

**MUELLER LOCAL GOVERNMENT CORPORATION
RECOMMENDATION FOR BOARD ACTION**

AGENDA ITEM NO.:
AGENDA DATE: 08/27/09
RCA TYPE: Resolution
PAGE: 1 of 1

SUBJECT: Approve a resolution authorizing the issuance of \$15,000,000 Mueller Local Government Corporation Contract Revenue Bonds, Series 2009 (Bonds), by the Mueller Local Government Corporation (Corporation), establishing parameters for the sale of the Bonds, and approving all related documents.

AMOUNT & SOURCE OF FUNDING: \$787,500 in the estimated first year debt service requirement and \$400 annual administration fee for the paying agent/registrar for the proposed bond sale will be funded from property taxes generated in Tax Increment Financing Reinvestment Zone Number 16 ("TIRZ # 16") formerly known as the Robert Mueller Municipal Airport.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING DEPT.: Financial and Administrative Services Department

DIRECTOR'S AUTHORIZATION: _____

FOR MORE INFORMATION CONTACT: Jeff Knodel, Deputy Chief Financial Officer 974-2589

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

REQUIRED AUTHORIZATION _____

In this action, the Mueller Local Government Corporation Board will authorize the issuance of Mueller Local Government Corporation Contract Revenue Bonds, Series 2009 in the amount of \$15,000,000. The City has determined that it is in the best interest of the City and the general public to redevelop property within the City formerly known as the Robert Mueller Municipal Airport (Mueller). To facilitate the redevelopment of Mueller, the City entered into a Master Development Agreement with Catellus Austin, LLC. Under the Master Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs" either directly or through the Corporation.

In order to provide the Corporation with the flexibility to quickly respond to changing market conditions, the proposed resolution delegates the authority to the President and Vice President of the Corporation (Pricing Officer) to complete the sale of the refunding bond transaction in accordance with the parameters in the resolution. The parameters are as follows:

- The true interest cost for the bonds must not exceed 6.00%.
- The maximum maturity for the bonds must not be later than September 1, 2029.

In addition, the authority of the Pricing Officer delegated pursuant to the resolution expires on November 27, 2009.

The transaction will be sold through Siebert Brandford Shank & Co. who was selected due to their strong financial position, their ability to underwrite bonds, and their extensive retail distribution capabilities.

McCall, Parkhurst & Horton, L.L.P. will serve as bond counsel for this transaction.

RESOLUTION NO.

RESOLUTION AUTHORIZING THE ISSUANCE OF MUELLER LOCAL GOVERNMENT CORPORATION CONTRACT REVENUE BONDS, SERIES 2009, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000; APPROVING CONTRACT DOCUMENTS RELATING TO THE SERIES 2009 BONDS; AND CONTAINING OTHER PROVISIONS RELATED THERETO

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MUELLER LOCAL GOVERNMENT CORPORATION:

ARTICLE I

RECITALS

WHEREAS, the City has determined that it would be in the best interest of the City and the general public to redevelop property within the City formerly known as the Robert Mueller Municipal Airport ("Mueller"); and

WHEREAS, to facilitate the redevelopment of Mueller, the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Master Development Agreement"); and

WHEREAS, under the Master Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs" as defined in the Master Development Agreement, either directly or through the auspices of a local government corporation to be created by the City; and

WHEREAS, on December 16, 2004, the City Council of the City of Austin, Texas (the "City") authorized the creation of Tax Increment Financing Reinvestment Zone Number Sixteen, City of Austin, Texas ("TIRZ Sixteen") pursuant to Chapter 311, Texas Tax Code, and approved a preliminary project plan for TIRZ Sixteen and a preliminary reinvestment zone financing plan for TIRZ Sixteen; and

WHEREAS, by Resolution No. 041202-60, adopted on December 2, 2004, the City authorized the creation of the Mueller Local Government Corporation (the "Corporation") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions to promote the common good and the general welfare of the City, including, without limitation, the development of the geographic area of the City included or to be included in TIRZ Sixteen and neighboring areas in furtherance of the promotion of economic development; and

WHEREAS, by Resolution No. 20060427-003, adopted on April 27, 2006, the City Council adopted a program pursuant to Chapter 380 of the Texas Local Government Code (the "Chapter 380 Program") whereby the City may make economic development loans or grants from City general funds to the Corporation in furtherance of the economic development objectives for TIRZ Sixteen, specifically with respect to the redevelopment of Mueller consistent with the provisions of the Master Development Agreement; and

WHEREAS, pursuant to the terms of a Tri-Party Agreement among the City, TIRZ Sixteen and the Corporation (the "Tri-Party Agreement") the City and TIRZ Sixteen have agreed to transfer tax increment revenues generated within TIRZ Sixteen to the Corporation to provide funds that may be used by the Corporation for the payment of debt service on Tax Increment Contract Revenue Bonds issued by the Corporation to finance "Public Finance Reimbursable Project Costs" in accordance with the Master Development Agreement, in furtherance of the economic development objectives of the Chapter 380 Program; and

WHEREAS, pursuant to the action taken by the City Council to establish the Chapter 380 Program, the City has agreed to consider, subject to annual appropriation, making an economic development grant to the Corporation to assist the Corporation in the payment of debt service on the bonds authorized to be issued by this Resolution; and

WHEREAS, as permitted by Chapter 431, Texas Transportation Code, as amended, the Corporation desires to issue bonds upon the terms and conditions and for the purposes herein provided.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1: Definitions. In this Resolution, the following terms shall have the following meanings, unless the context clearly indicates otherwise. Terms not defined herein shall have the meanings assigned to such terms in the Indenture:

The term "Audit" shall mean the audited annual financial statements of the Corporation prepared by an independent auditor.

The term "Authorized Denominations" shall mean \$5,000 or any integral multiple of \$5,000.

The term "Authorized Representative" shall mean the President or any Vice President of the Corporation, the Treasurer of the Corporation, or any other person designated by the Board of Directors of the Corporation to act in such capacity.

The term "Code" shall mean the Internal Revenue Code of 1986.

The term "Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

The term "Dated Date" shall mean, with respect to the Series 2009 Bonds, _____, 2009.

The term "Designated Payment/Transfer Office" shall mean the designated corporate trust office of the Registrar, which, as of the date of adoption of this Resolution, is located in _____, _____.

The term "Grant Agreement" shall have the meaning given said term in the preamble to this Resolution.

The term "Indenture" shall mean the Indenture of Trust dated as of September 1, 2009 between the Corporation and the trustee named therein, and its successors in that capacity.

The term "Issuance Date" shall mean the date on which the Series 2006 Bonds are authenticated by the Registrar and delivered to and paid for by the Underwriters.

The term "MAC" shall mean the Municipal Advisory Council of Texas.

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

The term "MSRB" shall mean the Municipal Securities Rulemaking Board.

The terms "Paying Agent", "Paying Agent/Registrar" and "Registrar" shall mean the Trustee, acting in such capacity, and its successors in that capacity.

The term "Pricing Officer" shall mean the Chief Financial Officer of the City.

The term "Project" shall mean the following public infrastructure improvements within the meaning of the term "Project Costs" as defined in the Indenture, to-wit: _____.

The term "Purchase Agreement" shall mean the bond purchase agreement between the Corporation and the Underwriters.

The term "Record Date" shall mean, for any Interest Payment Date, the fifteenth day of the month next preceding each Interest Payment Date.

The term "Resolution" or "Bond Resolution" shall mean this resolution, and all amendments hereof and supplements hereto.

The term "Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "SEC" shall mean the United States Securities and Exchange Commission.

The term "Series 2009 Bonds" or "Bonds" shall mean the Corporation's Contract Revenue Bonds, Series 2009, authorized by this Resolution.

The term "Tri-Party Agreement" shall mean the agreement between the Corporation, the City and TIRZ Sixteen.

The term "Underwriters" means the investment banking firms so identified in the Purchase Agreement.

Section 2.2: Interpretations. All terms defined herein and all pronouns used in this Resolution shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Resolution is adopted by the Corporation and any future amendments thereto or successor provisions thereof. This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Parity Bonds and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Parity Bonds.

ARTICLE III

TERMS OF THE BONDS

Section 3.1: Bonds to be Sold; Principal Amount, Purpose. The Series 2009 Bonds shall be issued in fully registered form, without coupons, in the aggregate principal amount not to exceed \$15,000,000 for the purpose of (1) paying costs of constructing the Project and (2) paying Costs of Issuance, all under and pursuant to the authority of the Act and all other applicable law.

Section 3.2: Parameters for Sale of Bonds. (a) The Pricing Officer is hereby authorized to effect the sale of the Series 2009 Bonds. The Series 2009 Bonds shall be in any Authorized Denomination, shall be numbered consecutively from R-1 upward, shall be dated the date described in the Purchase Agreement, and shall be in substantially the form attached hereto as **Exhibit "A"**. Interest on the Series

2009 Bonds shall be payable on the date or dates described in the Purchase Agreement. The Series 2009 Bonds shall bear interest at the fixed rate or rates per annum calculated on the basis of a 360-day year of twelve 30-day months, as set forth in the Purchase Agreement; *provided, however*, that (i) the interest rate or rates for the Series 2009 Bonds must be in a multiple of 1/8 of 1% or 1/20 of 1% or 1/100 of 1%, (ii) the "true interest cost" borne by the Series 2009 Bonds must not exceed 6%, and (iii) the final maturity date of the Series 2009 Bonds shall not extend beyond September 1, 2029. Interest shall be payable in the manner and on the terms provided in the FORM OF BOND. The FORM OF BOND shall be completed upon the execution of the Purchase Agreement to reflect the aggregate principal amount of the Series 2009 Bonds sold to the Underwriters in accordance with the terms of the Purchase Agreement.

(b)(i) The Bonds shall be subject to redemption by the Corporation prior to maturity in the manner and at the redemption price provided in the Purchase Agreement and further described in the FORM OF BOND. The FORM OF BOND shall be completed upon the execution of the Purchase Agreement to reflect the redemption provisions, if any, applicable to the Bonds as provided for in the Purchase Agreement. The Series 2009 Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar (hereinafter defined); *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Series 2009 Bonds, if fewer than all of the Series 2009 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2009 Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Corporation and the securities depository.

(ii) At least 30 days prior to the date fixed for any such redemption the Corporation shall cause a written notice of such redemption to be deposited in the United States mail, first class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books (hereinafter defined) of the Paying Agent/Registrar. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Series 2009 Bonds or the portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Series 2009 Bonds or the portions thereof which are to

be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Series 2009 Bonds or any portion thereof. If a portion of any Series 2009 Bond shall be redeemed a substitute Series 2009 Bond or Series 2009 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 thereof for cancellation, at the expense of the Corporation, all as provided in this Ordinance. In addition to the foregoing, the Corporation shall cause the Paying Agent/Registrar to give notice of any such redemption in the manner set forth in Section 5(h) hereof. The failure to cause such notice to be given, however, or any defect therein, shall not affect the validity or effectiveness of such redemption.

Section 3.3: Execution of Series 2009 Bonds: The Series 2009 Bonds shall be signed on behalf of the Corporation by an Authorized Representative and countersigned by the Secretary by their manual, lithographed, or facsimile signatures. Such facsimile signatures on the Series 2009 Bonds shall have the same effect as if each of the Series 2009 Bonds had been signed manually and in person by each of said officers. If any officer of the Corporation whose manual or facsimile signature shall appear on the Series 2009 Bonds shall cease to be such officer before the authentication of such Series 2009 Bonds or before the delivery of such Series 2009 Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

Section 3.4: Approval By Attorney General; Registration by Comptroller. The Series 2009 Bonds to be initially issued shall be delivered to the Attorney General of Texas for examination and approval and shall be registered by the Comptroller. The manually executed registration certificate of the Comptroller substantially in the form provided in Exhibit A to this Resolution shall be affixed or attached to the Series 2009 Bonds to be initially issued and delivered to the Underwriters.

Section 3.5: Authentication. Except for the Series 2009 Bonds to be initially issued, which need not be authenticated by an authorized representative of the Registrar, only such Series 2009 Bonds as shall bear thereon a certificate of authentication substantially in the form provided in Exhibit A to this Resolution, manually executed by an authorized representative of the Registrar, shall be entitled to the benefits of this Resolution or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Series 2009 Bond so authenticated was delivered by the Registrar hereunder.

The Registrar, when it authenticates a Series 2009 Bond, shall cause the Dated Date to be stamped, typed or imprinted on such Series 2009 Bond. Series 2009 Bonds issued on transfer of or in exchange for other Series 2009 Bonds shall bear the same Dated Date as the Series 2009 Bond or Series 2009 Bonds presented for transfer or exchange.

Section 3.6. Payment of Principal and Interest. The Registrar is hereby appointed as the registrar and paying agent for the Series 2009 Bonds. The principal of the Series 2009 Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the Designated Payment/Transfer Office. The interest on each Series 2009 Bond shall be payable by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or by such other method, acceptable to the Registrar, requested by and at the risk and expense of the Owner.

If the date for the payment of principal or interest on any Series 2009 Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date such payment was due.

Section 3.7. Successor Registrars. The Corporation covenants that at all times while any Series 2009 Bonds are Outstanding it will provide a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to act as Registrar for the Series 2009 Bonds. The Corporation reserves the right to change the Registrar for the Series

2009 Bonds on not less than sixty (60) days written notice to the Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding Principal Installment Payment Date or Interest Payment Date on the Series 2009 Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or a copy thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 3.8. Special Record Date. If interest on any Series 2009 Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a "Special Record Date." The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Corporation. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner or record of an affected Series 2009 Bond as of the close of business on the day prior to the mailing of such notice.

Section 3.9. Ownership; Unclaimed Principal and Interest. Subject to the further provisions of this Section, the Corporation, the Registrar and any other person may treat the person in whose name any Series 2009 Bond is registered as the absolute Owner of such Series 2009 Bond for the purpose of making and receiving payment of the principal of or interest on such Series 2009 Bond, and for all other purposes, whether or not such Series 2009 Bond is overdue, and neither the Corporation nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Series 2009 Bond in accordance with this Section 3.9 shall be valid and effectual and shall discharge the liability of the Corporation and the Registrar upon such Series 2009 Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Series 2009 Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 3.10. Registration, Transfer, and Exchange. So long as any Series 2009 Bonds remain Outstanding, the Registrar shall keep the Register at the Designated Payment/Transfer Office and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Series 2009 Bonds in accordance with the terms of this Resolution.

Each Series 2009 Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Series 2009 Bond in proper form for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Series 2009 Bond or Series 2009 Bonds, registered in the name of the transferee or transferees, in Authorized Denominations and of the same maturity, aggregate principal amount, and Dated Date, and bearing interest at the same rate as the Series 2009 Bond or Series 2009 Bonds so presented.

All Series 2009 Bonds shall be exchangeable upon presentation and surrender thereof at the Designated Payment/Transfer Office of the Registrar for a Series 2009 Bond or Series 2009 Bonds of the same maturity, Dated Date, and interest rate and in any Authorized Denomination, in an aggregate amount equal to the unpaid principal amount of the Series 2009 Bond or Series 2009 Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Series 2009 Bonds in accordance with the provisions of this Section 3.10. Each Series 2009 Bond delivered in accordance with this Section 3.10 shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2009 Bond or Series 2009 Bonds in lieu of which such Series 2009 Bond is delivered.

The Corporation or the Registrar may require the Owner of any Series 2009 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Series 2009 Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the Corporation.

The Registrar shall not be required to transfer or exchange any Series 2009 Bond during the period beginning on a Record Date or a Special Record Date and ending on the next succeeding Interest Payment Date or to transfer or exchange

any Series 2009 Bond called for redemption during the period beginning thirty days prior to the date fixed for redemption and ending on the date fixed for redemption; provided, however, that this limitation shall not apply to the exchange by the Owner of the unredeemed portion of a Series 2009 Bond called for redemption in part.

Section 3.11. Cancellation of Series 2009 Bonds. All Series 2009 Bonds paid or redeemed in accordance with this Resolution, and all Series 2009 Bonds in lieu of which exchange Series 2009 Bonds or replacement Series 2009 Bonds are authenticated and delivered in accordance herewith, shall be canceled and thereafter treated in accordance with the Registrar's document retention policies.

Section 3.12. Mutilated, Lost, or Stolen Series 2009 Bonds. Upon the presentation and surrender to the Registrar of a mutilated Series 2009 Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Series 2009 Bond of like maturity, Dated Date, interest rate and principal amount, bearing a number not contemporaneously Outstanding. The Corporation or the Registrar may require the Owner of such Series 2009 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar.

If any Series 2009 Bond is lost, apparently destroyed, or wrongfully taken, the Corporation, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Series 2009 Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Series 2009 Bond of like maturity, Dated Date, interest rate and principal amount, bearing a number not contemporaneously Outstanding, provided that the Owner thereof shall have:

- (1) furnished to the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Series 2009 Bond;
- (2) furnished such security or indemnity as may be required by the Registrar to save it and the Corporation harmless;

- (3) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) met any other reasonable requirements of the Corporation and the Registrar.

If, after the delivery of such replacement Series 2009 Bond, a bona fide purchaser of the original Series 2009 Bond in lieu of which such replacement Series 2009 Bond was issued presents for payment such original Series 2009 Bond, the Corporation and the Registrar shall be entitled to recover such replacement Series 2009 Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Corporation or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Series 2009 Bond has become or is about to become due and payable, the Corporation in its discretion may, instead of issuing a replacement Series 2009 Bond, authorize the Registrar to pay such Series 2009 Bond.

Each replacement Series 2009 Bond delivered in accordance with this Section 3.12 shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2009 Bond or Series 2009 Bonds in lieu of which such replacement Series 2009 Bond is delivered.

Section 3.13: Limited Obligations. THE SERIES 2009 BONDS ARE A LIMITED OBLIGATION OF THE CORPORATION, PAYABLE SOLELY OUT OF THE TRUST ESTATE, WHICH IS THE SOLE ASSET OF THE CORPORATION PLEDGED THEREFOR. THE SERIES 2009 BONDS ARE OBLIGATIONS SOLELY OF THE CORPORATION AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY OF AUSTIN, TEXAS, THE STATE OF TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE

STATE OF TEXAS. THE CITY OF AUSTIN, TEXAS IS NOT OBLIGATED TO MAKE PAYMENTS ON THE SERIES 2009 BONDS, OTHER THAN AS OTHERWISE PROVIDED FOR IN THE INDENTURE.

ARTICLE IV

FORM OF SERIES 2009 BONDS AND CERTIFICATES

Section 4.1: Forms. The form of the Series 2009 Bonds, including the form of the Registrar's authentication certificate, the form of assignment, and the form of the Comptroller's Registration Certificate for the Series 2009 Bonds to be initially issued, shall be in substantially the form as set forth in Exhibit A to this Resolution.

Section 4.2: Legal Opinion; Cusip Numbers; Bond Insurance. The approving opinion of Bond Counsel and CUSIP Numbers may be printed on the Series 2009 Bonds, but errors or omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Series 2009 Bonds. If bond insurance is obtained by the Underwriters, the Series 2009 Bonds may bear an appropriate legend as provided by the insurer.

ARTICLE V

ADDITIONAL BONDS

Section 5.1: Additional Parity Bonds. The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Series 2009 Bonds; provided, however, that Additional Parity Bonds may be issued only in accordance with the provisions of Article III of the Indenture.

Section 5.2: Subordinate Lien Obligations. The Corporation reserves the right to issue, for any lawful purpose, Subordinate Lien Obligations secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Bonds. Such

Subordinate Lien Obligations may be further secured by any other source of payment lawfully available for such purposes.

ARTICLE VI

GENERAL COVENANTS

Section 6.1: Punctual Payment of Parity Bonds. The Corporation will punctually pay or cause to be paid the interest on and principal of, all Parity Bonds according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Resolution and in any resolution authorizing the issuance of Additional Parity Bonds.

Section 6.2: Accounts, Records, and Audits. So long as any Parity Bonds remain Outstanding, the Corporation covenants and agrees that it will maintain a proper and complete system of records and accounts pertaining to the Corporation in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the Corporation or the Pledged Revenues. The Corporation shall after the close of each fiscal year cause an Audit to be prepared by an independent certified public accountant or independent firm of certified public accountants. All expenses incurred in preparing Audits shall be maintenance and operation expenses.

Section 6.3: Pledge and Encumbrance of Pledged Revenues. The Corporation represents that it has the lawful power to create a lien on and to pledge the Pledged Revenues to secure the payment of the Parity Bonds and has lawfully exercised such power under the Constitution and laws of the State of Texas. The Corporation further covenants and represents that, other than to the payment of the Parity Bonds, the Pledged Revenues are not and will not be made subject to any other lien pledge or encumbrance to secure the payment of any debt or obligation of the Corporation, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Parity Bonds.

Section 6.4: Owners' Remedies. This Resolution shall constitute a contract between the Corporation and the Owners of the Parity Bonds from time to time Outstanding and this Resolution shall be and remain irrevocable until the Parity

Bonds and the interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein. In the event of a default in the payment of the principal of or interest on any of the Parity Bonds or a default in the performance of any duty or covenant provided by law or in this Resolution, the Owner or Owners of any of the Parity Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the Corporation to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Parity Bonds may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the Corporation under this Resolution, the deposit of the Pledged Revenues into the special funds herein provided, and the application of such Pledged Revenues in the manner required in this Resolution. The foregoing notwithstanding, acceleration of the Parity Bonds is not an available remedy. The sole source of the Corporation available for the payment of debt service on the Parity Bonds is and shall be the Pledged Revenues.

Section 6.5: Discharge by Deposit. The Corporation may discharge its obligation to the Owners of any or all of the Parity Bonds to pay principal, interest and redemption premium (if any) thereon in any manner then permitted by law, including, but not limited to, by depositing with any paying agent for such Parity Bonds either: (i) cash in an amount equal to the principal amount and redemption premium, if any, of such Parity Bonds plus interest thereon to the date of maturity or redemption, or (ii) pursuant to an escrow or trust agreement, cash and/or direct noncallable, nonprepayable obligations of the United States of America, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, of such Parity Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of such Parity Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in the resolution authorizing such Parity Bonds. Upon such deposit, such Parity Bonds shall no longer be regarded to be Outstanding or unpaid.

Section 6.6: Registrar and Trustee May Own Parity Bonds. The Registrar and Trustee for the Parity Bonds, in their individual or any other capacity, may become holders or pledges of the Parity Bonds with the same rights they would have if they were not the Registrar or Trustee.

Section 6.7: No Recourse Against Corporation Officials. No recourse shall be had for the payment of principal of or interest on any Parity Bonds or for any claim based thereon or on this Resolution against any official of the Corporation or any person executing any Parity Bonds. No member of the Board of Directors of the Corporation or any officer, agent, employee or representative of the Corporation in his individual capacity, nor the officers, agents, employees or representatives of the Corporation nor any person executing the Series 2009 Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the adoption of this Resolution and the issuance of the Series 2009 Bonds.

ARTICLE VII

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF SERIES 2009 BONDS

Section 7.1: Sale of Bonds. The Pricing Officer is hereby authorized to act for and on behalf of the Corporation in connection with the issuance and sale of the Series 2009 Bonds. In that capacity, the Pricing Officer, acting for and on behalf of the Corporation, shall determine the date for issuance and sale of the Series 2009 Bonds and shall approve, execute and deliver the Purchase Agreement with the Underwriters and therein set forth the name and series designation for the Series 2009 Bonds, the principal amount of the Series 2009 Bonds to be sold (subject to the limitations set forth in Section 2.01 hereof), the principal amortization schedule for the Series 2009 Bonds (including, without limitation, the designation of any of the maturities of the Series 2009 Bonds as Term Bonds), the redemption features of the Series 2009 Bonds, the rate or rates of interest to be borne by the Series 2009 Bonds, and other matters relating to the issuance, sale and delivery of the Series 2009 Bonds, including, without limitation, the acquisition of a municipal bond insurance policy, if any, in support of all or any portion of the Series 2009 Bonds. J.P. Morgan Securities Inc. is hereby designated as the senior managing underwriter for the Underwriters. By approving this Resolution, the City Council authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Series 2009 Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

Section 7.2: Execution of Documents to Effect Sale of Series 2009 Bonds.

An Authorized Representative and other appropriate officers, agents and representatives of the Corporation are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Series 2009 Bonds.

Section 7.3: Application of Proceeds. Proceeds from the sale of the Series 2009 Bonds shall, promptly upon receipt by the Trustee, be applied in the manner provided for in a certificate executed by an Authorized Representative. The foregoing notwithstanding, any accrued interest received in connection with the sale of the Series 2009 Bonds shall be deposited to the Debt Service Fund, and any premium received in connection with the sale of the Series 2009 Bonds shall be used in a manner consistent with the provisions of V.T.C.A., Government Code, Section 1201.042(d).

ARTICLE VIII

FEDERAL INCOME TAX MATTERS

Section 8.1: General Tax Covenants. The Corporation covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Series 2009 Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Corporation covenants as follows:

- (a) to take any action to assure that no more than 10 percent of the proceeds of the Series 2009 Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Corporation, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Series 2009 Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Series 2009 Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Series 2009 Bonds (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Series 2009 Bonds being treated as "private activity bonds" within the meaning of section 141(a) of the Code;

(e) to refrain from taking any action that would result in the Series 2009 Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Series 2009 Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Series 2009 Bonds, other than investment property acquired with--

(1) proceeds of the Series 2009 Bonds invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the Series 2009 Bonds are issued,

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

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Series 2009 Bonds;

(g) to otherwise restrict the use of the proceeds of the Series 2009 Bonds or amounts treated as proceeds of the Series 2009 Bonds, as may be necessary, so that the Series 2009 Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) 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 2009 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 2009 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.

The Corporation understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Series 2009 Bonds. It is the understanding of the Corporation that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Series 2009 Bonds, the Corporation will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Series 2009 Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Series 2009 Bonds, the Corporation agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Series 2009 Bonds under section 103 of the Code. In furtherance of the foregoing, any Authorized Representative may execute any certificates or other reports required by the Code and to make such elections, on behalf of the Corporation,

which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2009 Bonds. In order to facilitate compliance with the above clause (h), there has been established in the Indenture a "Rebate Fund" 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 2009 Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Section 8.2: Allocation of, and Limitation on, Expenditures for the Project.

The Corporation covenants to account for on its books and records the expenditure of proceeds from the sale of the Series 2009 Bonds and any investment earnings thereon to be used for the payment of costs of the Project by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed. The foregoing notwithstanding, the Corporation shall not expend such proceeds or investment earnings more than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Series 2009 Bonds or (b) the date the Series 2009 Bonds are retired, unless the Corporation obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Series 2009 Bonds. For purposes of this Section, the Corporation shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 8.3: Disposition of Project. The Corporation covenants that the property constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Corporation of cash or other compensation, unless the Corporation obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Series 2009 Bonds. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the Corporation shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Series 2009 Bonds.

ARTICLE IX

CONTINUING DISCLOSURE UNDERTAKING

Section 9.1: Annual Reports. (a) That the Corporation shall provide annually, within six months after the end of each Fiscal Year ending in or after 2009, financial information and operating data with respect to the Corporation of the general type described in Exhibit B hereto provided that such information and data is customarily prepared by the Corporation. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto, or such other accounting principles as the Corporation may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Corporation commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Corporation 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 such statements become available.

(b) If the Corporation changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Corporation otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section 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 theretofore has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in such format as is prescribed by the MSRB.

Section 9.2: Material Event Notices. The Corporation shall notify the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

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 Bonds;
7. Modifications to rights of holders of the Bonds;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and
11. Rating changes.

The Corporation shall notify the MSRB, in a timely manner, of any failure by the Corporation to provide financial information or operating data in accordance with Section 9.1 by the time required by such Section.

Section 9.3: Limitations, Disclaimers, and Amendments. (a) The Corporation shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Corporation remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Corporation in any event will give notice of any deposit made in accordance with this Resolution or applicable law that causes Bonds no longer to be Outstanding.

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

(c) UNDER NO CIRCUMSTANCES SHALL THE CORPORATION BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2009

BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CORPORATION, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

(e) 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.

(f) The provisions of this Article may be amended by the Corporation 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 Corporation, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (A) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Corporation so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 9.1 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 Corporation may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable

provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

ARTICLE X

AUTHORIZATION OF AGREEMENTS

The Board hereby approves issuance of the Series 2009 Bonds and all agreements determined by the Board to be necessary in connection with the issuance of the Series 2009 Bonds, including without limitation the following: the Indenture of Trust by and between the Corporation and the trustee named therein (the "Trustee"), in substantially the form attached hereto as Exhibit B; the Paying Agent/Registrar Agreement by and between the Corporation and the Trustee, in substantially the form attached hereto as Exhibit C; the Tri-Party Agreement, in substantially the form attached hereto as Exhibit D; the Grant Agreement, in substantially the form attached hereto as Exhibit E; the Purchase Agreement, in substantially the form attached hereto as Exhibit F and any and all other documents and agreements reasonable and necessary to issue the Series 2009 Bonds, including, without limitation, any documents and agreements necessary to obtain municipal bond insurance in support of the debt service on the Series 2009 Bonds (collectively, the "Agreements"). To that end, should a municipal bond insurance policy be obtained, for so long as such policy is in effect, the requirements of the bond insurer relating to the issuance of said policy is incorporated by reference into this Resolution and made a part hereof for all purposes, notwithstanding any other provision of this Resolution to the contrary. The Board, by a majority vote of its members, at a regular meeting, hereby approves the form, terms, and provisions of the Agreements and authorizes the execution and delivery of the Agreements.

ARTICLE XI

MISCELLANEOUS

Section 11.1: Further Proceedings. The President, any Vice President, the Secretary, the Treasurer and other appropriate officials of the Corporation are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the intent, purposes and terms of this Resolution, including the execution and delivery of the Agreements and such certificates, documents or papers necessary and advisable.

Section 11.2: Severability. If any Section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 11.3: Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act, Chapter 551, Texas Government Code.

Section 11.4: Parties Interested. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Corporation, the Registrar, and the Owners of the Series 2009 Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution shall be for the sole and exclusive benefit of the Corporation, the Registrar, and the Owners of the Series 2009 Bonds.

Section 11.5: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 11.6: Effective Date. This Resolution shall become effective immediately upon passage by this Corporation and signature of the President of the Corporation.

PASSED AND APPROVED this 27th day of August, 2009.

By: _____
Name: _____
Title: President

ATTEST:

By: _____
Name: _____

Title: Secretary

DRAFT

EXHIBIT A:
FORM OF BOND



United States of America
State of Texas

Registered

Registered

MUELLER LOCAL GOVERNMENT CORPORATION
TAX INCREMENT CONTRACT REVENUE BOND
SERIES 2009

INTEREST RATE:
CUSIP:

MATURITY DATE:

DATED DATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The MUELLER LOCAL GOVERNMENT CORPORATION (the "Issuer"), a not-for-profit local government corporation created under authority of Chapter 431, Subchapter D, Texas Transportation Code (the "Act") by the City of Austin, Texas (the "City"), for value received, promises to pay, but solely from certain Pledged Revenues as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this Bond at the designated corporate trust office in)_____, _____ (the "Designated Payment/Transfer Office") of _____, as registrar (the "Registrar"), the principal amount identified above, in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay, solely from such Pledged Revenues, interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Dated Date of the Bonds specified above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on March 1 and September 1, beginning on March 1, 2010, mailed to the Registered Owner as shown on the books of registration kept by the Registrar as of the fifteenth day of the month next preceding each interest payment date (the "Record Date"), or by such other method, acceptable to the Registrar, requested by and at the risk and expense of the Registered Owner. If interest on this Bond is not paid on any interest payment date specified above, and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new Record Date for the payment of such interest (a "Special Record Date"). Such Special Record Date shall be established in accordance with the terms of the hereinafter defined Resolution.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND IS ONE OF A DULY AUTHORIZED SERIES OF BONDS dated as of the Dated Date of the Bonds specified above, aggregating \$_____,000,000, issued for the purpose of (1) paying costs of public infrastructure improvements, as

described in the Resolution and (2) paying Costs of Issuance, all under and pursuant to the authority of the Act and all other applicable laws, an Indenture of Trust dated as of September 1, 2009 (the "Indenture"), between the Issuer and _____, as trustee (the "Trustee"), and a resolution adopted by the Issuer on August 27, 2009 (the "Resolution"). All defined terms not herein defined shall have the meaning attributed thereto in accordance with the terms of the Resolution.

THIS BOND AND THE SERIES OF WHICH IT IS A PART are limited obligations of the Issuer that are payable from, and are equally and ratably secured by a first lien on the "Pledged Revenues", as defined and provided in the Indenture of Trust, which Pledged Revenues are required to be set aside and pledged to the payment of the Bonds and all additional bonds and parity contractual obligations issued or entered into on a parity therewith, in the Debt Service Fund maintained for the payment of all such Bonds, all as more fully described and provided for in the Resolution. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues.

ON SEPTEMBER 1, 20__, or on any date thereafter, the Bonds of this Series maturing on September 1, 20__ and thereafter may be redeemed prior to their scheduled maturities, at the option of the Issuer, in whole, or in part, at par and accrued interest to the date fixed for redemption. The years of maturity of the Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

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 Resolution.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the Designated Payment/Transfer Office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the Designated Payment/Transfer Office of the Registrar for Bonds in principal amounts only in Authorized Denominations, subject to the terms and conditions of the Resolution.

NEITHER THE ISSUER NOR THE REGISTRAR shall be required (i) to make any transfer or exchange of any Bond during the period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository; provided, however, that no Bonds shall be redeemed in a manner where the beneficial owner thereof shall own Bonds in any Authorized Denomination.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE ISSUER HAS RESERVED THE RIGHT to issue additional parity Tax Increment Contract Revenue Bonds, subject to the restrictions contained in the Indenture and the Resolution, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the Pledged Revenues in the same manner and to the same extent as this Bond and the series of which it is a part.

THE BONDS ARE A LIMITED OBLIGATION OF THE CORPORATION, PAYABLE SOLELY OUT OF THE TRUST ESTATE HELD BY THE TRUSTEE UNDER THE TERMS OF THE INDENTURE, WHICH IS THE SOLE ASSET OF THE CORPORATION PLEDGED THEREFOR. THE BONDS ARE OBLIGATIONS SOLELY OF THE CORPORATION AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY, THE STATE OF TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. THE CITY IS NOT OBLIGATED TO MAKE PAYMENTS ON THE BONDS, OTHER THAN AS OTHERWISE PROVIDED FOR IN THE INDENTURE.

IT IS HEREBY DECLARED AND REPRESENTED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in

accordance with law; that the Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond and all of the Bonds by the creation of the aforesaid lien on and pledge of the Pledged Revenues.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual or facsimile signatures of the President and the Secretary.

MUELLER LOCAL GOVERNMENT
CORPORATION

President, Board of Directors

Secretary, Board of Directors

(SEAL)

FORM OF REGISTRATION CERTIFICATE

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

FORM OF REGISTRAR'S AUTHENTICATION CERTIFICATE

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Resolution described in the text of this Bond; and that this Bond is one of a series of Bonds approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

_____, as Registrar

By: _____
Authorized Signature

Date of Authentication: _____

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____ (Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature Guaranteed:

Registered Owner

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

NOTICE: The signature above must correspond to the name of the Registered Owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

DRAFT

Exhibit B to Resolution

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 9.1 of this Resolution.

Annual Financial Statements and Operating Data

The quantitative financial information and operating data with respect to the City of the general type included in the Official Statement under the heading "General Fund Revenues and Expenditures and Changes in Fund Balance"; under the subheadings "Municipal Sales and Use Tax" and "Transfers from Utility Fund" under the heading "Certain General Fund Receipts other than Ad Valorem Taxes"; the subheadings "Tax Valuation" (with respect to the appraised value as of January 1 during the fiscal year as to which such annual report relates), "Valuation and Funded Debt History", "Tax Rate, Levy and Collection History", "Ten Largest Taxpayers", and "Property Tax Rate Distribution" under the heading "Tax Information"; and under the heading "Current Investments".

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

Accounting Principles

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

INDENTURE OF TRUST

By and Between

MUELLER LOCAL GOVERNMENT CORPORATION
(the "Corporation")

and

as trustee
(the "Trustee")

DATED AS OF SEPTEMBER 1, 2009

SECURING

MUELLER LOCAL GOVERNMENT CORPORATION
TAX INCREMENT CONTRACT REVENUE BONDS

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of the 1st day of September, 2009 (the "Indenture"), is made by and between Mueller Local Government Corporation, a not-for-profit local government corporation organized under Chapter 431, Texas Transportation Code, and existing under the laws of the State of Texas (the "Corporation"), and _____, a national banking association organized under the laws of the United States of America, and having a corporate trust office in _____, Texas (together with any successor trustee hereunder, the "Trustee").

W I T N E S S E T H

WHEREAS, the City of Austin, Texas (the "City") has determined that it would be in the best interest of the City and the general public to redevelop property within the City formerly known as the Robert Mueller Municipal Airport ("Mueller"); and

WHEREAS, to facilitate the redevelopment of Mueller, the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Master Development Agreement"); and

WHEREAS, under the Master Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs" either directly or through the auspices of a local government corporation to be created by the City; and

WHEREAS, on December 16, 2004, the City Council of the City of Austin, Texas (the "City") adopted an ordinance (the "Creation Ordinance") which authorized the creation of Tax Increment Financing Reinvestment Zone Number Sixteen, City of Austin, Texas ("TIRZ Sixteen") pursuant to Chapter 311, Texas Tax Code, and approved a preliminary project plan for TIRZ Sixteen and a preliminary reinvestment zone financing plan for TIRZ Sixteen; and

WHEREAS, by Resolution No. 041202-60, adopted on December 2, 2004, the City authorized the creation of the Mueller Local Government Corporation (the "Corporation") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions to promote the common good and the general welfare of the City, including, without limitation, the development of the geographic area of the City included or to be included in TIRZ Sixteen and neighboring areas in furtherance of the promotion of economic development; and

WHEREAS, by Resolution No. 20060424-003, adopted on April 27, 2006, the City Council adopted a program pursuant to Chapter 380 of the Texas Local Government Code (the "Chapter 380 Program") whereby the City may make economic development loans or grants from City general funds to the Corporation in furtherance of the economic development objectives for TIRZ Sixteen, specifically with respect to the redevelopment of Mueller consistent with the provisions of the Master Development Agreement; and

WHEREAS, the Corporation intends to incur Tax Increment Contract Revenue Bonds (as herein defined) to be issued by the Corporation in one or more Series (as herein defined); and

WHEREAS, pursuant to the terms of a Grant Agreement between the City and the Corporation (the "Grant Agreement") the City has agreed, subject to the terms of the Grant Agreement, including, without limitation, subject to annual appropriation by the City, to make Grant Payments (as herein defined) to the Corporation, to provide funds that may be used by the Corporation for the payment of debt service on Tax Increment Contract Revenue Bonds issued by the Corporation to finance Project Costs, consistent with the Project and Financing Plan (as herein defined) and the Master Development Agreement, in furtherance of the economic development objectives of the Chapter 380 Program; and

WHEREAS, in order to further secure the Tax Increment Contract Revenue Bonds, the Corporation has determined to enter into this Indenture with the Trustee for the purpose of assigning and pledging to the Trustee the Contract Tax Increments (as herein defined), for the purpose of establishing the Pledged Revenue Fund, the Public Improvements Fund, and the Debt Service Fund pursuant hereto and thereby providing the Pledged Revenues (as herein defined) to be held by the Trustee to secure the payment of principal of and interest on all Tax Increment Contract Revenue Bonds from time to time issued or incurred by the Corporation.

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Tax Increment Contract Revenue Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective Owners from time to time of the Tax Increment Contract Revenue Bonds, as follows:

[END OF RECITALS]

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below or in the Bond Resolutions for all purposes of this Indenture:

"Accounting Principles" shall mean the accounting principles described in the notes to the Audit as such principles may be changed from time to time to comply with State laws or regulations.

"Act" shall mean Chapter 431, Texas Transportation Code.

"Additional Parity Bonds" shall mean the additional parity Tax Increment Contract Revenue Bonds permitted to be issued by the Corporation pursuant to Section 3.02 of this Indenture.

"Annual Debt Service" shall mean for any annual period (any Fiscal Year or any other twelve (12) consecutive calendar month period), while Bonds are Outstanding, an amount equal to the sum of (i) all interest on such Bonds which is due during such period, plus (ii) that portion of the Principal Installment or Installments of such Bonds which is due during such period, as limited and calculated in the following manner:

(a) Except as modified below, (i) for any twelve (12) consecutive calendar month period other than the calendar year, whether or not such period constitutes the Corporation's current Fiscal Year or any future Corporation Fiscal Year, the aggregate amount of interest on and Principal Installment of the Bonds which was paid or redeemed or is scheduled to accrue and be paid or redeemed during such twelve (12) consecutive month period; and (ii) for any Fiscal Year while the Corporation's Fiscal Year is the same as the calendar year, the aggregate amount of interest on and Principal Installment of the Bonds which was paid or redeemed or is scheduled to accrue and be paid or redeemed after a Principal Installment Payment Date within such Fiscal Year and on or before the next following Principal Installment Payment Date; and

(b) As to any annual period prior to the date of any calculation, such requirements shall be calculated solely on the basis of Bonds which were Outstanding as of the first (1st) day of such period; and as to any future year such requirements shall be calculated solely on the basis of Bonds Outstanding as of the date of calculation; and

(c) Notwithstanding the foregoing, all amounts which have been or are expected to be realized as interest and investment earnings on amounts on deposit in the Debt Service Fund (other than those amounts which are to be deposited into the Rebate Fund pursuant to Section 4.06 of this Indenture) and which are used or scheduled to be used to pay interest on or Principal Installments of Bonds during any annual period, shall be deemed to reduce the Annual Debt Service for any such annual period to the extent of such deposits; and the

amount of such deposits shall be excluded from and shall not constitute Annual Debt Service for any such annual period.

"Authorized Representative" shall mean the President or any Vice President of the Corporation, the Treasurer of the Corporation, or any other person designated to perform a specified act, to sign a specified document or to act generally on behalf of the Corporation by a written instrument furnished to the Trustee.

"Average Annual Debt Service" shall mean the total Debt Service (as of the date of the calculation) divided by the remaining number of years until the final maturity of the Bonds. The Average Annual Debt Service calculated under this Indenture shall remain in effect until the next date when such calculation is required under this Indenture. For the purposes of calculating the Average Annual Debt Service, any fractional year shall be included in the calculation as a full year.

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

"Bond Counsel" shall mean such nationally recognized firm expert in matters relating to public finance law and the federal income tax laws relating to the issuance of municipal bonds engaged by the Corporation.

"Bond Resolutions" shall mean the resolutions from time to time adopted by the Corporation authorizing the Tax Increment Contract Revenue Bonds.

"Bonds" or "Tax Increment Contract Revenue Bonds" shall mean one or more Series of bonds issued by the Corporation pursuant to this Indenture and the Bond Resolutions.

"Business Day" shall mean any day which is not a Saturday, Sunday, a day on which banking institutions in the city where the Designated Payment/Transfer Office (as defined in a Bond Resolution) of the Paying Agent/Registrar is located are authorized by law or executive order to close, or a legal holiday.

"Captured Appraised Value" shall mean the total appraised value of all real property taxable by a Taxing Unit and located in TIRZ Sixteen less the Tax Increment Base of the Taxing Unit.

"Chapter 380 Program" shall have the meaning given said term in the preamble to this Indenture.

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

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable provisions of any future federal income tax laws.

"Contract Tax Increments" shall mean Tax Increments from time to time required to be deposited by the Participants into the Tax Increment Fund pursuant to the TIRZ Act and the

Participant Contracts and payable to the Corporation pursuant to the Tri-Party Agreement.

"Corporation" shall mean the Mueller Local Government Corporation.

"Costs of Issuance" shall mean all charges, costs and expenses of the Corporation incurred in connection with the authorization, issuance, sale and delivery of Tax Increment Contract Revenue Bonds including, but not limited to, legal fees, financial advisory fees, bond insurance premiums, fiscal or escrow agent fees, printing fees, accounting fees, consultant fees, verification fees, travel expenses, rating agency fees, fees of the Trustee and its counsel and Attorney General fees.

"Creation Ordinance" shall have the meaning given said term in the preamble to this Indenture.

"Debt Service" shall mean the Principal Installments and interest on the Bonds.

"Debt Service Fund" shall mean the fund so designated and created pursuant to Article IV of this Indenture.

"Eligible Investments" shall mean any investments which the City is permitted to make under the laws of the State of Texas, including the Public Funds Investment Act, Chapter 2256, Texas Government Code, as described in the City's investment policy approved by the City Council.

"Event of Default" shall mean any Event of Default described in Section 6.01 of this Indenture.

"Exempt Securities" shall mean bonds or other evidences of obligations, the interest on which is exempt from federal income taxation under Section 103(a) of the Code.

"Fair Market Value" shall mean as of any particular date:

(a) as to Eligible Investments the bid and asked prices of which are published on a regular basis in a financial journal or publication of general circulation in the United States of America, the bid price for such Eligible Investments so published on, or most recently prior to, the date of valuation by the Trustee, or, in the alternative, the bid price for such Eligible Investments as provided by a pricing service selected by the Trustee, or

(b) as to Eligible Investments the bid and asked prices of which are not published on a regular basis in a financial journal or publication of general circulation in the United States of America, the average bid price on such Eligible Investments at the date of valuation by the Trustee, as reported to the Trustee by any two nationally recognized dealers (in the opinion of the Trustee) in such Eligible Investments.

"Fiscal Year" shall mean the twelve (12) month period commencing on October 1 of a calendar year and ending September 30 of the next succeeding calendar year, or such other consecutive twelve

(12) month period as determined by the Corporation.

"Fund" shall mean any one or more, as the case may be, of the separate special Funds created and established or required to be maintained pursuant to this Indenture.

"Grant Agreement" shall have the meaning given said term in the preamble to this Indenture.

"Grant Payments" shall mean payments granted to the Corporation by the City pursuant to the Chapter 380 Program in accordance with the terms and provisions of the Grant Agreement.

"Interest Account" shall mean the account so designated and created within the Debt Service Fund pursuant to Article IV of this Indenture.

"Interest Payment Date" shall mean March 1 and September 1 in such years as shall be determined in accordance with the terms of the Bond Resolution governing the issuance of the Series of Bonds.

"Mandatory Redemption Installment" shall mean, as of any particular date of calculation and with respect to any Series of Bonds, the amount of money to be applied to the mandatory redemption (including any mandatory redemption premium, if any) of Bonds in any Fiscal Year prior to maturity pursuant to this Indenture or any Bond Resolution, as such Mandatory Redemption Installment shall have been previously reduced by the principal amount of any Bonds of such Series of the maturity with respect to which such Mandatory Redemption Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of this Indenture or of any Bond Resolution, other than a Mandatory Redemption Installment redemption or purchase.

"Master Development Agreement" shall have the meaning given said term in the preamble to this Indenture.

"Maximum Annual Debt Service" shall mean the greatest amount of the Annual Debt Service calculated for any future Fiscal Year, taking into account any Mandatory Redemption Installments scheduled to be payable on any Series of Bonds.

"Other Revenues" shall mean any monies deposited to the credit of the Pledged Revenue Fund that are designated by the Corporation to be pledged as a Pledged Revenue including, without limitation, any Grant Payments.

"Outstanding" when used with reference to Bonds, shall mean, as of a particular date, all Bonds theretofore and thereupon delivered except: (a) any Bond cancelled by or on behalf of the Corporation or delivered to the Registrar for cancellation at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of the Resolution or otherwise defeased as permitted by applicable law, and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Resolution.

"Owner" or "Registered Owner", when used with respect to any Bond shall mean the person or entity in whose name such Bond is registered in the Register. Any reference to a particular

percentage or proportion of the Owners shall mean the Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under the Resolution.

"Parity Bonds" shall mean the Bonds and each Series of Additional Parity Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding.

"Participant Contracts" shall mean, collectively, the Tri-Party Agreement, and any other contracts from time to time hereafter entered into between the Corporation and Participants, containing provisions with respect to the payment by Participants of their respective Tax Increments.

"Participants" shall mean, initially, the City, and shall include any other Taxing Unit which may hereafter execute a Participant Contract, pursuant to which the Participant is obligated to pay all or part of its Tax Increments to the Tax Increment Fund.

"Paying Agent/Registrar" shall mean the bank or trust company so designated in the Bond Resolutions.

"Pledged Revenue Fund" shall mean the fund so designated and created pursuant to Article IV of this Indenture.

"Pledged Revenue Fund Balance" shall mean, as of any Transfer Date, \$ _____.

"Pledged Revenues" shall have the meaning assigned to that term in Article II of this Indenture.

"Principal Account" shall mean the account so designated and created within the Debt Service Fund pursuant to Article IV of this Indenture.

"Principal Installment" shall mean, as of any particular date of computation, an amount of money equal to the aggregate of (a) the principal amount of Outstanding Bonds of a Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would at or before said future date be retired as a result of Mandatory Redemption Installments applied in accordance with this Indenture plus (b) the amount of any Mandatory Redemption Installment payable on said future date for the retirement of any Outstanding Bonds of said Series.

"Principal Installment Payment Date", when used in connection with any Bond, shall mean September 1 in each year such Bonds are scheduled to mature, as determined in accordance with the terms of the Bond Resolution governing the issuance of the Series of such Bonds.

"Project and Financing Plan" shall mean the final Project Plan and Financing Plan of TIRZ Sixteen adopted by the Board of Directors of TIRZ Sixteen and approved by the City by Ordinance No. _____, adopted _____, 2009, and as amended from time to time.

"Project Costs" shall mean all project costs for TIRZ Sixteen identified in the Project and

Financing Plan as authorized by the TIRZ Act and the Tri-Party Agreement, consistent with the terms of the Master Development Agreement.

"Public Improvements Fund" shall mean the fund so designated and created pursuant to Article IV of this Indenture.

"Rebate Fund" shall mean the fund so designated and created pursuant to Article IV of this Indenture.

"Register" or "Bond Register" shall mean the books of registration kept by the Registrar in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

"Regulations" shall mean the Income Tax Regulations promulgated under the Code.

"Series" shall mean all of the Bonds authenticated and delivered on issuance and pursuant to this Indenture or any Bond Resolution authorizing the issuance of such Bonds as a separate series of Bonds or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

"State" shall mean the State of Texas.

"Subordinate Lien Obligations" shall mean any bonds, notes or other obligations, including contractual obligations incurred by the Corporation, secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Tax Increment Contract Revenue Bonds.

"Tax Increment Base" shall mean the total appraised value of property in TIRZ Sixteen as of January 1, 2004 plus the total appraised value of real property taxable by a Taxing Unit and annexed into TIRZ Sixteen as determined in the year in which such property was annexed into TIRZ Sixteen.

"Tax Increment Fund" shall mean the City's TIRZ Sixteen Tax Increment Fund created and maintained in accordance with the Creation Ordinance and the TIRZ Act.

"Tax Increments" shall mean, with respect to each Taxing Unit in each year, the amount of property taxes levied by the Taxing Unit for that year on the Captured Appraised Value of real property taxable by the Taxing Unit located in TIRZ Sixteen and required to be contributed to the Tax Increment Fund in accordance with the terms of the applicable Participant Contract.

"Taxing Unit" shall mean, in addition to the City, Travis County, a special district or authority (including a junior college district, a hospital district, a navigation district, or other district created by or pursuant to the V.T.C.A. Water Code), or any other political subdivision of the State of Texas, whether created by or pursuant to the Texas Constitution or a local, special, or general law, that is authorized to impose and is imposing ad valorem taxes on real property in TIRZ Sixteen, even if the governing body of another political unit determines the tax rate for the unit or otherwise governs its

affairs.

"TIRZ Act" shall mean Chapter 311, Texas Tax Code, as amended.

"TIRZ Sixteen" shall mean Tax Increment Financing Reinvestment Zone Number Sixteen, City of Austin, Texas.

"Transfer Date" shall mean February 15, 2010, and each August 15 and February 15 thereafter for so long as this Indenture is in effect.

"Tri-Party Agreement" shall mean that certain Agreement by and among the City, TIRZ Sixteen, and the Corporation, effective as of _____, 2009.

"Trustee" shall mean _____, and its successors in that capacity.

Section 1.02. Recitals, Table of Contents, Titles and Headings. The terms and phrases used in the recitals of this Indenture have been included for convenience of reference only and the meaning, construction and interpretation of such words and phrases for purposes of this Indenture shall be determined solely by reference to Section 1.01 hereof. The table of contents, titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.03. Interpretation. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date of this Indenture and any future amendments thereto or successor provisions thereof. This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Indenture and the Tax Increment Contract Revenue Bonds.

[END OF ARTICLE I]

ARTICLE II

GRANTING CLAUSES

Section 2.01. Granting Clauses. In order to secure the payment of the principal of, redemption premium, if any, and interest on all Tax Increment Contract Revenue Bonds as the same are issued and become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Tax Increment Contract Revenue Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation does hereby GRANT, BARGAIN, CONVEY, ASSIGN and PLEDGE to the Trustee and its successors in trust hereunder, subject to the provisions of this Indenture, all of the Corporation's right, title and interest in and to the following described properties and interests, direct or indirect, whether now owned or hereafter acquired (collectively, the "Pledged Revenues" or the "Trust Estate"):

(a) All of the Corporation's right, title and interest under the Participant Contracts and the Tri-Party Agreement, including the right, title and interest of the Corporation to Contract Tax Increments the Corporation is entitled to receive thereunder.

(b) Other Revenues.

(c) All moneys deposited or required to be deposited in the Pledged Revenue Fund, the Debt Service Fund and the Public Improvements Fund held by the Trustee pursuant to the provisions of this Indenture and all interest earnings and investment income therefrom, other than any amount required to be rebated to the United States under Section 148(f) of the Code and deposited to Rebate Fund pursuant to Section 4.06.

(d) Any and all property of every kind and nature (including without limitation, cash, obligations or securities) which may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted, or delivered to or deposited with, the Trustee as additional security hereunder by the Corporation, or anyone on behalf of the Corporation, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which property the Trustee is authorized to receive, hold and apply according to the terms hereof.

TO HAVE AND TO HOLD all the same, with all rights and privileges appurtenant thereto, unto the Trustee and its successors in trust forever.

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Owners from time to time of the Tax Increment Contract Revenue Bonds secured and to be secured hereunder, or any of them, without preference, priority or distinction as to lien or otherwise of any Tax Increment Contract Revenue Bond over any other

Tax Increment Contract Revenue Bond, except as otherwise expressly provided in this Indenture.

PROVIDED, HOWEVER, that if the Corporation, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Tax Increment Contract Revenue Bonds and the interest and redemption premium, if any, due or to become due thereon, at the times and in the manner provided in the Tax Increment Contract Revenue Bonds and in the Bond Resolutions, according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds maintained hereunder in the amounts required by this Indenture and the Bond Resolutions, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee or Paying Agent/Registrar the entire amount due or to become due thereon, or an amount sufficient to provide for the payment thereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights and liens hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and shall remain in full force and effect.

[END OF ARTICLE II]

ARTICLE III

AUTHORIZATION OF BONDS; GENERAL TERMS AND PROVISIONS OF BONDS; ADDITIONAL PARITY OBLIGATIONS AND SUBORDINATE LIEN OBLIGATIONS

Section 3.01. Authorization of Tax Increment Contract Revenue Bonds. (a) The Tax Increment Contract Revenue Bonds may be authorized from time to time by the Corporation pursuant to Bond Resolutions duly adopted by the Board, which Bond Resolutions shall specify or provide for the dates, denominations, principal amounts, interest rates, maturities, redemption provisions, forms of bonds, manner of payment, provision for execution and authentication, application of proceeds and all other terms and provisions of the Tax Increment Contract Revenue Bonds not otherwise provided herein.

(b) At or prior to the issuance of each series of Tax Increment Contract Revenue Bonds pursuant to any Bond Resolution, the Corporation shall provide to the Trustee the following:

- (ii) a certified copy of the Bond Resolution;
- (iii) the approving opinion of the Corporation's Bond Counsel with respect to such Series of Tax Increment Contract Revenue Bonds to the effect (i) that the Bonds are valid and binding obligations of the Corporation except to the extent that their enforceability may be limited by applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and except that such enforceability is subject to general principles of equity and the exercise of judicial discretion (regardless of whether such enforceability is considered in a proceeding in law or at equity), and (ii) that the Bonds are issued pursuant to the terms of this Indenture;
- (iv) if such Series of Tax Increment Contract Revenue Bonds are being issued to refund any previously issued Tax Increment Contract Revenue Bonds, the identity, redemption date and redemption price of the Tax Increment Contract Revenue Bonds to be refunded; and
- (v) a Debt Service schedule with regard to such Series of Tax Increment Contract Revenue Bonds and all Tax Increment Contract Revenue Bonds that will then be Outstanding after the issuance of such series of Tax Increment Contract Revenue Bonds and refunding of any Tax Increment Contract Revenue Bonds being refunded thereby.

Section 3.02. Additional Parity Bonds. The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued or incurred Tax Increment Contract Revenue Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds, and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

(a) The Additional Parity Bonds mature on, and interest is payable on, the Principal Installment Payment Dates and Interest Payment Dates, respectively; and

(b) The Corporation is not in material default with the terms of the Indenture, any Bond Resolution, the Tri-Party Agreement, the Grant Agreement or any other agreement to which it is a party and has so certified.

Section 3.03. Subordinate Lien Obligations. The Corporation reserves the right to issue, for any lawful purpose, Subordinate Lien Obligations secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Tax Increment Contract Revenue Bonds. Such Subordinate Lien Obligations may be further secured by any other source of payment lawfully available for such purposes.

Section 3.04. Declaration. It is hereby expressly declared that all revenues, receipts, moneys and other properties hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, covenants, agreements, uses and purposes set forth in this Indenture.

[END OF ARTICLE III]

ARTICLE IV

FUNDS AND INVESTMENTS

Section 4.01. Creation of Funds. There are hereby created the following Funds:

- (A) Pledged Revenue Fund;
- (B) Debt Service Fund;
- (C) Public Improvements Fund; and
- (D) Rebate Fund.

Each Fund shall be maintained by the Trustee separate and apart from all other funds of the Corporation. The Pledged Revenue Fund, the Debt Service Fund and the Public Improvements Fund shall constitute trust funds which shall be held in trust by the Trustee solely for the benefit of the Owners of the Tax Increment Contract Revenue Bonds. The Trustee, at its discretion or upon the written direction of the Corporation, may establish accounts within any Fund to enable the more efficient management of the monies on deposit in any such Fund.

Section 4.02. Pledged Revenue Fund. There is hereby created and established with the Trustee a fund to be designated the "Pledged Revenue Fund". Immediately upon receipt thereof, the Corporation shall deposit into the Pledged Revenue Fund all all Contract Tax Increments and any Other Revenues, including, to the extent made by the City under the terms of the Grant Agreement, Grant Payments. Money in the Pledged Revenue Fund shall be held in trust by the Trustee and, upon receipt of written instructions from an Authorized Representative, shall be applied on each Transfer Date in the following manner and order of priority:

- (A) First, to the Interest Account amounts necessary to make the amounts on deposit therein equal to the interest due on the Tax Increment Contract Revenue Bonds on the next succeeding Interest Payment Date;
- (B) Second, to the Principal Account amounts necessary to make the amounts on deposit therein equal to one-half of the Principal Installments, and premium, if any, due on the Bonds on the next succeeding Principal Installment Payment Date;
- (C) Third, to the payment of the fees and expenses of the Trustee and Paying Agent/Registrar due and owing, for the next six (6) month period;
- (D) Fourth, to any fund or account created for the benefit of any Subordinate Lien Obligations issued or incurred by the Corporation; provided that immediately prior to any such transfers the deposits required by Sections 4.02(A) through (C) above have been made

or provided for; and

_____(E) Fifth, as directed by the Corporation, for any lawful purpose as may be approved by the City for the payment of Project Costs; provided that immediately prior to any such transfers the deposits required by Sections 4.02(A) through (D) above have been made or provided for.

The written directions provided by the Corporation shall be delivered to the Trustee on or before each Business Day next preceding a Transfer Date. The Trustee is hereby authorized to rely upon such written directions delivered to it by the Corporation. The foregoing notwithstanding, after the deposits required by Sections 4.02(A) through (D) above have been made or provided for, the Trustee may make deposits as permitted by Section 4.02(E) in accordance with written directions executed by an Authorized Representative and approved by the City, provided that no such deposits described in Section 4.02(E) above may be made unless, on such Transfer Date after all such deposits and transfers required by Sections 4.02(A) through (D) above have been made, upon transferring funds as permitted by Section 4.02(E) above, there shall be on deposit in the Pledged Revenue Fund moneys not less than the Pledged Revenue Fund Balance.

Section 4.03. Debt Service Fund. There is hereby created and established with the Trustee a fund to be designated the "Debt Service Fund". Within the Debt Service Fund, there are hereby created and established accounts to be designated the "Interest Account" and the "Principal Account". Money in the Debt Service Fund shall be held in trust by the Trustee. The Corporation shall deposit or cause to be deposited into the Debt Service Fund accrued interest on the Tax Increment Contract Revenue Bonds, moneys designated by the Corporation as capitalized interest on the Tax Increment Contract Revenue Bonds, transfers from the Pledged Revenue Fund as provided in Section 4.02, and, to the extent necessary, other Pledged Revenues in such amounts and at such times to provide that amounts necessary to pay interest and Principal Installments due on the Tax Increment Contract Revenue Bonds in the then current Fiscal Year. The Trustee shall transfer on each Interest Payment Date and each Principal Installment Payment Date to the Paying Agent/Registrar such amounts in the Principal Account and the Interest Account to pay, respectively, Principal Installments and interest on the Tax Increment Contract Revenue Bonds as the same becomes due. The Trustee shall make all such transfers such that the Corporation shall be in compliance with the Principal and Interest Guidelines in the Operational Arrangement of The Depository Trust Company, as amended from time to time.

Section 4.04. Public Improvements Fund. There is hereby created and established with the Trustee a fund to be designated the "Public Improvements Fund". The Trustee, at the direction of the Corporation, may establish and create within the Public Improvements Fund such number of accounts and subaccounts as the Corporation deems appropriate.

The Public Improvements Fund and any accounts or subaccounts thereof shall initially be funded as provided in the Bond Resolutions. The money and securities in the Public Improvements Fund shall be held in trust by the Trustee and applied as provided herein, and until such application, the money and securities in such fund shall be subject to a lien and charge in favor of the Owners of the Bonds.

(A) The Trustee is hereby authorized and directed to make disbursements from the Public Improvements Fund and to issue its checks therefor or otherwise pay upon receipt of a requisition in accordance with Section 4.04(B). The Trustee shall keep and maintain adequate records pertaining to the Public Improvements Fund and all disbursements therefrom.

(B) The Trustee shall use money in the Public Improvements Fund solely to pay or reimburse the Corporation for Project Costs including Costs of Issuance and the repayment of any advances, loans, notes or other obligations used to finance Project Costs. Before any payment shall be made from the Public Improvements Fund, there shall be filed with the Trustee a completed requisition, in the form attached hereto as Exhibit A, signed by an Authorized Representative of the Corporation. Upon receipt of such requisition, the Trustee shall make payment from the Public Improvements Fund in accordance with such requisition.

Section 4.05. Disposition of Moneys upon Completion of Project and Financing Plan. Upon completion of the Project and Financing Plan, and the payment of all Project Costs, Tax Increment Contract Revenue Obligations and Subordinate Lien Obligations has been made in full, the Corporation shall deliver to the Trustee a written letter of instructions so stating that the Project and Financing Plan is completed and such payment in full has been made. Promptly after receipt of such letter of instructions from the Corporation, the Trustee shall cause any money remaining in the Pledged Revenue Fund or the Project Fund to be transferred to the City for disbursement to the City and to the Taxing Units in accordance with the provisions of the TIRZ Act. Should the Corporation deliver the letter of instructions to the Trustee as described in Section 7.01, but not state therein that the Project and Financing Plan has been completed, the Trustee shall cause any money remaining in the Pledged Revenue Fund or the Project Fund to be transferred to the Corporation, in the manner provided in such letter of instructions.

Section 4.06. Rebate Fund.

(A) Any provision hercof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien created by this Indenture. The Trustee shall transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount directed by the Corporation to be transferred thereto.

(B) Within five (5) days after each transfer of funds to the Rebate Fund necessary to meet the requirements of Article VIII of the Bond Resolution or this Section, the Trustee shall withdraw from the Rebate Fund and pay to the United States the balance of the Rebate Fund. All payments to the United States pursuant to this Section shall be (i) made by the Trustee for the account and in the name of the Corporation, (ii) paid by check mailed by registered mail (return receipt requested), addressed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 (or such other Service Center as may be designated by the Internal Revenue Service from time to time), and (iii) accompanied by the relevant Internal

Revenue Service Form 8038-T provided by the Corporation.

(C) The Trustee shall preserve copies (either in original form or by image) of all statements and forms received from the Corporation pursuant to this Indenture and all records maintained by it of transactions in the Rebate Fund and shall deliver such materials at the request of the Corporation within sixty (60) days following the discharge of the last of the Bonds.

(D) The Trustee may in good faith conclusively rely on the instructions of the Corporation with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Corporation to supply accurate or sufficient instructions.

(E) If at any time during the term of this Indenture the Trustee or the Corporation desires to take any action that would otherwise be prohibited by the terms of this Section, such person will be permitted to take such action only if it shall first obtain and provide to the other person named herein an opinion of Bond Counsel (acceptable to both the Trustee and the Corporation) to the effect that such action will not adversely affect the exclusion of interest on the Bonds from gross income of the holders thereof for federal income tax purposes and shall be in compliance with the laws of the State of Texas and the terms of this Indenture.

(F) If the Trustee shall declare the principal of the Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in this Indenture, or if the Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms, any amount remaining in any Fund shall be transferred to the Rebate Fund to the extent that the amount therein is less than the projected Rebate Amount computed by the as required in this Section as of the date of such acceleration or redemption, and the balance of such amount shall be used immediately by the Trustee for the purpose of paying principal of, redemption premium, if any, and interest on the Bonds when due.

The provisions of Section 4.06 shall apply to those Bonds identified in the Bond Resolution authorizing the issuance of such Bonds as being obligations described in Section 103(a) of the Code.

Section 4.07. Investments; Earnings. Monies deposited into the Pledged Revenue Fund, the Debt Service Fund, and the Public Improvements Fund shall be invested and reinvested in Eligible Investments as directed in writing to the Trustee by the Corporation; provided that all such Eligible Investments shall be directed by the Corporation in such manner that the money required to be expended from any Fund will be available at the proper time or times.

(A) All investments and any profits realized from or interest accruing on such investments shall belong to the Fund from which the monies for such investments were taken (except as otherwise expressly provided in this Indenture). All losses on investments shall be charged against the Fund to which such investments are credited. The Trustee shall have the

right to have sold in the open market a sufficient amount of any such investments at any time that a Fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such Fund. The Trustee shall not be liable or responsible for any loss resulting from any such investment or resulting from the sale of any such investment as herein authorized. The Trustee shall not be responsible for determining whether any Eligible Investments are legal investments under the laws of the State.

(B) At the direction of the Corporation, a portion of the investment income from any Fund may be paid directly to the Rebate Fund, free and clear of the lien and pledge of this Indenture, without regard to the provisions of Section 4.02, for payment to the United States pursuant to Section 4.06 in order to maintain the tax-exempt status of the Bonds.

(C) The Trustee may make any investment through its own investment department. As amounts invested are needed for disbursement from any Funds, the Trustee shall cause a sufficient amount of the investments credited to that Fund to be redeemed or sold and converted into cash to the credit of that Fund. Securities transaction charges incident to any purchase, sale, or redemption of Eligible Investments shall be charged to the Corporation.

(D) The Corporation by its execution of this Indenture covenants to restrict the investment of money in the Funds created under this Indenture in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time the Bonds are delivered to their original purchaser, so that the Bonds will not constitute arbitrage bonds under the Code and applicable Regulations, and the Trustee hereby agrees to comply with the Corporation's instructions with respect to the investment of money in the Funds created under this Indenture.

(E) The Corporation has covenanted to provide the Trustee with written instructions to assure that any amounts that, in accordance with the Code and applicable regulations, are required to be invested at a restricted yield will be invested either (i) in Exempt Securities or (ii) at a yield that is not materially higher than the yield on the Bonds, determined in accordance with the Code and applicable Regulations, unless in the opinion of Bond Counsel, investment of such at a higher rate will not adversely affect the exclusion from gross income of interest on the Tax Increment Contract Revenue Bonds for federal income tax purposes. For the purpose of applying this Section, amounts on deposit in each Fund shall be accounted for on a first in, first out basis. The Trustee, at the Corporation's direction, is authorized to yield restrict any investment in accordance with Article VIII of the Bond Resolutions.

(F) For the purpose of determining the amount on deposit to the credit of any such Fund, obligations in which money in such Fund shall have been invested shall be valued at the Fair Market Value. The Trustee shall provide a valuation of the Eligible Investments in the Funds established under this Indenture as of the last Business Day of each month and at the time or times withdrawals are made therefrom. If the Corporation shall fail to so direct investments, the Trustee shall invest the affected moneys in a money market mutual fund managed by the Trustee whose underlying assets meet the requirements of Chapter 2256,

Texas Government Code, and which is rated in the highest rating category issued by a nationally recognized municipal securities rating agency.

[END OF ARTICLE IV]

ARTICLE V

COVENANTS OF THE CORPORATION

Section 5.01. Payment of Tax Increment Contract Revenue Bonds. The Corporation covenants to promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on the Tax Increment Contract Revenue Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Tax Increment Contract Revenue Bonds and the Bond Resolutions; to pay when due all fees, charges and other amounts due to the Trustee and the Paying Agent/Registrar for the discharge of their duties hereunder; and to faithfully keep and perform all of its covenants, undertakings and agreements contained in this Indenture, the Tri-Party Agreement, the Grant Agreement, the Bond Resolutions and the Tax Increment Contract Revenue Bonds.

Section 5.02. Recordation and Execution of Security Instruments. (a) Chapter 1208, Texas Government Code, applies to the issuance of the Tax Increment Contract Revenue Bonds and the pledge of the Pledged Revenues granted by the Corporation under Section 2.01 of this Indenture, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while any Tax Increment Contract Revenue Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Corporation under Section 2.01 of this Indenture is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Tax Increment Contract Revenue Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur. This Indenture constitutes a "security agreement", as such term is defined in Chapter 1208, Texas Government Code.

(b) Should Texas law be amended in the manner described in subsection (a) above, the Corporation covenants to cause this Indenture, any supplemental indentures, and all other security instruments, financing statements and supplements thereto that may be necessary, to be filed, recorded, and refiled, in such manner, at such times and in such places as may be required by law in order to fully preserve and protect the rights and security of the Owners of the Tax Increment Contract Revenue Bonds and to perfect and preserve the lien of this Indenture. Without limiting the generality of the foregoing, the Corporation shall execute and deliver such additional instruments and perform such additional acts as may be necessary and proper after the execution of this Indenture and to transfer to any successor Trustee or Trustees the assets, powers, instruments and funds held in trust hereunder and to confirm the lien of this Indenture with respect to any Bond, and shall take all action that may at any time be necessary, in the opinion of the Trustee, to secure the interests of the Owners of the Bonds.

Section 5.03. Title; Encumbrances of Pledged Revenues. The Corporation covenants that it has good and indefeasible title to the Contract Tax Increments, subject to the assignments and pledges contained herein. So long as any Tax Increment Contract Revenue Bonds remain Outstanding, except as permitted by Sections 3.02 and 3.03 of this Indenture, the Corporation

covenants not to sell, transfer, assign, pledge, encumber, mortgage or otherwise dispose of, directly or indirectly, by merger or otherwise, or cause or suffer same, or create or allow to accrue or exist any lien upon, all or any part of its interest in the Pledged Revenues or any portion thereof, except for the lien of this Indenture.

Section 5.04. Pledged Revenues Not Encumbered. The Pledged Revenues are not in any manner pledged to the payment of any debt or obligation of the Corporation other than the Tax Increment Contract Revenue Bonds. The Corporation covenants that it will not in any manner pledge or further encumber the Pledged Revenues unless such pledge or encumbrance is junior and subordinate to the lien and pledge hereunder securing the Tax Increment Contract Revenue Bonds.

Section 5.05. Collection of Contract Tax Increments. Subject to the provisions of applicable law and the Tri-Party Agreement, the Corporation covenants and agrees to use its best efforts to cause the City to contribute, and for the City to cause each Participant to pay to the City, when due, all Contract Tax Increments to provide for the payment of principal of and interest on the Tax Increment Contract Revenue Bonds.

Section 5.06. Amendment of Grant Agreement or Tri-Party Agreement. The Corporation covenants not to cause any amendment of the Grant Agreement or the Tri-Party Agreement that will in any manner impair the rights of the Owners of the Tax Increment Contract Revenue Bonds.

[END OF ARTICLE V]

ARTICLE VI

DEFAULT AND REMEDIES

Section 6.01. Events of Default. An Event of Default hereunder shall consist of any of the following acts or occurrences:

(A) failure to pay when due Principal Installments or interest on any Tax Increment Contract Revenue Bond; or

(B) failure to deposit to the Debt Service Fund money sufficient for the payment of any Principal Installments or interest payable on the Tax Increment Contract Revenue Bonds by no later than the date when such Principal Installment or interest becomes due and payable; or

(C) failure by the Corporation to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Tax Increment Contract Revenue Bonds, which failure shall have continued for a period of thirty (30) days after written notice, either by registered or certified mail, to the Corporation specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25 percent (25%) in aggregate principal amount of the Tax Increment Contract Revenue Bonds then outstanding.

Section 6.02. Notices. In order to provide the Corporation with information with respect to its obligations under this Indenture, the Trustee shall provide the Corporation notice of transfers to the Rebate Fund pursuant to Section 4.06.

Section 6.03. Notice of Default. The Trustee shall also be required to give immediate notice to the Corporation of the occurrence of any Event of Default hereunder of which it has actual knowledge.

Section 6.04. Remedies in General. If an Event of Default hereunder shall occur and be continuing, then, in addition to all of the other rights and remedies granted to the Trustee hereunder, the Trustee in its discretion, subject to the provisions of this Indenture, may proceed to protect and enforce its rights and the rights of the Owners of Tax Increment Contract Revenue Bonds by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture, the Bond Resolutions or the Tax Increment Contract Revenue Bonds or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Owners of the Tax Increment Contract Revenue Bonds, including, without limitation, the right to seek a writ of mandamus issued by a court of competent jurisdiction compelling the members of the Board or other officers of the Corporation or the City to observe and perform such covenant, obligations or conditions of this Indenture, the Tri-Party Agreement or the Grant Agreement.

Section 6.05. Appointment of Receivers. If an Event of Default hereunder shall occur and be continuing, and upon filing of a bill in equity or commencement of other judicial proceedings to enforce the rights of the Trustee and the Owners hereunder, the Trustee shall be entitled as a matter of right, and to the extent permitted by law, to the appointment of a receiver or receivers of the Pledged Revenues and the income, rents, profits and use thereof pending such proceedings, with such powers as the court making such appointment shall confer.

Section 6.06. Trustee May Act Without Possession of Tax Increment Contract Revenue Bonds. All rights of action under this Indenture or under any Tax Increment Contract Revenue Bonds may be enforced by the Trustee without possession of any of the Tax Increment Contract Revenue Bonds or the production thereof on any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name, as Trustee for the ratable benefit of the Owners of the Tax Increment Contract Revenue Bonds, subject to the provisions of this Indenture.

Section 6.07. Trustee as Attorney in Fact. The Trustee is hereby appointed (and the Owners of the Tax Increment Contract Revenue Bonds, by taking and owning same from time to time, shall be deemed to have so appointed the Trustee) the true and lawful attorney in fact of the Owners of the Tax Increment Contract Revenue Bonds, to make or file, in the names of the Owners of the Tax Increment Contract Revenue Bonds, or in behalf of all Owners of the Tax Increment Contract Revenue Bonds as a class, any proof of debt, amendment to proof of debt, petition or other document, and to do and perform any and all acts and things for and in the name of the Owners of the Tax Increment Contract Revenue Bonds as a class as may be necessary or advisable, in the judgment of the Trustee, in order to have the claims of the Owners of the Tax Increment Contract Revenue Bonds against the Corporation approved in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the Corporation shall be a party and to receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is hereby authorized by each of the Owners to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due for compensation and expenses of the Trustee, including counsel fees, incurred up to the date of such distribution, and the Trustee shall have full power of substitution and delegation in respect of any such powers.

Section 6.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Tax Increment Contract Revenue Bonds, or now or hereafter existing at law or in equity or by statute. *Anything to the contrary herein notwithstanding, acceleration shall not be a remedy if an Event of Default occurs and is continuing.* No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.09. Limitation on Suits. All rights of action in respect of this Indenture shall be exercised only by the Trustee, and no Owner of any Bond secured hereunder shall have any right to

institute any suit, action or proceeding at law or in equity for the appointment of a receiver or for any other remedy hereunder or by reason hereof, unless and until the Trustee shall have received written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Tax Increment Contract Revenue Bonds then Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for ten (10) days thereafter to institute such suit, action or proceedings. The making of such request and the furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Owner of any Bond of the powers and remedies given to the Trustee hereunder and to the institution and maintenance by any such Owner of any action or cause of action for the appointment of a receiver or for any other remedy hereunder, but the Trustee may, in its discretion, and when duly requested in writing by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Tax Increment Contract Revenue Bonds then Outstanding and when furnished indemnity satisfactory to protect it against expenses, charges and liability shall, forthwith, take such appropriate action by judicial proceedings or otherwise in respect of any existing default on the part of the Corporation as the Trustee may deem expedient in the interest of the Owners of the Tax Increment Contract Revenue Bonds.

Nothing contained in this Article, however, shall affect or impair the right of any Owner, which shall be absolute and unconditional, to enforce the payment of the Principal Installments and interest on the Tax Increment Contract Revenue Bonds of such Owner, but only out of the moneys for such payment as herein provided, or the obligation of the Corporation, which shall also be absolute and unconditional, to make payment of the Principal Installments and interest on the Tax Increment Contract Revenue Bonds issued hereunder, but only out of the funds provided herein for such payment, to the respective Owners thereof at the time and place stated in the Tax Increment Contract Revenue Bonds.

Section 6.10. Right of Owners of the Tax Increment Contract Revenue Bonds to Direct Proceedings. Notwithstanding any provision of this Indenture to the contrary, the Owners of a majority of the aggregate principal amount of the Tax Increment Contract Revenue Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee or any other proceedings hereunder; provided, however, that such direction shall not be contrary to law or the provisions of this Indenture, and the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability or would be unjustly prejudicial to the Owners of the Tax Increment Contract Revenue Bonds not consenting. The Trustee may take any other action which is not inconsistent with the provisions of this Indenture or with any direction under this Section. Anything to the contrary herein notwithstanding, acceleration shall not be a remedy available to the Owners.

Section 6.11. Restoration of Rights and Remedies. If the Trustee or any Owner of a Bond has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner of a Bond, then and in every such case the Corporation, the Trustee

and the Owners of the Tax Increment Contract Revenue Bonds shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Owners of the Tax Increment Contract Revenue Bonds shall continue as though no such proceeding had been instituted.

Section 6.12. Waiver of Stay or Extension Laws. To the extent that it may lawfully do so, the Corporation covenants that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any stay or extension law whenever or wherever enacted, which may affect the covenants or the performance of this Indenture. The Corporation also covenants that it will not otherwise hinder, delay or impede the execution of any power herein granted to the Trustee.

Section 6.13. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon any Event of Default hereunder shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners of the Tax Increment Contract Revenue Bonds, as the case may be.

[END OF ARTICLE VI]

ARTICLE VII

DISCHARGE

Section 7.01. Discharge and Release of Lien. When all Tax Increment Contract Revenue Bonds have been paid in full as to principal and as to interest and premium, if any, or when all Tax Increment Contract Revenue Bonds have become due and payable, whether at maturity or by prior redemption or otherwise, and the Corporation shall have provided for the payment of the whole amount due or to become due on all Tax Increment Contract Revenue Bonds then outstanding, including all interest which has accrued thereon or which may accrue to the date of maturity or redemption by depositing with the Trustee or the Paying Agent/Registrar, for payment of such outstanding Tax Increment Contract Revenue Bonds and the interest thereon and any premium which may be due thereon, the entire amount due or to become due thereon, or amounts and investments sufficient to provide for such payment as provided in the Bond Resolutions, and the Corporation shall also have paid or caused to be paid all sums payable hereunder by the Corporation, including the compensation due or to become due the Trustee, then the Trustee shall, upon receipt of a letter of instructions from the Corporation requesting the same, discharge and release the lien of this Indenture and execute and deliver to the Corporation such releases or other instruments as shall be required to release the lien hercof.

[END OF ARTICLE VII]

ARTICLE VIII

THE TRUSTEE

Section 8.01. Acceptance of Trusts. The Trustee, for itself and its successors, hereby accepts the trusts under this Indenture, but only upon the following terms and conditions set forth in this Article.

(a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it, by or through attorneys or agents selected by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys and agents as may reasonably be required and employed in connection with the trusts hereof, and the Trustee shall not be responsible for the acts or negligence of such attorneys, agents or counsel, if selected with reasonable care.

(b) The Trustee shall not be responsible for any recitals herein, in the Bond Resolutions or in the Tax Increment Contract Revenue Bonds. The Trustee may require of the Corporation full information and advice as to the performance of the covenants, conditions and agreements contained in this Indenture. The recitals and statements of fact and warranties contained in this Indenture, the Bond Resolutions and in the Tax Increment Contract Revenue Bonds shall be taken as statements by the Corporation and shall not be considered as made by or as imposing any obligation or liability upon the Trustee.

(c) Except as otherwise provided in this Indenture, the Trustee shall not be bound to recognize any person as an Owner of any Bond or to take action at such person's request, unless such person's name appears as the Registered Owner of such Bond in the Register.

(d) Prior to an Event of Default hereunder, and after the curing of any such Event of Default, (i) the Trustee shall not be liable for the performance of any duties, except such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and (ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon the truth, completeness and accuracy of the letters of instruction, statements, certificates, opinions, certified resolutions and other certified showings conforming to the requirements of this Indenture. The Trustee, upon receipt of documents furnished to it by or on behalf of the Corporation pursuant to this Indenture, shall examine same to determine whether or not such documents conform to the requirements of this Indenture. In case of an Event of Default which has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(e) Except as otherwise expressly provided by the provisions of this Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to any Owner of any Bond or to the Corporation or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish same unless obligated or required to do so by express provision hereof.

(f) Nothing herein contained shall relieve the Trustee from liability for its own negligent action or failure to act or its own willful misconduct, except that the Trustee shall not incur any liability (i) for any error of judgment made in good faith by a responsible officer or responsible officers thereof, unless it shall be proved that it was negligent in ascertaining the pertinent facts, or (ii) in respect of any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of the percentage of the Tax Increment Contract Revenue Bonds specified herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(g) None of the provisions contained in this Indenture shall require the Trustee to advance, expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it by the security afforded to it by the terms of this Indenture.

(h) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Tax Increment Contract Revenue Bonds, and the Trustee shall have no responsibility for compliance with securities laws in connection with the issuance and sale of the Tax Increment Contract Revenue Bonds.

(i) In the event the Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Owners, each representing less than a majority of the aggregate principal amount of the Tax Increment Contract Revenue Bonds then Outstanding, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(j) Except as otherwise especially provided by the provisions of this Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to any Owner of any Tax Increment Contract Revenue Bond or to the Corporation or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish same unless obligated or required to do so by express provisions hereof.

(k) The Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(l) Until termination of this Indenture, to the extent required by law, the Corporation shall file continuation statements as required to continue in effect the Uniform Commercial Code financing statement filed with the Secretary of State of the State of Texas listing the Trustee as the secured party and the Corporation as the debtor.

(m) The Trustee is under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners of the Tax Increment Contract Revenue Bonds unless such Owners have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the Owners of a majority in aggregate principal amount of the Tax Increment Contract Revenue Bonds.

(n) The Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the Corporation, in person or by agent or attorney.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and final payment of the Tax Increment Contract Revenue Bonds.

(p) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

Section 8.02. Reliance by Trustee. To the extent not prohibited by this Article, the Trustee may rely, and shall be protected in acting upon, any letters of instruction, statements, certificates, certified resolutions, opinions, notices, consents, orders, appraisals, reports, policies, bonds or other papers or documents believed by it to be genuine and to have been signed or presented to it by the proper person or persons, and the Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith and in conformity with the opinion of such counsel.

Section 8.03. Certificate of the Corporation as Proof. Whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, then, in the absence of bad faith on the

part of the Trustee, and unless other evidence in respect thereof be herein specifically prescribed, and unless an Event of Default hereunder, to the knowledge of the Trustee, shall have occurred and be continuing, such matter may be deemed to be conclusively proved and established by a certificate of the Corporation, executed by the President or the Vice President of the Corporation and delivered to the Trustee, and such certificate shall be full warranty to the Trustee for any action taken or suffered by it under the provisions of this Indenture in reliance thereon.

Section 8.04. Trustee May Own Tax Increment Contract Revenue Bonds. The Trustee, in its commercial banking or any other capacity, may become the owner or pledgee of Tax Increment Contract Revenue Bonds or other certificates or evidences of ownership or pledge thereof issued hereunder, with the same rights it would have if it were not the Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Corporation and may act as depository, trustee or agent for any committee of Owners secured hereby or other obligations of the Corporation as freely as if it were not Trustee. The provisions of this Section shall extend to affiliates of the Trustee.

Section 8.05. Compensation of Trustee. The Corporation shall pay to the Trustee all reasonable fees, charges and expenses of the Trustee (including the reasonable fees, charges and expenses of its agents and counsel) for the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder. The Corporation further agrees that it will, to the extent permitted by law, indemnify, defend and hold the Trustee harmless from and against any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the office of Trustee under this Indenture, including the costs of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The foregoing notwithstanding, should the Trustee exercise any of the rights or powers vested in it by this Indenture upon receiving security or indemnity satisfactory to the Trustee as provided in Section 8.01(m), the Corporation shall be under no obligation to provide indemnity with respect to the particular actions taken by the Trustee for which security or indemnity has been so provided in accordance with Section 8.01(m).

Section 8.06. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the Owners of a majority in principal amount of the Tax Increment Contract Revenue Bonds then Outstanding and delivered to the Trustee, with notice thereof given to the Corporation.

Section 8.07. Resignation of Trustee. The Trustee may at any time resign and be discharged from the trusts hereby created by giving written notice to the Corporation and by providing written notice to the Owners of its intended resignation at least sixty (60) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first class mail, postage prepaid to each Registered Owner of Tax Increment Revenue Bond. Resignation by the Trustee shall not take effect unless and until a successor to such Trustee shall have been appointed and shall have accepted appointment as hereinafter provided.

Section 8.08. Appointment of Successor Trustee. In case the Trustee hereunder shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall

otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the Corporation, if no Event of Default has occurred or is continuing, or by the Owners of a majority in principal amount of the Tax Increment Contract Revenue Bonds then Outstanding, by an instrument or concurrent instruments in writing, signed by the Corporation or such Owners or their duly authorized representatives and delivered to the Trustee, with notice thereof given to the Corporation; provided, however, that in any of the events above mentioned, the Corporation may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the Owners in the manner above provided, and any such temporary Trustee so appointed by the Corporation shall immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the Owners. The Corporation shall provide written notice to the Owners of the appointment of any successor Trustee, whether temporary or permanent, in the manner provided in the preceding Section of this Indenture for providing notice of the resignation of the Trustee. Any successor Trustee or temporary Trustee shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000.

In the event that no appointment of a successor Trustee is made by the Owners or by the Corporation pursuant to the foregoing provisions of this Section and Section 8.07 at the time a vacancy in the office of the Trustee shall have occurred, the Owner of any Bond issued hereunder or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

Section 8.09. Powers of Successor Trustee. Each successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Corporation, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor, but such predecessor Trustee shall, nevertheless, on the written request of the Corporation, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers, trusts, duties and obligations of such predecessor hereunder. Each predecessor Trustee shall immediately deliver all properties, securities and moneys held by it to its successor; provided, however, that before any such delivery is required or made, all proper fees, advances and expenses of the predecessor Trustee shall be paid in full. Should any deed, conveyance or instrument in writing be required from the Corporation by any successor Trustee for properties, rights, powers, trusts, duties and obligations hereby vested or intended to be vested in the predecessor Trustee, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Corporation. The resignation of any Trustee, appointing a successor Trustee hereunder, together with all deeds, conveyances and other instruments provided for in this Article shall, at the expense of the Corporation, be properly filed or recorded and a copy thereof shall be filed with such successor Trustee, together with a statement showing such filing or recordation.

Section 8.10. Merger, Conversion or Consolidation of Trustee. Notwithstanding any provision hereof to the contrary, any corporation or association into which the Trustee may be merged or converted, or with which it may be consolidated, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, shall be the successor Trustee under this Indenture without the execution or filing of any instrument or any other act on the part of any of the parties hereto.

[END OF ARTICLE VIII]

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Supplemental Indentures Not Requiring Consent of Owners of the Tax Increment Contract Revenue Bonds. The Corporation and the Trustee may, without the consent of the Owners of any of the Tax Increment Contract Revenue Bonds, enter into one or more supplemental indentures, which shall form a part hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Owners of the Tax Increment Contract Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners of the Tax Increment Contract Revenue Bonds or the Trustee or either of them;
- (c) to subject to the lien of this Indenture additional revenues, properties or collateral;
- (d) to modify, amend or supplement this Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Tax Increment Contract Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;
- (e) to obtain bond insurance for any Tax Increment Contract Revenue Bond; and
- (f) to permit the assumption of the Corporation's obligations hereunder by any other entity that may become the legal successor to the Corporation, or by the City;

provided, however, that no provision in such supplemental indenture shall be inconsistent with this Indenture or shall impair in any manner the rights of the Owners of the Tax Increment Contract Revenue Bonds.

The Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties or immunities under this Indenture.

Section 9.02. Supplemental Indentures Requiring Consent of Owners of the Tax Increment Contract Revenue Bonds. Except as otherwise provided in the preceding Section, any modification, change or amendment of this Indenture may be made only by a supplemental indenture adopted and executed by the Corporation and the Trustee with the consent of the Owners of not less than a majority of the aggregate principal amount of the Tax Increment Contract Revenue Bonds then Outstanding.

Notwithstanding the preceding paragraph of this Section, no modification, change or amendment to this Indenture shall, without the consent of the Owner of each Bond so affected, extend the time of payment of the Principal Installments or interest thereon, or reduce the Principal Installments or premium, if any, thereon, or the rate of interest thereon, or make the Principal Installments or interest thereon payable in any coin or currency other than that hereinbefore provided, or deprive such Owner of the lien hereof on the revenues pledged hereunder. Moreover, without the consent of the Owner of each Bond then Outstanding, no modification, change or amendment to this Indenture shall permit the creation of any lien on the revenues pledged hereunder equal or prior to the lien hereof, or reduce the aggregate principal amount of Tax Increment Contract Revenue Bonds, the Owners of which are required to approve any such modification, change or amendment of this Indenture.

Section 9.03. Consents. Consents required pursuant to this Article shall be valid only if given following the giving of notice by or on behalf of the Corporation requesting such consent, setting forth the substance of the supplemental indenture in respect of which such consent is sought and stating that copies thereof are available at the office of the Trustee for inspection, to the Owners of Tax Increment Contract Revenue Bonds whose consent is required in accordance with the provisions of this Article. Such notice shall be given by sending such notice by United States mail, first class postage prepaid, to the registered Owners of such Tax Increment Contract Revenue Bonds. Any consent or other action by an Owner of any Bond in accordance with this Article shall bind every future owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof.

Section 9.04. Delivery of Counsel's Opinion with Respect to Supplemental Indentures. Subject to the provisions of Section 8.01, the Trustee in executing or accepting the additional trusts permitted by this Article or the modifications thereby of the trusts created by this Indenture may rely, and shall be fully protected in relying, on an opinion of counsel acceptable to it stating that (a) the execution of such supplemental indenture is authorized or permitted by this Indenture and (b) all conditions precedent to the execution and delivery of such supplemental indenture have been complied with, and an opinion of Bond Counsel that the execution and performance of such supplemental indenture shall not, in and of itself, adversely affect the federal income tax status of the Tax Increment Contract Revenue Bonds.

[END OF ARTICLE IX]

ARTICLE X

GENERAL PROVISIONS

Section 10.01. Proof of Execution of Writings and Ownership. Any instrument provided in this Indenture to be signed or executed by the Owners of all or any portion of the Tax Increment Contract Revenue Bonds may be in any number of writings of similar tenor and may be signed or executed by such Owners in person or by their duly authorized representatives. Proof of the execution of any such instrument, or of the writing appointing any such agent, or of the ownership of any Bond, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Corporation and the Trustee with respect to any actions taken by either under such instruments if:

(a) the fact and date of the execution by any person of any such instrument is proved by (i) a certificate of any officer of any jurisdiction who by law has power to take acknowledgments of deeds within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or (ii) an affidavit of a witness of such execution; and

(b) the ownership of any Bond registered as to both principal and interest is proved by the registration books kept by the Paying Agent/Registrar.

Section 10.02. Benefits of Indenture. The covenants, stipulations and agreements contained in this Indenture are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and the Owners of the Tax Increment Contract Revenue Bonds, and nothing in this Indenture expressed or implied shall be construed to confer upon or give to any other person any right, remedy or claim under or by reason of this Indenture.

Section 10.03. No Individual Liability. No covenant or agreement contained in the Tax Increment Contract Revenue Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member of the Board of Directors of the Corporation or the Trustee or any officer, agent, employee or representative of the Corporation or the Trustee in his individual capacity, and *neither the officers, agents, employees or representatives of the Corporation or the Trustee nor any person executing the Tax Increment Contract Revenue Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of this Indenture, the adoption of the Bond Resolutions and the issuance of the Tax Increment Contract Revenue Bonds.*

Section 10.04. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Indenture to be given to or filed with the Trustee or the Corporation shall be deemed to be effective for all purposes of this Indenture if and when sent by registered or certified mail, postage prepaid, to the address specified below or at such other address as may be designated in writing by the parties:

Trustee: _____

_____, _____
Attention: _____

Corporation: Mueller Local Government Corporation
Austin City Hall
301 West 2nd Street
Austin, Texas 78701
Attn: Chief Financial Officer, City of Austin, Texas

Notwithstanding the foregoing, notices to the Trustee shall be effective only upon receipt.

Section 10.05. Governing Law. This Indenture shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State of Texas.

Section 10.06. Severability. If any provision of this Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Tax Increment Contract Revenue Bonds, the Bond Resolutions or in this Indenture shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Corporation to the full extent permitted by law.

Section 10.07. Successors and Assigns. This Agreement shall be binding upon the Corporation and the Trustee and their successors and assigns.

Section 10.08. Execution in Several Counterparts. This Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Indenture to be signed, sealed and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

MUELLER LOCAL GOVERNMENT CORPORATION

ATTEST:

(SEAL)

_____, as Trustee

By: _____

Title: _____

EXHIBIT A

FORM OF Public Improvements Fund REQUISITION CERTIFICATE

Requisition No. _____

[date]

_____, as Trustee

_____, _____

Attention: _____

Ladies and Gentlemen:

This certificate is provided to you pursuant to Section 4.04(B) of the Indenture of Trust, dated as of September 1, 2009 (the "Indenture"), between the Mueller Local Government Corporation (the "Corporation") and _____, as Trustee. The capitalized terms used in this certificate have the same meanings given such terms in the Indenture.

On behalf of the Corporation, I, the undersigned authorized officer of the Corporation, do hereby certify as follows:

(i) There has been expended, or will be expended within 90 days, on account of Project Costs, or there has been expended or incurred or estimated to have been incurred on account of Costs of Issuance, the following amounts which is (are) hereby requisitioned for disbursement:

Project Costs: \$ _____
Costs of Issuance: \$ _____

(ii) No other certificate in respect of the expenditures set forth in clause (i) above is being or has previously been delivered to the Trustee;

(iii) All amounts previously disbursed plus the amounts hereby requested to be disbursed from the Public Improvements Fund have been and will be used to pay the costs of Project Costs or Costs of Issuance;

(iv) No Event of Default under the Indenture has occurred and is continuing;

(vi) The amount requested is to be used to pay Project Costs which are qualifying costs;
and

(vii) The portion of the amount requested which will be used to pay Costs of Issuance or will be used in the trade or business of a person other than an exempt person plus all previous amounts requested for use to pay Costs of Issuance or for use in the trade or business of a Person other than an exempt person does not exceed 5% of the net proceeds of the Bonds of the issue with respect to which the Public Improvements Fund referenced below was established.

You are hereby directed to pay the amounts (which total the amount requisitioned by clause (i) above) set forth on Attachment I hereto from the Public Improvements Fund to the persons set forth on Attachment I hereto in accordance with the payment instructions set forth on Attachment I hereto.

Mueller Local Government Corporation

By _____
Authorized Representative

ATTACHMENT I TO REQUISITION NO. _____

<u>Amount</u>	<u>Payee</u>	<u>Payment Instructions</u>
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