,</u> <u>Annexations to the Reinvestment Zone, and Amendments to the Project Plan,</u> <u>and the Financing Plan</u>	5
C. <u>Construction of Improvements</u>	5
III. CORPORATION OBLIGATIONS	5
A. <u>General Statement</u>	5
B. <u>Power to Incur Authority Obligations</u>	6
C. <u>Bonds</u>	6
D. <u>Accounting</u>	7
E. <u>Use of Tax Increments</u>	7
F. <u>Pledge of Tax Increments</u>	7
G. <u>Depository</u>	7
IV. DUTIES AND RESPONSIBILITIES OF THE CITY AND THE REINVESTMENT ZONE.....	8
A. <u>Duties of City</u>	8
B. <u>Tax Increment Fund</u>	8
C. <u>Limitation of Source of Payment</u>	8
D. <u>Allocated Funds: Limitation of Duties</u>	8
E. <u>Collection and Payment of Tax Increments by the City and the Reinvestment</u> <u>Zone</u> 8	8
F. <u>Obligations of City and the Reinvestment Zone to be Absolute</u>	9
V. PERSONAL LIABILITY OF PUBLIC OFFICIALS.....	9
VI. LAW TO BE OBSERVED	10
VII. INFORMATION.....	10
VIII. COORDINATION WITH CITY OFFICIALS	10
IX. ADDRESS AND NOTICE	10
X. APPLICABLE LAWS	11
XI. CAPTIONS	11

XII.	SUCCESSORS AND ASSIGNS	11
XIII.	TERM AND TERMINATION, DISSOLUTION OF CORPORATION	11
A.	<u>In General</u>	11
B.	<u>Termination for Cause</u>	11
C.	<u>Dissolution of Corporation</u>	12
XIV.	AMENDMENT OR MODIFICATIONS	12
XV.	COUNTERPARTS	12
	EXECUTION PAGE	13

**AGREEMENT BY AND BETWEEN THE
CITY OF AUSTIN, TEXAS,
REINVESTMENT ZONE NUMBER SIXTEEN, CITY OF AUSTIN, TEXAS,
AND THE
MUELLER LOCAL GOVERNMENT CORPORATION**

STATE OF TEXAS '

COUNTY OF TRAVIS '

THIS AGREEMENT is made by and among the City of Austin, Texas, a municipal corporation and a home-rule city in the State of Texas (the "City"); Reinvestment Zone Number Sixteen, City of Austin, Texas, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (the "Reinvestment Zone"); and Mueller Local Government Corporation, a not-for-profit local government corporation organized and existing under the laws of the State of Texas (the "Corporation").

W-I-T-N-E-S-S-E-T-H:

WHEREAS, by ordinance adopted December 16, 2004 (the "Ordinance"), the City created the Reinvestment Zone pursuant to Chapter 311, Texas Tax Code (the "Act"), pursuant to a preliminary project plan for the Reinvestment Zone and a preliminary financing plan for the Reinvestment Zone; and

WHEREAS, the Act requires the City to prepare a Project Plan (as hereinafter defined) and a Financing Plan (as hereinafter defined) for the Reinvestment Zone; and

WHEREAS, the Ordinance created the Board of Directors for the Reinvestment Zone (the "Zone Board") and directed the Zone Board to:

- A. Make recommendations to the City Council concerning the administration of the Reinvestment Zone; and
- B. Prepare or cause to be prepared a Project Plan and a Financing Plan for the Reinvestment Zone and submit the same to the City Council for its approval; and

WHEREAS, by resolution adopted on December 2, 2004 (the "Creation Resolution"), the City authorized the creation of the Corporation to aid, assist and act on behalf of the City in performance of the City's governmental and proprietary functions with respect to the common good and general welfare of the City and the residents and property owners of the City, including, without limitation, the development of the geographic area of the City included or to be included in the Reinvestment Zone and neighboring areas in furtherance of the promotion of economic development; and

WHEREAS, the Creation Resolution also provided for the creation of a Board of Directors of the Corporation (the "Corporation Board"); and

WHEREAS, among other things, the Corporation Board and the Corporation are to aid, assist and act on behalf of the City and the Zone Board;

- A. In the preparation and implementation of a Project Plan and a Financing Plan for the Reinvestment Zone and amendments thereto; and
- B. In the financing of the improvements described in the Project Plan (the "Improvements") pursuant to the Financing Plan; and

WHEREAS, the City created the Reinvestment Zone pursuant to the Act with a duration from the date the Ordinance was adopted until the earlier of (i) December 31, 2045 or (ii) the date on which the Plans have been fully implemented and all Project Costs, tax increment bonds, interest on such tax increment bonds and all other obligations, contractual or otherwise, payable from Tax Increment have been paid in full; and

WHEREAS, the City and the Zone Board have determined that it will be advisable to have the Corporation assist the Zone Board in the preparation of the Project Plan and the Financing Plan and provide other services as further described in this Agreement; and

WHEREAS, it is the intention of the parties to this Agreement that, subject to the limitations prescribed in the Act, this Agreement and the limitations of its Articles of Incorporation, the Corporation shall have the authority to issue, sell or deliver its bonds, notes, or other obligations in such amounts as may be necessary to provide for the construction of the Improvements and the funding of any necessary reserve fund or capitalized interest accounts and the payment of the costs of issuance of such bonds, notes, or other obligations, and perform other activities provided in this Agreement; and

WHEREAS, the City and the Reinvestment Zone agree to pay for the Corporation's activities performed pursuant to this Agreement from Tax Increments as provided in this Agreement, and Chapter 311 of the Act and Chapter 431, Texas Transportation Code, authorize the City and the Reinvestment Zone to enter into a contract with the Corporation for the purposes of providing management and administration for the Reinvestment Zone, providing the services and improvements, and otherwise performing the functions set forth in this Agreement; and

WHEREAS, the City and the Reinvestment Zone desire to contract with the Corporation to provide the assistance described in this Agreement during the term of the Reinvestment Zone; and

WHEREAS, the Corporation was created in part to aid and assist the City and the Reinvestment Zone in the manner set forth above, and the Corporation is willing to enter into a contract with the City and the Reinvestment Zone setting forth the duties and responsibilities of the Corporation, the City and the Reinvestment Zone;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, it is agreed as follows:

I. DEFINITIONS

"Act" shall mean Chapter 311, Texas Tax Code.

"Agreement" shall mean this Agreement and all attachments between the City, the Reinvestment Zone and the Corporation.

"Appraisal District" shall mean the Travis Central Appraisal District.

"Bond Documents" shall mean the resolution of the Corporation authorizing the issuance of a series of Bonds and any trust indenture or supplement thereto executed by the Corporation in connection with the issuance of a series of Bonds.

"Bond Proceeds" shall mean the net proceeds from the sale of the Bonds.

"Bonds" shall mean the bonds of the Corporation.

"Captured Appraised Value" shall mean the total appraised value of property in the Reinvestment Zone as of January 1 of any year less the Tax Increment Base of the Reinvestment Zone, all as defined in the Act.

"Catellus" shall mean Catellus Austin LLC, or its successor, as developer of property within the Reinvestment Zone.

"City" shall mean the City of Austin, Texas.

"City Council" shall mean the City Council of the City.

"Corporation" shall mean the Mueller Local Government Corporation.

"Corporation Board" shall mean the Board of Directors of the Corporation.

"Corporation Obligations" shall mean the bonds, notes or other contractual obligations which the Corporation may incur from time to time pursuant to Article III hereof.

"Financing Plan" shall mean the reinvestment zone financing plan for the Reinvestment Zone as amended from time to time pursuant to the Act, as adopted by the Zone Board and approved by the City Council.

"Generally Accepted Accounting Principles" shall mean such accepted accounting practice as, in the opinion of the accountant, conforms at the time to a body of generally accepted accounting principles as applied to governmental units.

"Improvements" shall mean those improvements identified in the Project Plan.

"Master Development Agreement" shall mean the Master Development Agreement between the City and Catellus, effective as of December 2, 2004.

"Plans" shall mean, collectively, the Project Plan and Financing Plan.

"Pledged Revenue Fund" shall mean the fund established by the Corporation in the Bond Documents into which payments from the City's Tax Increment Fund are deposited.

"Project Costs" shall have the meaning set forth in Section 311.002(1) and the other provisions of the Act.

"Project Plan" shall mean the project plan for the Reinvestment Zone as it may be amended from time to time pursuant to the terms of the Act, as adopted by the Zone Board and approved by the City Council.

"Reinvestment Zone" shall mean the Reinvestment Zone Number Sixteen, City of Austin, Texas, which was created by the Ordinance.

"Tax Increment" shall mean the amount of property taxes levied each year by each Taxing Unit participating in the Reinvestment Zone (to the extent of their participation) on the Captured Appraised Value.

"Tax Increment Base" shall mean the total appraised value of all real property taxable by the City and located in the Reinvestment Zone as of the year in which the Reinvestment Zone was designated as a reinvestment zone, plus the total appraisal of all real property taxable by the City and the other Taxing Units participating in the Reinvestment Zone and annexed to the Reinvestment Zone determined as of the date on which the area was annexed to the Reinvestment Zone.

"Tax Increment Fund" shall mean the Tax Increment Fund created by the City for the Reinvestment Zone including any subaccount therein into which all Tax Increments shall be deposited by the City.

"Taxing Unit" shall mean the City and any other taxing unit (as defined in the Act) which hereafter participates in the Reinvestment Zone.

"Zone Board" shall mean the Board of Directors of the Reinvestment Zone.

II.

SCOPE OF SERVICES BY CORPORATION

To the extent of available funds, the services which the Corporation will furnish consist of, among other things, the following:

A. Management and Administrative Services. The Corporation will provide management and administrative services for the Reinvestment Zone as requested by the Zone Board that are necessary or convenient for the implementation of the Plans.

B. Services With Respect to the Project Plan and the Financing Plan, Annexations to the Reinvestment Zone, and Amendments to the Project Plan and the Financing Plan.

1. The Zone Board is required to prepare and submit to the City for approval a Project Plan and a Financing Plan. Upon the request of the City, the Corporation will assist the Zone Board in the preparation of the Project Plan and the Financing Plan. The Project Plan and the Financing Plan will be prepared in accordance with the requirements of the Act and the directives of the Zone Board. The Project Plan and the Financing Plan will include at a minimum those matters required by Section 311.011(b) and (c) of the Act. The Project Plan and the Financing Plan will be in substantially the form and substance of the preliminary project plan and preliminary reinvestment zone financing plan attached as an exhibit to the Ordinance; and

2. As requested from time to time by the Zone Board, the Corporation will assist in the preparation of amendments to the Project Plan and the Financing Plan. Any such amendments to the Project Plan and the Financing Plan will be prepared in accordance with the requirements of the Act, and shall not be effective until approved by the City.

C. Construction of Improvements. The Corporation and the City shall cooperate and coordinate their activities with Catellus with respect to the commencement, financing and construction of the Improvements so that the commencement, financing and construction of the Improvements shall occur at such times as are necessary or desirable to meet the construction time requirements of Catellus, consistent with the Plans and the Master Development Agreement. To that end, the Corporation may directly transfer to Catellus, or to the City for transfer to Catellus, such funds derived from Bond Proceeds to provide funding for the City's share of the costs of the Improvements to be constructed by Catellus, as may be further described in the Bond Documents.

III. CORPORATION OBLIGATIONS

A. General Statement. The parties agree that the Zone Board shall transfer Tax Increments in the Tax Increment Fund to the Corporation in consideration of the Corporation implementing the Plans on behalf of the Zone Board, consistent with the provisions of the Act. The parties further agree that the Corporation has the authority to issue Bonds or to enter into other Corporation Obligations that are to be repaid from moneys to be paid by the City and the Reinvestment Zone to the Corporation from Tax Increments pursuant to this Agreement.

B. Power to Incur Corporation Obligations. Subject to the provisions of this Article, the Corporation shall have the power from time to time to issue and incur Corporation Obligations upon such terms and conditions as the Corporation and the City shall determine to be necessary or desirable to implement the Project Plan and the Financing Plan. The Corporation Obligations may be in the form of a bond or note, or in the form of a contractual obligation with Catellus or a third party who agrees to construct Improvements in the Project Plan or who provides services consistent with the Project Plan in exchange for the obligation of the Corporation to repay such costs from future payments made by the City and the Reinvestment Zone to the Corporation pursuant to this Agreement.

C. Bonds.

1. To implement the Project Plan and the Financing Plan, the Corporation may issue its Bonds in an amount necessary to finance the construction of the Improvements and pay Project Costs (including amounts necessary to fund reserve funds and capitalized interest accounts for the Bonds and to pay costs of issuance of the Bonds) which will be repaid by the Corporation from payments made by the City and the Reinvestment Zone pursuant to this Agreement. The issuance of Bonds by the Corporation shall be subject to the approval of the City by a resolution duly adopted by the governing body of the City. The deposit and disbursement of Bond Proceeds shall be made in accordance with the Bond Documents.

2. The Corporation agrees to commence the process to issue and sell the Bonds from time to time, at such times and in such amounts as are required to produce Bond Proceeds in an amount sufficient to accommodate the construction of the Improvements and to pay other Project Costs as necessary to meet the City's obligations under the Master Development Agreement. The Corporation shall issue and sell the Bonds, from time to time, and shall hold and disburse the bond proceeds as provided in this Agreement and the Bond Documents. The Corporation shall use its best efforts to structure the Bonds so that the interest on the Bonds is excludable from taxation under the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

3. Bonds issued by the Corporation shall be secured, in whole or in part, by funds deposited from time to time in the Pledged Revenue Fund. The Corporation agrees to provide to the City and the Zone Board copies of any proposed trust indenture or bond resolution in connection with any issuance of Bonds. In addition, to the fullest extent permitted by law, the Corporation agrees that it will not revoke or amend any orders, resolutions or other actions relating to the issuance, sale or delivery of Bonds, except as provided in the resolutions, indentures or other instruments adopted or executed in connection with the sale of the Bonds. To the extent Bonds are issued as obligations, the interest on which is intended to be excludable from the income of the holders thereof for federal income tax purposes, the Corporation agrees that they will take all actions necessary to ensure that the interest payable on the Bonds is and remains excludable from the income of the holders thereof under the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

4. All Bond Proceeds generated from the issuance of Bonds shall be deposited into such funds and accounts, and disbursed in such manner and at such times, as shall be provided for in the Bond Documents. All Bond Proceeds shall be held separate and apart from and shall not be commingled with any other funds of the Corporation.

5. To the extent necessary or desirable, the Bond Documents may provide that a reserve fund be established and funded as mutually agreeable to the Corporation and the City to pay the principal and interest on the Bonds and/or to retire a portion of the Bonds.

D. Accounting. Complete books and records shall be maintained showing deposits to and disbursements from the Tax Increment Fund of the City and the Pledged Revenue Fund or other funds of the Corporation, which books and records shall be deemed complete if kept in accordance with Generally Accepted Accounting Principles as applied to Texas municipalities and in

accordance with the provisions of the Act. Such books and records shall be available for examination by the duly authorized officers or agents of the City during normal business hours upon request made not less than five (5) business days prior to the date of such examination. The City and the Corporation shall maintain such books and records throughout the term of this Agreement and for four (4) years thereafter, all subject to the requirements of the Act.

E. Use of Tax Increments. The Corporation will use the moneys in the Pledged Revenue Fund as follows: first, to pay all principal of, interest on, premium (if any) and all paying agent/registrar charges on the Bonds of the Corporation, and to fund any reserves necessary or desirable in connection with such Bonds, at the respective times and in the respective amounts as fixed and prescribed in the resolution or resolutions pursuant to which such Bonds are issued by the Corporation and to pay any Corporation Obligations which are on a parity with such Bonds; second, to make payments on other Corporation Obligations which are subordinate to the Bonds; third, administration, maintenance and operation expenses of the Reinvestment Zone; and fourth, to perform the services, provide improvements, or to pay any other Project Costs permitted by this Agreement and by the Act, including, the reimbursement to the City of disbursements made by the City as grants and loans pursuant to an economic development agreement adopted by the City under Chapter 380, Texas Local Government Code, in furtherance of the implementation of the Plans.

F. Pledge of Tax Increments. The Corporation may pledge and assign all or a part of the Pledged Revenue Fund under this Agreement to:

1. the owners and holders of Bonds of the Corporation; and
2. the owners and holders of Corporation Obligations.

G. Depository. The Corporation's Pledged Revenue Fund is the account into which all payments made by the City and the Reinvestment Zone pursuant to this Agreement shall be deposited. The Pledged Revenue Fund shall be maintained at all times at the same bank that serves as the City's depository, or with the trustee in accordance with the terms of a trust indenture securing any Bonds issued by the Corporation. Any moneys received from investing and reinvesting the moneys paid by the City and the Reinvestment Zone to the Corporation shall remain in this fund until used by the Corporation for either of the purposes permitted by this Agreement in accordance with Section III.F., and may be commingled with other moneys of the Corporation; provided, however, that these funds shall be accounted for separately. Moneys in the Pledged Revenue Fund may be invested and reinvested by the Corporation only in investments which would be eligible for investment by the City pursuant to the provisions of the Public Funds Investment Act (Chapter 2256, Texas Government Code). Moneys on deposit in the Pledged Revenue Fund will be secured by the depository bank or the trustee in the same manner as City funds are required to be secured at the City depository.

IV.

DUTIES AND RESPONSIBILITIES OF THE CITY AND THE REINVESTMENT ZONE

A. Duties of City. The City agrees to provide customary City services in the Reinvestment Zone subject to the provision of funds for these services in the City budget, including, without limitation, funds to maintain the Improvements throughout the term of the Bonds.

B. Tax Increment Fund. The City will establish a separate fund including subaccounts if necessary in the City treasury into which all Tax Increments shall be deposited (the "Tax Increment Fund"). During the term of this Agreement, the City, on behalf of itself and the Reinvestment Zone will pay the Corporation, on a monthly basis on the first business day of each month, all monies then available in the Tax Increment Fund. Upon receipt, the Corporation shall deposit such funds in the Pledged Revenue Fund and use them in accordance with Article III.E.

C. Limitation of Source of Payment. The City and the Reinvestment Zone shall have no financial obligation to the Corporation other than as provided in this Agreement or in other agreements between the City, the Reinvestment Zone and the Corporation. The obligation of the City and the Reinvestment Zone to the Corporation under this Agreement is limited to the Tax Increment of the City and the other Taxing Units which are received by the City. This Agreement shall create no obligation on the City or the Reinvestment Zone which is payable from taxes or other moneys of the City other than the Tax Increments which are collected by the City. The obligation of the City and the Reinvestment Zone to the Corporation shall be subject to the rights of any of the holders of bonds, notes or other obligations that have heretofore or are hereafter issued by the City and any other Taxing Units that are payable from or secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City and the other Taxing Units. For so long as any Bonds of the Corporation or other Corporation Obligations secured by Tax Increments are outstanding and unpaid, the City covenants and agrees to annually assess, levy and collect its ad valorem taxes within the Zone.

D. Allocated Funds: Limitation of Duties. The duty of the City and the Reinvestment Zone to pay money to the Corporation for any purpose under this Agreement is limited in its entirety by the provisions of this Article. The payments herein provided for shall be the entire and complete compensation of the Corporation for its services and expenses in connection herewith.

E. Collection and Payment of Tax Increments by the City and the Reinvestment Zone. In consideration of the services to be provided by the Corporation, the City and the Reinvestment Zone covenant and agree that they will, as authorized under the Act and other applicable laws, continuously collect the Tax Increments from the Taxing Units whose participation in the Reinvestment Zone is reflected in the Project Plan and the Financing Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. To the extent the City and the Reinvestment Zone may legally do so, the City and the Reinvestment Zone also covenant and agree that they will not permit a reduction in the Tax Increments paid by the other Taxing Units except to the extent provided in the agreement with such Taxing Unit executed at the time such Taxing Unit agreed to participate in the Reinvestment Zone. In addition, the City covenants and agrees that it will not dissolve the Corporation and that any repeal of the right and power to collect the Tax Increments will not be effective until all Bonds and Corporation Obligations of the Corporation have been paid in full or until they are legally defeased. The City and the Reinvestment Zone further covenant and agree that they will make all payments as set forth in Article IV.B. above, by a direct deposit into the Pledged Revenue Fund, without counterclaim or offset, but minus any expenses incurred by the City in connection with the collection of the Tax Increments.

F. Obligations of City and the Reinvestment Zone to be Absolute. The obligation of the City and the Reinvestment Zone to make the payments set forth in this Agreement from Tax Increments shall be absolute and unconditional, and until such time as this Agreement, all Bonds and Corporation Obligations incurred pursuant to this Agreement have been fully paid or provision for payment thereof shall have been made in accordance with their terms or the date of expiration of the Reinvestment Zone, whichever comes first, the City and the Reinvestment Zone will not suspend or discontinue any payments provided for in this Agreement and will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the failure of the Corporation to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement. Nothing contained in this section shall be construed to release the Corporation from performance of any of the agreements on its part contained in this Agreement, and in the event the Corporation shall fail to perform any such agreement on its part, the City may institute such action against the Corporation as the City may deem necessary to compel performance so long as this action does not abrogate the obligations of the City and the Reinvestment Zone to make the payments set forth in this Agreement to pay the Bonds of the Corporation or to meet its Corporation Obligations.

V. PERSONAL LIABILITY OF PUBLIC OFFICIALS

To the extent permitted by State law, no director of the Corporation, nor any employee or agent of the Corporation, no director of the Reinvestment Zone, nor any employee or agent of the Reinvestment Zone, and no employee of the City, nor any councilmember or agent of the City, shall be personally responsible for any liability arising under or growing out of this Agreement, or operations of the Corporation under the terms of this Agreement.

VI. LAW TO BE OBSERVED

The Corporation at all times shall observe and comply with all federal and state laws, local laws, ordinances, orders, and regulations of the federal, state, county, or city governments.

VII. INFORMATION

The Corporation shall, at such times and in such form as City may require, furnish periodic information concerning the status of the Corporation, the Reinvestment Zone, and the performance of its obligations under this Agreement, and such other statements, certificates and approvals relative to the Corporation and the Reinvestment Zone as may be requested in writing by the City. The City shall provide the Corporation with such information as may be necessary for the Corporation to satisfy its continuing disclosure obligation as set forth in the Bond Documents.

VIII. COORDINATION WITH CITY OFFICIALS

The Corporation will coordinate its activities with the City Manager or the City Manager's designee. Nothing in this Agreement is intended to confer upon the Corporation the right to use, improve, or service any City property without the approval of the City.

**IX.
ADDRESS AND NOTICE**

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the Corporation at the following address:

President
Mueller Local Government Corporation
301 West Second Street
Austin, Texas 78701

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the City at the following address:

City Manager
City of Austin
301 West Second Street
Austin, Texas 78701

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the Reinvestment Zone at the following address:

Chairperson
Reinvestment Zone Number Sixteen,
City of Austin, Texas
301 West Second Street
Austin, Texas 78701

**X.
APPLICABLE LAWS**

THIS AGREEMENT IS MADE SUBJECT TO THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS.

**XI.
CAPTIONS**

The captions at the beginning of the Articles of this Agreement are guides and labels to assist in locating and reading such Articles and, therefore, will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any article, section, or part of this Agreement.

XII.
SUCCESSORS AND ASSIGNS

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other party. Nothing herein shall be construed as creating any personal liability on the part of any officer or agency of the City, of the Reinvestment Zone or of the Corporation.

XIII.
TERM AND TERMINATION, DISSOLUTION OF CORPORATION

A. In General. This Agreement shall become effective, and its initial term shall begin, on the date of execution by all parties, and shall end upon termination of the Reinvestment Zone.

B. Termination for Cause. A party may terminate its performance under this Agreement only upon default by another party. Default by a party shall occur if the party fails to perform or observe any of the terms and conditions of this Agreement required to be performed or observed by that party. Should such a default occur, the party against whom the default has occurred shall have the right to terminate all or part of its duties under this Agreement as of the thirtieth (30th) day following the receipt by the defaulting party of a notice describing such default and intended termination, provided, that such termination may be stayed, at the sole option of the party against whom the default has occurred, pending cure of the default. No termination of this Agreement will affect the obligation of the City and the Reinvestment Zone to pay from Tax Increments an amount which will permit the Corporation to pay the Bonds or any Corporation Obligations issued or incurred pursuant to this Agreement prior to termination.

C. Dissolution of Corporation or Reinvestment Zone. The City agrees not to dissolve the Corporation or the Reinvestment Zone unless it makes satisfactory arrangements to provide for the payments of the Corporation's bonds, notes, or other Corporation Obligations incurred prior to the Corporation's dissolution.

XIV.
AMENDMENT OR MODIFICATIONS

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment, or modification only by the mutual written consent of the parties hereto. The foregoing notwithstanding, no amendment shall become effective until the parties have received an opinion of nationally-recognized bond counsel selected by the Corporation and approved by the City to the effect that such amendment will not materially adversely impair the rights of the owners of any outstanding bonds, notes or other obligations issued by the Corporation.

XV.
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.

[EXECUTION PAGE FOLLOWS]

DATED as of _____, 2009

MUELLER LOCAL GOVERNMENT
CORPORATION

President

ATTEST:

Secretary

THE CITY OF AUSTIN, TEXAS

Mayor

ATTEST:

City Clerk

REINVESTMENT ZONE NUMBER SIXTEEN,
CITY OF AUSTIN, TEXAS

Chairperson, Board of Directors

ATTEST:

Secretary, Board of Directors