

ORDINANCE NO. 20110825-093

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2011; AND APPROVING RELATED DOCUMENTS

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

PART 1. FINDINGS.

On June 23, 2011, Council of the City of Austin authorized and directed that a notice of its intention to issue the Certificates of Obligation be published in a newspaper as required by Section 271.049 of the Texas Local Government Code; and

The notice was published in the *Austin American-Statesman*, as required by Section 271.049 of the Texas Local Government Code, on July 11, 2011 and July 18, 2011; and

No petition, signed by 5% of the qualified electors of the Issuer as permitted by Section 271.049 of the Texas Local Government Code protesting the issuance of the Certificates of Obligation, has been filed; and

The Certificates of Obligation to be issued and delivered under this Ordinance are issued pursuant to Subchapter C of Chapter 271 of the Texas Local Government Code; and

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

PART 2. DEFINITIONS. The terms used in this Ordinance have the following meanings:

"Authentication Certificate" means the Paying Agent/Registrar's Authentication Certificate, in the form identified in the FORM OF CERTIFICATE.

"Authorized Denomination" means \$5,000 or any integral multiple of \$5,000.

"Business Day" means a day other than a Saturday, a Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located.

"Code" means the Internal Revenue Code of 1986.

"Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii)

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

"Defeased Obligation" means any Obligation and the interest on the Obligation that is considered to be paid, retired and no longer outstanding under the terms of this Ordinance, specifically PART 20 of this Ordinance.

"Designated Payment/Transfer Office" means the Houston, Texas office of the Paying Agent/Registrar.

"DTC" means The Depository Trust Company, New York, New York.

"Event of Default" has the meaning described in PART 21 of this Ordinance.

"Future Escrow Agreement" means the escrow agreement or other instrument between the City and the Paying Agent/Registrar, with respect to Defeased Obligations.

"Interest and Sinking Fund" means the City of Austin, Texas Series 2011 Certificates of Obligation Interest and Sinking Fund established in PART 9 of this Ordinance.

"MSRB" means the *Municipal Securities Rulemaking Board*.

"Obligations" means the certificates of obligation of the City to be called "City of Austin, Texas Certificates of Obligation, Series 2011".

"Paying Agent/Registrar" means Bank of Texas, N.A., or other bank, trust company, financial institution, or agency named in accordance with the provisions of subsection (g) of PART 7 of this Ordinance.

"Project" means a project for which proceeds of the Obligations are spent consistent with the purposes described in clause (i) of PART 3 of this Ordinance.

"Purchase Price" means the purchase price for the Obligations designated in Schedule II to this Ordinance.

"Purchasers" means the entity or entities designated in Schedule II to this Ordinance.

"Registration Books" means the books or records of the registration and transfer of the Obligations maintained by the Paying Agent/Registrar.

"Registered Owner" means the owner of any Obligation as recorded in the Registration Books.

"Rule" means SEC Rule 15c2-12.

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

"Surplus Revenues" shall mean those revenues from the operation of the City's solid waste disposal system remaining after payment of all operation and maintenance expenses of the system and other obligations incurred to which the revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of the revenues to the Obligations.

PART 3. CERTIFICATES OF OBLIGATION TO BE SOLD; SERIES DESIGNATION.

The Obligations shall be issued in accordance with the Constitution, of the State of Texas, and the Charter of the City, in the aggregate principal amount of \$51,150,000 for the purposes of (i) financing the projects described in the Schedule I and (ii) paying the costs of issuance associated with the sale of the Obligations.

PART 4. MATURITY SCHEDULE. The Obligations shall be dated as of September 1, 2011, shall be in Authorized Denominations, shall be numbered consecutively from R-1 upward, and shall mature on the maturity date, in each of the years, and in the amounts, respectively, as set forth in Schedule II.

PART 5. REDEMPTION PROVISIONS. (a) The City reserves the right to redeem the Obligations maturing on or after September 1, 2022, in whole or in part in any Authorized Denomination, on September 1, 2021, or on any date thereafter, for the principal amount, without premium, plus accrued interest to the date fixed for redemption. The years of maturity of the Obligations called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Obligations or any portion 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 Obligations is determined only by a book entry at DTC, if fewer than all of the Obligations of the same maturity and bearing the same interest rate are to be redeemed, the particular Obligations of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and DTC.

(b) The Obligations are subject to mandatory sinking fund redemption prior to their scheduled maturities, to the extent and in the manner provided in Schedule II and the FORM OF CERTIFICATE.

(c) At least 30 days before the date fixed for redemption, the City shall cause a written notice of the redemption to be deposited in the United States mail, first-class postage prepaid, addressed to each Registered Owner at the address shown on the Registration Books. By the date fixed for

redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Obligations which are to be redeemed, plus accrued interest to the date fixed for redemption. If the notice of redemption is given, and if provision for payment is made, all as provided above, the Obligations, or the portions of the Obligations, which are to be redeemed, automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their redemption, and shall not be regarded as 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 payment. The Paying Agent/Registrar shall record in the Registration Books all redemptions of principal of the Obligations or any portion of the principal. If a portion of any Obligation shall be redeemed, one or more substitute Obligations 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 of the Obligations, will be issued to the Registered Owner upon the surrender for cancellation, at the expense of the City, all as provided in this Ordinance. In addition, the City shall cause the Paying Agent/Registrar to give notice of any redemption in the manner set forth in PART 7(h). The failure to cause notice to be given, however, or any defect in the notice, shall not affect the validity or effectiveness of the redemption.

PART 6. INTEREST. The Obligations shall bear interest at the rates per annum set forth in Schedule II. The interest shall be payable to the registered owner of any Obligation in the manner provided and on the dates stated in the FORM OF CERTIFICATE. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

PART 7. ADDITIONAL CHARACTERISTICS OF THE CERTIFICATES OF OBLIGATION. (a) The City shall keep, or cause to be kept at the Designated Payment/Transfer Office, the Registration Books, and the City appoints the Paying Agent/Registrar as its registrar and transfer agent to keep books or records and make the transfers and registrations under the reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make transfers and registrations as provided in this Ordinance. It shall be the duty of the Paying Agent/Registrar to obtain from the Registered Owner and record in the Registration Books the address of the Registered Owner to which payments with respect to the Obligations shall be mailed, as provided in this Ordinance. The City, or its designee, shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Obligation may be transferred in the Registration Books only upon presentation and surrender of the Obligation to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Obligation, or any portion of the Obligation, in any Authorized Denomination, to the assignee or assignees, and the right of the assignee or assignees to have the Obligation or any portion of the Obligation registered in the name of the assignee or assignees. Upon the assignment and transfer of any Obligation, a new substitute certificate or certificates shall be issued in exchange for the Obligation in the manner provided in this Ordinance.

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

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

(d) Each Obligation may be exchanged for fully registered certificates as set forth in this Ordinance. Each Obligation issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal amount, may, upon surrender at the Designated Payment/Transfer Office, together with a written request duly executed by the Registered Owner or its assignee or assignees, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the Registered Owner or its assignee or assignees, as appropriate, be exchanged for fully registered certificates, without interest coupons, in the form prescribed in the FORM OF CERTIFICATE, in any Authorized Denomination (subject to the requirement stated below that each substitute Obligation shall have a single stated maturity date), as requested in writing by the Registered Owner or its assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Obligation or Obligations so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees. If a portion of any Obligation is assigned and transferred, each Obligation issued in exchange shall have the same maturity date and bear interest at the same rate as the Obligation for which it is being exchanged. Each substitute Obligation shall bear a letter and/or number to distinguish it from each other Obligation. The Paying Agent/Registrar shall exchange or replace Obligations as provided in this Ordinance, and each fully registered Obligation delivered in exchange for or replacement of any Obligation or portion of an Obligation as permitted or required by any provision of this Ordinance shall constitute one of the Obligations for all purposes of this Ordinance, and may again be exchanged or replaced. Any Obligation delivered in exchange for or replacement of another Obligation before the first scheduled interest payment date on the Obligations (as stated on the face of the Obligation) shall be dated the same date, but each substitute Obligation delivered on or after the first scheduled interest payment date shall be dated the interest payment date preceding the date on which the substitute Obligation is delivered, unless the substitute Obligation is delivered on an interest payment date, in which case it shall be dated as of the date of delivery; however, if at the time of delivery of any substitute Obligation the interest on the Obligation for which it is being exchanged has not been paid, then the substitute Obligation shall be dated the date to which interest has been paid in full. On each substitute Obligation issued in exchange for or replacement of any Obligation issued under this Ordinance there shall be printed on the Obligation the Authentication

Certificate. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any substitute Obligation, date the substitute Obligation in the manner set forth above, and manually sign and date the Authentication Certificate, and no substitute Obligation shall be considered to be issued or outstanding unless the Authentication Certificate is executed. The Paying Agent/Registrar promptly shall cancel all Obligations surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by Council or any other body or person to accomplish the exchange or replacement of any Obligation, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Obligations in the manner prescribed in this Ordinance. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Obligation is imposed on the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Obligations which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; *provided, however*, the limitation of transfer shall not be applicable to an exchange by the Registered Owner of the uncalled principal of an Obligation.

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

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Obligations, but the Registered Owner of any Obligation requesting the transfer shall pay any taxes or other governmental charges required for the transfer. The Registered Owner of any Obligation requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any Obligation or a portion of an Obligation, together with any required taxes or governmental charges, all as a condition precedent to the exercise of the privilege of exchange, except in the case of the exchange of an assigned and transferred Obligation or Obligations or any portion or portions in any Authorized Denomination, the fees and charges will be paid by the City. In addition, the City covenants with the Registered Owners of the Obligations that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Obligations, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Obligations, and with respect to the exchange of Obligations solely to the extent stated above.

(g) The City covenants with the Registered Owners of the Obligations that at all times while the Obligations are outstanding the City will provide a competent and legally qualified bank, trust

company, or other entity duly qualified and legally authorized to act as and perform the services of Paying Agent/Registrar for the Obligations under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise stop acting as such, the City covenants that it will promptly appoint a competent and legally qualified national or state banking institution organized and doing business under the laws of the United States of America or of any state, authorized under the laws to exercise trust powers, subject to supervision or examination by federal or state authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy of these Books), along with all other pertinent books and records relating to the Obligations, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice to be sent by the new Paying Agent/Registrar to each Registered Owner of the Obligations, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be considered to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

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

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

(iii) All redemption payments made by the Paying Agent/Registrar to the Registered Owners of the Obligations shall include CUSIP numbers relating to each amount paid to such Registered Owner.

PART 8. FORM OF CERTIFICATES OF OBLIGATION. The Obligations shall be signed with the manual or facsimile signatures of the Mayor and the City Clerk, and the seal of the City shall be affixed or impressed on the Obligations. The form of all Obligations, including the form of the Comptroller's Registration Certificate to accompany the Obligations on the initial delivery, the form of the Authentication Certificate, and the Form of Assignment to be printed on each Obligation, shall be, respectively, substantially in the form set forth in Exhibit A, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

PART 9. LEVY OF TAX; INTEREST AND SINKING FUND. (a) The Interest and Sinking Fund is created and it shall be established and maintained at an official depository of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Obligations. All ad valorem taxes levied and collected for and on account of the Obligations shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any Obligation is outstanding and unpaid, Council shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Obligations as the interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if any) of the Obligations as the principal matures, but never less than 2% of the outstanding principal amount of the Obligations as a sinking fund each year. The rate and amount of ad valorem tax needed to fund this obligation is ordered to be levied against all taxable property in the City for each year while any Obligation is outstanding and unpaid, and the ad valorem tax shall be assessed and collected each year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and principal of the Obligations, as the interest comes due, and the principal matures or comes due through operation of the mandatory sinking fund redemption, if any, as provided in the FORM OF CERTIFICATE, are pledged for this purpose, within the limit set by law. The City appropriates from current funds on hand, and directs the transfer for deposit into the Interest and Sinking Fund moneys as may be necessary to pay the interest payments on the Obligations scheduled to occur on March 1, 2012. Money in the Interest and Sinking Fund, at the option of the City, may be invested in the securities or obligations as permitted under applicable law and the City's investment policy. Any securities or obligations in which money is invested shall be kept and held in trust for the benefit of the owners of the Obligations and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund. Interest and income derived from the investment of money in the Interest and Sinking Fund shall be credited to the Interest and Sinking Fund.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Obligations and the pledge of ad valorem taxes made under PART 9(a) of this Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time while any Obligation is outstanding and unpaid so that the pledge of ad valorem taxes made by the City under PART 9(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then to preserve to the Registered Owners of the Obligations the perfection of the security interest in the

pledge, the City agrees to take measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in the pledge.

PART 10. REVENUES. The Obligations are additionally secured by and shall be payable from the Surplus Revenues. The Surplus Revenues are pledged by the City pursuant to authority of Chapter 363, Texas Health and Safety Code, specifically Section 363.135. The City shall promptly deposit the Surplus Revenues on their receipt to the credit of the Interest and Sinking Fund created pursuant to PART 8, to pay the principal and interest on the Obligations. The amount of Surplus Revenues pledged to the payment of the Obligations shall not exceed \$1,000.

Chapter 1208, Texas Government Code, applies to the issuance of the Obligations and the pledge of ad valorem taxes and the Surplus Revenues granted by the City under PARTS 8 and 9 of this Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time while the Obligations are outstanding and unpaid so that the pledge of the ad valorem taxes and Surplus Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then to preserve to the registered owners of the Obligations the perfection of the security interest in the pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in the pledge.

PART 11. TRANSFER. The Issuer shall do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay the principal of, and interest on, the Obligations when due.

PART 12. SECURITY FOR FUNDS. The Interest and Sinking Fund created by this Ordinance shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and the Interest and Sinking Fund shall be used only for the purposes and in the manner permitted or required by this Ordinance.

PART 13. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES OF OBLIGATION. (a) *Replacement Certificates of Obligation.* In the event any outstanding Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Obligation, in replacement for the Obligation in the manner provided in this Ordinance.

(b) *Application for Replacement Certificates of Obligation.* Application for replacement of any damaged, mutilated, lost, stolen, or destroyed Obligation shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of an Obligation, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar the security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect to the Obligation. Also, in every case of loss, theft, or destruction of an Obligation, the applicant shall

furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of the Obligation. In every case of damage or mutilation of an Obligation, the applicant shall surrender to the Paying Agent/Registrar for cancellation the damaged or mutilated Obligation.

(c) *No Default Occurred.* Notwithstanding provisions 13 (a) and (b), in the event any Obligation shall have matured, and there is no continuing default in the payment of the principal of, premium, if any, or interest on the Obligation, the City may authorize its payment (without surrender except in the case of a damaged or mutilated Obligation) instead of issuing a replacement Obligation, provided security or indemnity is furnished as above provided in this PART.

(d) *Charge for Issuing Replacement Certificates of Obligation.* Prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the owner of the Obligation with all legal, printing, and other expenses in connection with the replacement. Every replacement bond issued pursuant to the provisions of this Ordinance by virtue of the fact that any Obligation is damaged, mutilated, lost, stolen, or destroyed shall constitute a contractual obligation of the City whether the damaged, mutilated, lost, stolen, or destroyed Obligation shall be found, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Obligations duly issued under this Ordinance.

(e) *Authority for Issuing Replacement Certificates of Obligation.* In accordance with Chapter 1206, Texas Government Code, this PART of this Ordinance shall constitute authority for the issuance of any replacement certificate without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of the certificates is authorized and imposed on the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver the Obligations in the form and manner and with the effect, as provided in PART 7(a) of this Ordinance for Obligations issued in conversion and exchange of other Obligations.

PART 14. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL. The Mayor, or his designee, is authorized to have control of the Obligations and all necessary records and proceedings pertaining to the Obligations pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Obligations, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Obligations, and the seal of the Comptroller shall be impressed, or placed in facsimile, on each certificate. After registration by the Comptroller, delivery of the Obligations shall be made to the Purchasers, under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

PART 15. SALE OF CERTIFICATES OF OBLIGATION. The sale of the Obligations to the Purchasers, at the Purchase Price, is approved. The Obligations were sold pursuant to the terms of a "Notice of Sale and Bidding Instructions", "Official Bid Form" and "Official Statement", the use of these documents, a true and correct copy of each document being attached to this Ordinance, is

approved. Council finds, determines and declares that the Obligations were sold to the highest bidder at terms that were the most advantageous reasonably obtained. One Obligation in the principal amount maturing on each maturity date as set out in Schedule II to this Ordinance shall be delivered to the Purchasers, and the Purchasers shall have the right to exchange such certificates as provided in PART 7 of this Ordinance without cost. Council ratifies use of the "Preliminary Official Statement" prepared in connection with the sale of the Obligations. Any accrued interest received in connection with the sale of the Obligations shall be deposited to the Interest and Sinking Fund.

PART 16. FEDERAL TAX COVENANTS. The City covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Obligations 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. The City covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Obligations or the projects financed with the Obligations (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 received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Obligations, in contravention of section 141(b)(2) of the Code;

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

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Obligations (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 Obligations being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Obligations 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 Obligations, 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 Obligations, other than investment property acquired with --

(1) proceeds of the Obligations invested for a reasonable temporary period until the proceeds are needed for the purpose for which the Obligations are issued,

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

(g) to otherwise restrict the use of the proceeds of the Obligations or amounts treated as proceeds of the Obligations, as may be necessary, so that the Obligations 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 Obligations) 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 Obligations 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.

For purposes of clauses (a) and (b) above, the City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Obligations. It is the understanding of the City that the covenants contained in this Ordinance are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Obligations, the City 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 Obligations 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 Obligations, the City 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 Obligations under section 103 of the Code. In furtherance of the foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City, and any Deputy Chief Financial Officer of the City may execute any documents, certificates or other reports required by the

Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Obligations.

In order to facilitate compliance with clause (h) above, a "Rebate Fund" is established and held by the City for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Registered Owners of the Obligations. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

PART 17. ADDITIONAL TAX COVENANTS REGARDING USE OF PROPERTY. (a) *Allocation of, and Limitation on, Expenditures for the Project.* The City covenants to account for the expenditure of proceeds from the sale of the Obligations and any investment earnings on these proceeds to be used for a Project on its books and records 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 Project is completed. The City 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 Obligations or (b) the date the Obligations are retired, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that the expenditure will not adversely affect the tax-exempt status of the Obligations. The City 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. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(b) *Disposition of Project.* The City covenants that the property constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City 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 Obligations. 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. The City 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.

PART 18. CONTINUING DISCLOSURE OBLIGATION. (a) *Annual Reports.* (i) The City shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2011, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by PART 15 of this Ordinance, being the information described in Exhibit B. Any financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of the financial statements is not complete within

this period, then the City shall provide unaudited financial statements by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on the statements becomes available.

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

(b) *Disclosure Event Notices.* The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Obligations:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
7. Modifications to rights of holders of the Obligations, if material;
8. Obligation calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Obligations, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

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

required by subsection (a). As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving Council and official or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

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

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

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

PART 19. DTC REGISTRATION. The Obligations initially shall be issued and delivered in the manner that no physical distribution of the Obligations will be made to the public, and DTC initially will act as depository for the Obligations. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, the representations. The Obligations initially authorized by this Ordinance intended to be held by DTC shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Obligations on behalf of the Purchasers and their participants. So long as each Obligation is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner. It is expected that DTC will maintain a book-entry system which will identify ownership of the Obligations in Authorized Denominations, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Obligations initially deposited with DTC shall be immobilized and not be further exchanged for substitute Obligations except as set forth in this Ordinance. The City and the Paying Agent/Registrar are not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Obligations. It shall be the duty of the DTC Participants, as defined in the Official Statement, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Obligations, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established

with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Obligations is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Obligations will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for the Obligations. In connection with the initial establishment of the foregoing book-entry system with DTC, the City has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

PART 20. DEFEASANCE. (a) *Defeased Obligations.* Any Obligation will be treated as a Defeased Obligation, except to the extent provided in subsection (d) of this PART, when payment of the principal of the Obligation, plus interest to the due date (whether the due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of this Ordinance, or (ii) shall have been provided for on or before the due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with a Future Escrow Agreement for the payment of the Obligation (1) lawful money of the United States of America sufficient to make the payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in the amounts and at the times as will insure the availability, without reinvestment, of sufficient money to provide for the payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Obligations shall have become due and payable. There shall be delivered to the Paying Agent/Registrar a certificate from a firm of certified public accountants certifying the sufficiency of the deposit made pursuant to clause (ii) above. The Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to the City that reflects this payment does not adversely affect the exclusion under the Code of interest on the Defeased Obligations from the gross income of the holders for federal income taxation purposes. At the time as a Obligation shall be considered to be a Defeased Obligation, the Obligation and the interest on that Bond shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in this Ordinance, and the principal and interest shall be payable solely from the money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, any determination not to redeem Defeased Obligations that is made in conjunction with the payment arrangements described in subsections (a)(i) or (ii) of this PART shall not be irrevocable, provided that: (1) in the proceedings providing for the payment arrangements, the City expressly reserves the right to call the Defeased Obligations for redemption; (2) the City gives notice of the reservation of that right to the owners of the Defeased Obligations immediately following the making of the payment arrangements; and (3) the City directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) *Investment in Defeasance Securities.* Any funds deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as set forth in this Ordinance, and all income from these Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Obligations and interest, with respect to which money has been deposited, shall be turned over to the

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

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

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

PART 21. DEFAULT AND REMEDIES. (a) *Events of Default.* Each of the following occurrences or events is an Event of Default:

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

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

(b) *Remedies for Default.*

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

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

(c) *Remedies Not Exclusive.*

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

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

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

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

PART 22. INTEREST EARNINGS. The interest earnings derived from the investment of proceeds from the sale of the Certificates may be used along with other proceeds for the purposes set forth in Schedule I for which the Certificates are issued; provided that after completion of the projects, if any interest earnings remain on hand, the interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to this Ordinance in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this PART.

PART 23. OFFICIALS AUTHORIZED TO ACT ON BEHALF OF THE CITY. The Mayor, the City Clerk, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City or any Deputy Chief Financial Officer of the City, and all other officers, employees, and agents of the City, and each of them, shall be authorized, empowered, and directed to do and perform all acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Obligations, the offering documents prepared in connection with the sale of the Obligations, or the Paying Agent/Registrar Agreement. In case any officer whose signature

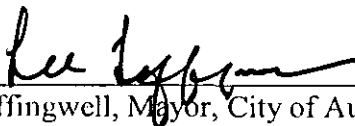
appears on any Obligation shall stop being the officer before the delivery of the Obligation, the signature shall nevertheless be valid and sufficient for all purposes if he or she had remained in office until the delivery.

PART 24. RULES OF CONSTRUCTION. For all purposes of this Ordinance, unless the context requires otherwise, all references to designated PARTS and other subdivisions are to the PARTS and other subdivisions of this Ordinance. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person shall mean that party and his or her successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City. Any reference to the payment of principal in this Ordinance shall be considered to include the payment of any mandatory sinking fund redemption payments as described in this Ordinance. Any reference to "FORM OF CERTIFICATE" refers to the form of the Certificates in Exhibit A to this Ordinance. The titles and headings of the PARTS and subsections of this Ordinance have been inserted for convenience of reference only and are not a part of this Ordinance and shall not in any way modify or restrict any of the Ordinance terms or provisions.

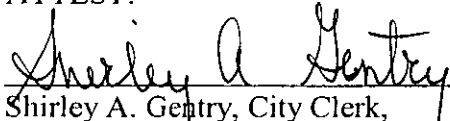
PART 25. CONFLICTING ORDINANCES REPEALED. All ordinances and resolutions or parts in conflict with this Ordinance are repealed.

PART 26. IMMEDIATE EFFECT. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance is effective immediately on its adoption by Council.

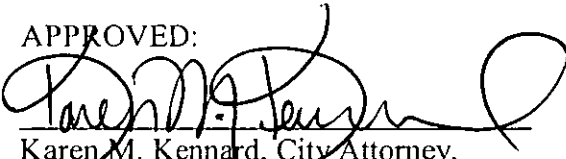
PASSED AND APPROVED AND EFFECTIVE August 25, 2011.


Lee Leffingwell, Mayor, City of Austin, Texas

ATTEST:


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

APPROVED:


Karen M. Kennard, City Attorney,
City of Austin, Texas



SCHEDULE I

The following projects are to be funded with the proceeds of the Certificates:

the environmental remediation of Harold Court, located at 6301 Harold Court, a site owned by the City and used by multiple City departments, the Rosewood site at 731 ½ McClain Street, a site owned by the City and used by the City's Park and Recreation Department, and the Loop 360 site near the intersection of Loop 360 and South Lamar Boulevard, a site owned by the City and used by the City's Park and Recreation Department;

the design, engineering, construction and related costs for various transportation projects, including street improvements throughout the City; and

design and construction of the Waller Creek Tunnel Project;

together with the payment of fiscal, engineering and legal fees incurred in connection with the issuance of the Certificates and the projects funded with the proceeds of the Certificates.

SCHEDULE II
MATURITY SCHEDULE:

MATURITY DATE: SEPTEMBER 1

<u>YEARS</u>	<u>AMOUNTS (\$)</u>	<u>YEARS</u>	<u>AMOUNTS (\$)</u>
2012	485,000	2027	2,145,000
2013	510,000	2028	2,250,000
2014	1,130,000	2029	****
2015	1,190,000	2030	4,850,000
2016	1,255,000	2031	****
2017	1,320,000	2032	****
2018	1,385,000	2033	5,565,000
2019	1,455,000	2034	****
2020	1,525,000	2035	****
2021	1,605,000	2036	5,015,000
2022	****	2037	****
2023	3,455,000	2038	****
2024	1,850,000	2039	5,805,000
2025	1,945,000	2040	****
2026	2,045,000	2041	4,365,000

INTEREST RATES:

maturities 2012, 3.000%	maturities 2026, 5.000%
maturities 2013, 3.000%	maturities 2027, 5.000%
maturities 2014, 3.000%	maturities 2028, 4.000%
maturities 2015, 3.000%	****
maturities 2016, 3.000%	maturities 2030, 4.000%
maturities 2017, 3.000%	****
maturities 2018, 3.000%	maturities 2033, 4.000%
maturities 2019, 3.000%	****
maturities 2020, 3.000%	maturities 2036, 4.125%
maturities 2021, 3.000%	****
****	maturities 2039, 4.250%
maturities 2023, 3.125%	****
maturities 2024, 4.000%	maturities 2041, 4.250%
maturities 2025, 4.000%	

PURCHASERS:

Robert W. Baird & Co., Inc., and syndicate members

PURCHASE PRICE:

The purchase price for the Obligations shall be par and accrued interest on the Obligations to the date of delivery, plus a premium of \$41,189.10.

MANDATORY SINKING FUND REDEMPTION:

The Obligations maturing on September 1 in each of the years 2023, 2030, 2033, 2036, 2039 and 2041 are Term Certificates. The Obligations maturing September 1, 2023 shall be subject to mandatory sinking fund redemption on September 1, 2022, in the principal amount of \$1,685,000 and on September 1, 2023 (final maturity), in the principal amount of \$1,770,000. The Obligations maturing September 1, 2030 shall be subject to mandatory sinking fund redemption on September 1, 2029, in the principal amount of \$2,365,000 and on September 1, 2030 (final maturity), in the principal amount of \$2,485,000. The Obligations maturing September 1, 2033 shall be subject to mandatory sinking fund redemption on September 1, 2031, in the principal amount of \$2,610,000, September 1, 2032, in the principal amount of \$1,440,000 and on September 1, 2033 (final maturity), in the principal amount of \$1,515,000. The Obligations maturing September 1, 2036 shall be subject to mandatory sinking fund redemption on September 1, 2034, in the principal amount of \$1,590,000, September 1, 2035, in the principal amount of \$1,670,000 and on September 1, 2036 (final maturity), in the principal amount of \$1,755,000. The Obligations maturing September 1, 2039 shall be subject to mandatory sinking fund redemption on September 1, 2037, in the principal amount of \$1,840,000, September 1, 2038, in the principal amount of \$1,935,000 and on September 1, 2039 (final maturity), in the principal amount of \$2,030,000. The Obligations maturing September 1, 2041 shall be subject to mandatory sinking fund redemption on September 1, 2040, in the principal amount of \$2,130,000 and on September 1, 2041 (final maturity), in the principal amount of \$2,235,000.

EXHIBIT A

FORM OF CERTIFICATE

NO. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION
SERIES 2011

<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	%	SEPTEMBER 1, 2011	

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

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

_____ DOLLARS

and to pay interest thereon, from the Dated Date specified above, to the Maturity Date specified above, or the date of its redemption prior to scheduled maturity, at the interest rate per annum specified above, with said interest payable on March 1, 2012, and semiannually on each September 1 and March 1 thereafter; except that if this Certificate is required to be authenticated and the date of its authentication is later than March 1, 2012, such interest is payable semiannually on each September 1 and March 1 following such date.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity or redemption prior to maturity at the designated corporate trust office in Houston, Texas (the "Designated Payment/Transfer Office"), of Bank of Texas, N.A., which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the

"Certificate Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class, postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal and interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Certificates, when due. All Certificates of this Series are issuable solely as fully registered certificates, without interest coupons, in any integral multiple of \$5,000 (an "Authorized Denomination").

IN THE EVENT OF NON-PAYMENT of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Certificate appearing on the Registration Books kept by the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE for the payment of the principal of, premium, if any, or interest on this Certificate 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 CERTIFICATE is one of a Series of Certificates dated as of the Dated Date stated above, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$51,150,000, FOR THE PURPOSE OF PROVIDING PART OF THE FUNDS FOR PAYING CONTRACTUAL OBLIGATIONS TO BE INCURRED BY THE CITY, TO-WIT, MAKING AND ACQUIRING VARIOUS PUBLIC IMPROVEMENTS FOR THE CITY, AS DESCRIBED IN THE CERTIFICATE ORDINANCE, AND THE PAYMENT OF FISCAL, ENGINEERING AND LEGAL FEES INCURRED IN CONNECTION THEREWITH.

ON SEPTEMBER 1, 2021, or on any date thereafter, the Certificates of this Series maturing on September 1, 2022 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 Certificates called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Certificates 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 Certificates is determined only by a book entry at a securities depository for the Certificates, if fewer than all of the Certificates of the same maturity and bearing the same interest rate are to be redeemed, the particular Certificates of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

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

Year

Principal Amount

* Final Maturity

To the extent, however, that Certificates subject to sinking fund redemption have been previously purchased or called for redemption in part and otherwise than from a sinking fund redemption payment, each annual sinking fund payment for such Certificate shall be reduced by the amount obtained by multiplying the principal amount of Certificates so purchased or redeemed by the ratio which each remaining annual sinking fund redemption payment for such Certificates bears to the total remaining sinking fund payments, and by rounding each such payment to the nearest \$1,000 integral; *provided*, that during any period in which ownership of the Certificates is determined only by a book entry at a securities depository for the Certificates, the particular Certificates to be called for mandatory redemption shall be selected in accordance with the arrangements between the City and the securities depository.]*

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Certificate 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 Certificate 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 Certificate, 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 Certificate or any portion hereof. If a portion of any Certificate shall be redeemed a substitute Certificate or Certificates 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 aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

AS PROVIDED IN THE CERTIFICATE ORDINANCE, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation, all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar at its Designated Payment/Transfer Office, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any Authorized Denomination to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the Issuer. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Certificate or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege. In any circumstance, neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate so selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Certificate.

WHENEVER the beneficial ownership of this Certificate is determined by a book entry at a securities depository for the Certificates, the foregoing requirements of holding, delivering or transferring this Certificate shall be modified to require the appropriate person or entity to meet the

requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed, and been done in accordance with law; that this Certificate is a direct obligation of said Issuer, issued on the full faith and credit thereof, that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limits prescribed by law, and that a limited pledge (not to exceed \$1,000) of the surplus revenues from the operation of the City's solid waste disposal system remaining after payment of all operation and maintenance expenses thereof and any other obligations heretofore or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of such revenues to the Certificates, have been pledged as additional security for the Certificates.

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

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

City Clerk
City of Austin, Texas

Mayor
City of Austin, Texas

(SEAL)

*Inserted and completed if Term Certificates sold

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the proceedings adopted by the Issuer as described in the text of this Certificate of Obligation; and that this Certificate of Obligation has been issued in exchange for or replacement of a certificate of obligation, certificates of obligation, or a portion of a certificate of obligation or certificates of obligation of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated _____

Bank of Texas, N.A.,
Paying Agent/Registrar

By _____
Authorized Representative

*FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO
THE CERTIFICATES UPON INITIAL DELIVERY THEREO

OFFICE OF COMPTROLLER : REGISTER NO. _____

STATE OF TEXAS :

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Austin, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Certificate has this day been registered by me.

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

(SEAL)

Comptroller of Public Accounts of
the State of Texas

NOTE:

*¶ to accompany initial certificates only

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please insert Social Security or Taxpayer Identification Number of Transferee)

/ _____ /

(Please print or typewrite name and address, including zip code of Transferee)

the within Certificate of Obligation and all rights thereunder, and hereby irrevocably constitutes
and appoints _____ attorney to
register the transfer of the within Certificate of Obligation on books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by
a member firm of the New York Stock Exchange
or a commercial bank or trust company.

NOTICE: The signature above must
correspond with the name of the Registered
Owner as it appears upon the front of this
Certificate of Obligation in every particular,
without alteration or enlargement or any
change whatsoever.

**Exhibit B
to
Ordinance**

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in PART 18 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City of the general type included in the main text of the Official Statement under the subcaptions: "Tax Valuation" with respect to the appraised value as of January 1 during the fiscal year as to which such annual report relates; "Current Investments"; "Valuation and Funded Debt History"; "Tax Rates, Levy and Collection History"; "Ten Largest Taxpayers"; "Property Tax Rate Distribution"; "General Fund Revenues and Expenditures and Changes in Fund Balance"; "Municipal Sales Tax"; and "Transfers from Utility Fund".

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

Accounting Principles

The accounting principles referred to in PART 18 are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.