

**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS, PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2009B (DIRECT SUBSIDY - BUILD AMERICA BONDS); AND APPROVING RELATED DOCUMENTS**

**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, Taxable Series 2009B (Direct Subsidy - Build America Bonds)**" (the "Bonds" or the "Series 2009B 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 \$63,845,000 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 2009B Bonds. In no event, however, will costs of issuance exceeding two percent (2%) of the principal amount of the Series 2009B Bonds be paid from proceeds of the Series 2009B Bonds.

**PART 2. MATURITY SCHEDULE.** The Series 2009B Bonds shall be dated their date of initial delivery, 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 September 1, 2029.

**PART 3. REDEMPTION PROVISIONS.** (a) The City reserves the right to redeem the Series 2009B Bonds maturing on or after September 1, 2020, in whole or in part in any Authorized Denomination, on September 1, 2019, 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 2009B Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Series 2009B 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 2009B Bonds, if fewer than all of the Series 2009B Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2009B 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 2009B Bonds are subject to mandatory sinking fund redemption prior to their scheduled maturity, as 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 2009B 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 2009B 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 2009B Bonds or any portion of the principal. If a portion of any Series 2009B Bond shall be redeemed, one or more substitute Series 2009B 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 2009B Bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the rate of \_\_\_\_% per annum. The interest shall be payable to the registered owner of any such Series 2009B Bond in the manner provided and on the dates stated in the FORM OF BOND. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

**PART 5. ADDITIONAL CHARACTERISTICS OF THE BONDS.** (a) The City shall keep or cause to be kept at the designated corporate trust office in Dallas, Texas (**Designated Payment/Transfer Office**) of Wells Fargo Bank, N.A. (**Paying Agent/Registrar**), or other bank, trust company, financial institution, or other agency named in accordance with the provisions of (g) below, books or records of the registration and transfer of the Series 2009B Bonds (**Registration Books**), and the City appoints the Paying Agent/Registrar as its registrar and transfer agent to keep books or records and make the transfers and registrations under the reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make transfers and registrations as provided in this Ordinance. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of the registered owner to which payments with respect to the Series 2009B Bonds shall be mailed, as provided in this Ordinance. The City, or its designee, shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Series 2009B Bond may be transferred in the Registration Books only upon presentation and surrender of the Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Bond, or any portion of the Bond, in any Authorized Denomination, to the assignee or assignees, and the right of the assignee or assignees to have the bond or any portion of the bond registered in the name of the assignee or assignees. Upon the assignment and transfer of any Series 2009B Bond, a new substitute bond or bonds shall be issued in exchange for the Series 2009B Bond in the manner provided in this Ordinance.

(b) The entity in whose name any Series 2009B Bond shall be registered in the Registration Books at any time shall be treated as the absolute owner of the Bond for all purposes of this Ordinance, whether or not the Bond shall be overdue, and the City and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any Bond shall be made only to the registered owner. All payments shall be valid and effectual to satisfy and discharge the liability on the Bond to the extent of the sum or sums so paid.

(c) The City appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of, and interest on, the Series 2009B Bonds, and to act as its agent to exchange or replace Series 2009B Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Series 2009B Bonds, and of all exchanges, and all replacements, as provided in this Ordinance.

(d) Each Series 2009B Bond may be exchanged for fully registered bonds as set forth in this Ordinance. Each Bond issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal amount, may, upon surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request duly executed by the registered owner or the 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 the 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 2009B Bond or Series 2009B Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Series 2009B Bond 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 2009B Bonds as provided in this Ordinance, and each fully registered Bond or Bonds delivered in exchange for or replacement of any Series 2009B Bond or portion of a Series 2009B Bond as permitted or required by any provision of this Ordinance shall constitute one of the Series 2009B Bonds for all purposes of this Ordinance, and may again be exchanged or replaced. It is specifically provided, however, that any Series 2009B Bond delivered in exchange for or replacement of another Series 2009B Bond before the first scheduled interest payment date on the Series 2009B Bonds (as stated on the face of the Bond) shall be dated the same date as such Series 2009B Bond, but each substitute Bond delivered on or after such first scheduled interest payment date shall be dated the interest payment date preceding the date on which the substitute Bond is delivered, unless the substitute Bond is delivered on an interest payment date, in which case it shall be dated as of such date of delivery; however, 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 the substitute Bond shall be dated the date to which interest has been paid in full. On each substitute Bond issued in exchange for or replacement of any Series 2009B Bond 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 (**Authentication Certificate**). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any substitute bond, date the substitute bond in the manner

set forth above, and manually sign and date the Authentication Certificate, and no such substitute bond shall be considered to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Series 2009B 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 preceding exchange or replacement of any Series 2009B 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 2009B Bond is imposed on 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 2009B 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 2009B Bond selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; provided, however, the limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Series 2009B Bond.

(e) All Series 2009B Bonds issued in exchange or replacement of any other Series 2009B Bond or portion of a Bond, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on the Series 2009B 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 2009B Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Series 2009B 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 2009B Bonds, but the registered owner of any Series 2009B Bond requesting the transfer shall pay any taxes or other governmental charges required for the transfer. The registered owner of any Series 2009B 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 the privilege of exchange, except in the case of the exchange of an assigned and transferred bond or bonds or any portion or portions in any Authorized Denomination, the fees and charges will be paid by the City. In addition, the City covenants with the registered owners of the Series 2009B 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 2009B 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 2009B Bonds, and with respect to the exchange of Series 2009B Bonds solely to the extent stated above.

(g) The City covenants with the registered owners of the Series 2009B Bonds that at all times while the Series 2009B 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 2009B 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 stop acting as such, the City covenants that it will promptly appoint a competent and legally qualified national or state banking institution organized and doing business under the laws of the United States of America or of any state, authorized under the 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 2009B 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 2009B 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 considered to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) (i) In addition to providing notice of redemption of Series 2009B Bonds as set forth in this Ordinance, the Paying Agent/Registrar shall give notice of redemption of Series 2009B Bonds by United States mail, first-class postage prepaid, at least 30 days before a redemption date to the MSRB (as defined in PART 13 of this Ordinance). In addition, in the event of a redemption caused by an advance refunding of the Series 2009B Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the MSRB at least 30 days but not more than 90 days prior to the actual redemption date. Any notice sent to the MSRB shall be sent so that the notice is received at least two days before the general mailing or publication date of the notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the owner of any Series 2009B Bond who has not sent the Series 2009B Bonds in for redemption 60 days after the redemption date.

(ii) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Ordinance, shall contain a description of the Series 2009B Bonds to be redeemed, including the complete name of the Series 2009B Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts called of each certificate, the publication and mailing date for the notice (in the manner as provided in the FORM OF BOND), the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Series 2009B Bond may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Series 2009B Bonds shall include CUSIP numbers relating to each amount paid to the registered owner.

**PART 6. FORM OF BONDS.** The Series 2009B Bonds shall be signed with the manual or facsimile signatures of the Mayor and the City Clerk, and the seal of the City shall be affixed or impressed on the Series 2009B Bonds. The form of all Series 2009B Bonds, including the form of the Comptroller's Registration Certificate to accompany the Series 2009B Bonds on the initial delivery, the form of the Authentication Certificate, and the Form of Assignment to be printed on each of the Series 2009B Bonds, shall be, respectively, substantially in the form set forth in Exhibit A to this Ordinance, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

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**PART 7. LEVY OF TAX; INTEREST AND SINKING FUND.** (a) A special fund or account, to be designated the "**City of Austin, Texas Series 2009B Public Improvement Bonds Interest and Sinking Fund**" (**Interest and Sinking Fund**) may be created and it shall be established and maintained at an official depository of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Series 2009B Bonds. All ad valorem taxes levied and collected for and on account of the Series 2009B Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any Series 2009B Bond is outstanding and unpaid, the City Council of the City shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Series 2009B Bonds as the interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if any) of the Series 2009B Bonds as the principal matures, but never less than 2% of the outstanding principal amount of the Series 2009B 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 2009B Bond is outstanding and unpaid, and said ad valorem tax shall be assessed and collected each 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 2009B Bonds, as the interest comes due, and the 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 2009B Bonds scheduled to occur on March 1, 2010. Money in the Interest and Sinking Fund, at the option of the City, may be invested in the 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 2009B 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) Direct Payments (i.e., direct subsidy payments received from the United States Department of the Treasury in support of the payment of the interest on the Series 2009B Bonds in an amount equal to 35% of the interest payable on the Series 2009B Bonds) promptly will be deposited to the credit of the Interest and Sinking Fund, and used to pay interest on the Series 2009B Bonds.

(c) Chapter 1208, Texas Government Code, applies to the issuance of the Series 2009B Bonds and the pledge of ad valorem taxes made under PART 7(a) of this Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time while the Series 2009B Bonds are outstanding and unpaid so 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 to preserve to the registered owners of the Series 2009B Bonds the perfection of the security interest in the pledge, the City agrees to take 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

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outstanding Series 2009B 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 2009B Bond, in replacement for the Series 2009B Bond in the manner provided in this Ordinance.

(b) Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2009B Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Series 2009B Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar the 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 2009B 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 the Series 2009B Bond. In every case of damage or mutilation of a Series 2009B Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the damaged or mutilated Series 2009B Bond.

(c) Notwithstanding provisions 8 (a) and (b), in the event any Series 2009B Bond shall have matured, and there is no continuing default in the payment of the principal of, redemption premium, if any, or interest on the Series 2009B Bond, the City may authorize its payment (without surrender except in the case of a damaged or mutilated Series 2009B Bond) instead of issuing a replacement Series 2009B 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 the Series 2009B 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 2009B 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 2009B 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 2009B 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 the bonds is authorized and imposed on 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 the bonds in the form and manner and with the effect, as provided in PART 5(d) of this Ordinance for Series 2009B Bonds issued in exchange for other Series 2009B Bonds.

**PART 9. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL.** The Mayor, or his designee, is authorized to have control of the Series 2009B Bonds and all necessary records and proceedings pertaining to the Series 2009B 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 2009B 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

2009B Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on each certificate. After registration by the Comptroller, delivery of the Series 2009B Bonds shall be made to the Underwriters, 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. PART 10. SALE OF BONDS; EXECUTION OF PURCHASE AGREEMENT.** (a) The sale of the Series 2009B Bonds to J.P. Morgan Securities Inc., as representative for the underwriters named in the bond purchase agreement (**Underwriters**) between the City and the Underwriters (**Purchase Agreement**), at the purchase price described in the Purchase Agreement, is hereby authorized, ratified and confirmed. One Series 2009B Bond in the principal amount maturing on each maturity date as set forth in PART 2 hereof shall be delivered to the Underwriters, and the Underwriters shall have the right to exchange such certificates as provided in PART 5 hereof without cost.

(b) The Purchase Agreement setting forth the terms of the sale of the Series 2009B Bonds to the Underwriters, in substantially the form attached to this Ordinance, is accepted, approved and authorized to be delivered in executed form to the Underwriters. The Mayor or the City Manager and the City Clerk are authorized, for and on behalf of the City, to execute the Purchase Agreement to effect the sale of the Series 2009B Bonds.

(c) The "Official Statement" prepared in connection with the sale of the Series 2009B Bonds, in substantially the form attached to this Ordinance, is accepted, approved and authorized to be delivered in executed form to the Underwriters. The "Preliminary Official Statement" prepared in connection with the sale of the Series 2009B Bonds is considered final for purposes of the Rule (as defined in PART 13 of this Ordinance) and the use of the Preliminary Official Statement in connection with the sale of the Series 2009B Bonds is ratified. The City Manager and the Chief Financial Officer of the City are each authorized to cause the Official Statement to be completed in conformity with the terms of the Purchase Agreement.

**PART 11. BUILD AMERICA BONDS.** The City hereby makes an irrevocable election, under Section 54AA(d)(1)(C) of the Internal Revenue Code of 1986 (the "Code"), to designate the Series 2009B Bonds as "Build America Bonds".

The City hereby makes an irrevocable election pursuant to Section 54AA(g)(2)(B) of the Code to receive direct payment of the credit described in Section 6431 of the Code with respect to the issuance of the Series 2009B Bonds as Build America Bonds. The City hereby covenants that it will use its best efforts to take all actions necessary to ensure the future collection of the Tax Credits in support of the Series 2009B Bonds while the Series 2009B Bonds are outstanding; provided, that a failure to collect the Tax Credit, in and of itself, shall not constitute an Event of Default as defined in PART 16 of this Ordinance.

The Chief Financial Officer of the City, or her designee, is hereby authorized and directed from time to time and at any time to perform all acts and things necessary or desirable and to execute and deliver any agreements, certificates, documents or other instruments, whether herein mentioned, to carry out the terms and provisions of this PART 11, including but not limited to, (i) the preparation and



making of any filings with the Internal Revenue Service and (ii) taking any actions necessary to obtain any moneys from the Federal government that may be available to the City.

**PART 12. REBATE FUND.** The City covenants to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Series 2009B Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Series 2009B Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code. In order to facilitate compliance with clause (h) above, a "Rebate Fund" is established and held by the City for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Series 2009B Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) *Annual Reports.* (i) The City shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2009, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by PART 10 of this Ordinance, being the information described in Exhibit B. Any financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of the financial statements is not complete within this period, then the City shall provide unaudited financial statements by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on the statements becomes available.

(ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) before the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this PART. The financial information and operating data to be provided pursuant to this PART may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in the format as is prescribed by the MSRB.

(c) *Material Event Notices.* The City shall notify the MSRB, in a timely manner, of any of the following events with respect to the Series 2009B Bonds, if the event is material within the meaning of the federal securities laws:

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1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Series 2009B Bonds;
7. Modifications to rights of holders of the Series 2009B Bonds;
8. Series 2009B Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2009B Bonds; and
11. Rating changes.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this PART by the time required by subsection (b).

(d) *Limitations, Disclaimers, and Amendments.* (i) The City shall be obligated to observe and perform the covenants named in this PART for only so long as the City remains an "obligated person" with respect to the Series 2009B Bonds within the meaning of the Rule, except that the City will give written notice of any deposit made in accordance with this Ordinance, or applicable law, that causes any Series 2009B Bonds no longer to be outstanding.

(ii) The provisions of this PART are for the sole benefit of the holders and beneficial owners of the Series 2009B Bonds, and nothing in this PART, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this PART and does not undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or to update any information provided in accordance with this PART or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning the information or its usefulness to a decision to invest in or sell Series 2009B Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2009B BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS PART, BUT EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City in observing or performing its obligations under this PART shall comprise a breach of or default under the Ordinance for purposes of any other provision of this

Ordinance. Nothing in this PART is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation in accordance with the Rule as amended.

(vi) The provisions of this PART may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this PART, as so amended, would have permitted an underwriter to purchase or sell Series 2009B Bonds in the primary offering of the Series 2009B Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since the offering as well as the changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes an amendment) of the outstanding Series 2009B Bonds consent to the amendment or (b) a person that is unaffiliated with the City (such as nationally-recognized bond counsel) determines that the amendment will not materially impair the interest of the holders and beneficial owners of the Series 2009B Bonds. If the City amends the provisions of this PART, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this PART an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that the 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 2009B Bonds in the primary offering of the Series 2009B Bonds.

**PART 14. DTC REGISTRATION.** The Series 2009B Bonds initially shall be issued and delivered in the manner that no physical distribution of the Series 2009B 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 2009B 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, the representations. The Series 2009B 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 2009B Bonds on behalf of the Purchaser and its participants. So long as each Series 2009B 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 2009B 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 2009B Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Series 2009B 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 2009B 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 2009B 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 2009B Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Series 2009B 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 the Series 2009B 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 2009B Bond and the interest on the Bond shall be considered to be paid, retired and no longer outstanding (**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 the 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 the due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (**Future Escrow Agreement**) for the payment (1) lawful money of the United States of America sufficient to make the payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in the amounts and at the times as will insure the availability, without reinvestment, of sufficient money to provide for the payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. There shall be delivered to the Paying Agent/Registrar a certificate from a firm of certified public accountants certifying the sufficiency of the deposit made pursuant to clause (ii) above. The Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to the Issuer that reflects this payment does not adversely affect the exclusion under the Code of interest on the Defeased Bonds from the gross income of the holders for federal income taxation purposes. At the time as a Series 2009B Bond shall be considered to be a Defeased Bond, the Series 2009B Bond and the interest on that Bond shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and the principal and interest shall be payable solely from the money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements described in subsection 15(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for the payment arrangements, the City expressly reserves the right to call the Defeased Bonds for redemption; (2) the City gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) the City directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) *Investment in Defeasance Securities.* Any funds deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts

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Series B ORD from Bond Counsel - FINAL 08212009.doc

and times as set forth in this Ordinance, and all income from these Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest, with respect to which money has been deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of the moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements described in subsection 15(a)(i) or (ii). All income from the Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City. The Paying Agent/Registrar shall not be liable for any loss pertaining to an investment executed in accordance with written instructions from the City.

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

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

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

**PART 16. DEFAULT AND REMEDIES.** (a) *Events of Default.* Each of the following occurrences or events is an Event of Default:

(i) the failure to pay the principal of or interest on any Series 2009B Bond when it becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Series 2009B Bonds, including their prospect or ability to be repaid in accordance with this Ordinance, and the continuation for a period of 60 days after notice of the default is given by any Registered Owner to the City.

(b) *Remedies for Default.*

(i) When any Event of Default occurs, any Registered Owner or the Registered Owner's

authorized representative, including a trustee or trustees, may proceed against the City, or any official, officer or employee of the City in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in this Ordinance, or to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners or any combination of remedies only as authorized by law.

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

(c) *Remedies Not Exclusive.*

(i) No remedy in this Ordinance is exclusive of any other available remedy or remedies, but each remedy shall be cumulative and shall be in addition to every other remedy given in this Ordinance or under the Series 2009B Bonds; however, there is no right to accelerate the debt evidenced by the Series 2009B Bonds.

(ii) The exercise of any remedy in this Ordinance shall not be considered a waiver of any other available remedy.

(iii) By accepting the delivery of a Series 2009B Bond authorized under this Ordinance, the Registered Owner agrees that the certifications required to effect 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 MAY 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 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 Series 2009B Bonds, the offering documents prepared in connection with the sale of the Series 2009B Bonds, or the Paying Agent/Registrar Agreement. In case any officer whose signature appears on any Series 2009B Bond shall stop being the officer before the delivery of the Series 2009B Bond, the signature shall nevertheless be valid and sufficient for all purposes if he or she had remained in office until the delivery.

**PART 18. FINDINGS.**

General obligation bonds of the City of Austin (**City or 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; and

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

The City Council finds that it is necessary and in the best interest of the City to declare and treat the Series 2009B Bonds as "Build America Bonds", for the purposes stated above; and

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 shall mean that party and his or her 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 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 have been inserted for convenience of reference only and are not a part of this Ordinance and shall not in any way modify or restrict any of the terms or provisions hereof.

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

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

**PASSED AND APPROVED AND EFFECTIVE August 27, 2009.**

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Lee Leffingwell, Mayor, City of Austin, Texas

ATTEST:

(SEAL)

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Shirley A. Gentry,  
City Clerk,  
City of Austin, Texas

APPROVED:

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David Allan Smith,  
City Attorney,  
City of Austin, Texas



**EXHIBIT A**

**FORM OF BOND**

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

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

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS  
PUBLIC IMPROVEMENT BONDS,  
TAXABLE SERIES 2009B  
(DIRECT SUBSIDY – BUILD AMERICA BONDS)

MATURITY DATE   INTEREST RATE   DATE OF DELIVERY   CUSIP

SEPTEMBER 24, 2009

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

\_\_\_\_\_

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

\_\_\_\_\_ DOLLARS

and to pay interest thereon, from the Date of Delivery specified above, to the maturity date specified above, 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, 2010, 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, 2010, such interest is payable semiannually 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 Dallas, Texas (the "Designated Payment/Transfer Office") of Wells Fargo Bank, N.A., 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 \$74,675,000, 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.

THE CITY has reserved the right and option to redeem the Bonds in whole or in part on any date, in principal amounts equal to \$5,000 or any integral multiple thereof, before their respective maturity dates, at a redemption price (the "Make-Whole Optional Redemption Price") equal to the greater of:

- (1) the issue price (but not less than 100%) of the principal amount of the Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity dated of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day

year consisting of twelve 30-day months, at the Treasury Rate, plus \_\_\_\_ basis points, plus, in each case, accrued and unpaid interest on the Bonds to be redeemed to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two (2) Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that, if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. At the request of the Paying Agent/Registrar, the Make-Whole Optional Redemption Price of Bonds to be redeemed will be determined by an independent accounting firm, investment banking firm or financial advisor retained by and at the expense of the city to calculate such redemption price. The Paying Agent/Registrar and the City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisory and will not be liable for such reliance.

THE CITY has reserved the right and option to redeem the Bonds, in whole or part, in principal amounts equal to \$5,000 or any integral multiple thereof, before their respective maturity dates, at any time on or after the occurrence of an Extraordinary Event, at a price equal to the greater of:

- (1) the issue price (but not less than 100%) of the principal amount of the Bonds to be redeemed;  
or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus \_\_\_\_ basis points, plus, in each case, accrued and unpaid interest on the Bonds to be redeemed to the redemption date.

An “Extraordinary Event” will have occurred if a change has occurred to Section 54AA or Section 6431 of the Internal Revenue Code of 1986, as amended (the “Code”) (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to “Build America Bonds”) pursuant to which the Tax Credits (as described in the Ordinance) applicable to the Bonds are reduced or eliminated.

THE BONDS are also subject to mandatory redemption in part by lot pursuant to the terms of the Ordinance, on September 1 in each of the years 20\_\_ through 20\_\_, inclusive, 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

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\* Final Maturity

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

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar, and to major securities depositories, national bond rating agencies and bond information services. By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000 (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/Reg-

istrar, 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.

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City Clerk,  
City of Austin, Texas

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Mayor,  
City of Austin, Texas

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE:

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this 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 2009B Bonds is hereby authorized to print on the Series 2009B Bonds (i) the  
form of bond counsel's opinion relating to the Series 2009B 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 2009B 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	120,002	13,000++	16,998	
<u>11/7/06 Election</u>					
Street and Road Improve- ments	103,100	25,200	24,660+	53,240	
Water Quality Improvements	145,000	63,000	20,000**	62,000	
Park Improvements	84,700	20,020	11,425	++	53,255
Cultural Facilities	31,500	-0-	11,000	20,500	
Affordable Housing	55,000	13,500	10,500	31,000	
Central Library	90,000	-0-	500	++	89,500
Public Safety Improvements	58,100	21,850	19,000++	17,250	
<b>TOTAL</b>	<b><u>\$797,660</u></b>	<b><u>\$328,895</u></b>	<b><u>\$110,085</u></b>	<b><u>\$358,680</u></b>	

+ This Series 2009A Bond issue

++ Series 2009B Bond issue

\*\* \$80,000 Series 2009A Bond issue, \$19,920,000 Series 2009B Bonds issue