

ORDINANCE NO. 20120301-060

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS, HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2012 (CONVENTION CENTER/WALLER CREEK VENUE PROJECT).

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

SECTION 1: DEFINITIONS AND FINDINGS.

(a) Definitions. Unless otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section for all purposes of this Ordinance shall have the respective meanings specified:

“Additional Bonds” means bonds issued by the City pursuant to Section 19 of this Ordinance.

“Authorized Official” means, individually and collectively, each of the Mayor, the City Manager, the Treasurer and the Chief Financial Officer of the City.

“Bond Act” means, collectively, Vernon’s Texas Code Annotated, Government Code, Chapter 1207, and Vernon’s Texas Code Annotated, Local Government Code, Chapter 334.

“Bond Date” means March 1, 2012.

“Bond Fund” means the Fund referenced in Section 15 of this Ordinance for the payment of the Parity Bonds.

“Bond Year” – means the period of time that commences on the day following the interest payment date on the Bonds occurring in November of any year and ending on the interest payment date on the Bonds occurring in November of the following year.

“Bonds” means the City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (Convention Center/Waller Creek Venue Project) authorized by this Ordinance

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which banks located in the cities in which the designated office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, (c) a day on which the New York Stock Exchange is closed, or (d) a day on which the payment system of the Federal Reserve System is not operational.

“City” means the City of Austin, Texas, and, where appropriate, the City Council.

“Code” has the meaning set forth in Section 23(a) of this Ordinance.

“Convention Center/Waller Creek Venue Project” means the capital improvement project described generally of consisting of the expansions to the City’s Convention Center, including the construction of tunnel improvements along Waller Creek in the vicinity of and functionally related to the convention center and related infrastructure and being a venue project within the meaning of Chapter 334 of the Local Government Code approved at an election held in the City May 2, 1998, and designated by Resolution No. 980205-61.

“Credit Agreement” has the meaning set forth in Chapter 1371, Texas Government Code, as the same may be amended from time to time.

“Debt Service Requirements” of any series of bonds for any particular Bond Year, means an amount equal to the sum of the principal of and interest and any redemption premium on the bonds then Outstanding which will become due and owing during the Bond Year; subject, however, to adjustment as provided in Section 19.

“Designated Payment/Transfer Office” means the office of the Paying Agent/Registrar so designated by it from time to time.

“Fiscal Year” means the City’s fiscal year, which is currently October 1 to September 30.

“Fitch” means Fitch, Inc., a corporation organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any

other nationally recognized securities rating agency selected by the City.

“Government Obligations” mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (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 on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds..

“Guaranty Agreement” has the meaning set forth in Section 16 of this Ordinance.

“Holder” or “Owner” means, when used with respect to any Bond (or Parity Bond), the person or entity in whose name such Bond (or Parity Bond) is registered in the Security Register. Any reference to a particular percentage or proportion of the Holders or Owners shall mean the Holders or Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds (or Parity Bonds) then Outstanding under this Ordinance.

“Hotel Occupancy Tax” means the tax, levied by the City pursuant to the Tax Act, on the cost of occupancy of any sleeping room furnished by any hotel located within the corporate limits of the City, in which the cost of occupancy is \$2.00 or more each day, which tax is currently levied at a rate of 7% of the consideration paid by the occupant of the sleeping room to the hotel.

“Interest Rate Management Agreement” means any Credit Agreement between the City and another party entered into in connection with, or related, to the City’s Variable Rate Obligations, that is in the form of

an interest rate exchange agreement, pursuant to which the City pays a fixed percentage rate of a notional amount and the other party pays a variable percentage rate of the same notional amount, of which the notional amount is equal to the principal amount of the Variable Rate Obligations of the City, and of which the notional amount is reduced as the principal of the Variable Rate Obligation is paid.

“Interest Rate Management Agreement Counterparty” means any counterparty under any Interest Rate Management Agreement.

“Issue Date” means the date the Bonds are issued and delivered to the initial purchasers.

“Junior Obligations” means the payment obligations of the City under an Interest Rate Management Agreement, that are termination payments, settlement payments or other payments that are not included in clause (iii) of the definition of Parity Obligations.

“Junior Subordinate Lien Bonds” means Additional Bonds issued by the City pursuant to Section 19(c) of this Ordinance secured wholly or partly by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Bonds.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

“Ordinance” means this Ordinance No. 20120301-060 and all exhibits, appendices, amendments and supplements.

“Outstanding”, when used with reference to any Prior Lien Bonds, Parity Bonds or Junior Subordinate Lien Bonds, means, as of a particular date, all Prior Lien Bonds, Parity Bonds or Junior Subordinate Lien Bonds delivered except: (a) any such Prior Lien Bonds, Parity Bonds or Junior Subordinate Lien Bonds paid, discharged or canceled by or on behalf of the City at or before the particular date; (b) any Prior Lien Bonds, Parity Bonds and Junior

Subordinate Lien Bonds defeased pursuant to the defeasance provisions of the authorizing ordinance, or otherwise defeased as permitted by applicable law; and (c) any Prior Lien Bonds, Parity Bonds or Junior Subordinate Lien Bonds in lieu, of or in substitution for, which another obligation is delivered pursuant to the ordinances authorizing the issuance of the Prior Lien Bonds, Parity Bonds or Junior Subordinate Lien Bonds.

“Parity Bonds” mean (a) with respect to the Pledged Hotel Occupancy Tax Revenues, the outstanding Previously Issued Bonds, the Bonds and Additional Bonds secured by a lien on Pledged Hotel Occupancy Tax Revenues on a parity with the Bonds and (b) with respect to the Special Hotel Occupancy Tax deposited to the credit of the Venue Project Fund, the outstanding Bonds and Additional Bonds secured by a lien on the Special Hotel Occupancy Tax Revenues on a parity with the Bonds.

“Parity Obligations” mean at any time all (i) Parity Bonds, (ii) all Reimbursement Obligations, (iii) obligations of the City to make scheduled payments under an Interest Rate Management Agreement, and (iv) any future obligation of the City under Credit Agreements or other agreements to the extent such obligations are secured by a lien on Pledged Hotel Occupancy Tax Revenues on an equal and ratable basis with the lien securing the Parity Bonds.

“Paying Agent/Registrar” means, with respect to the Bonds, the Paying Agent/Registrar to be appointed as provided in Section 4 of this Ordinance, and its successors in that capacity.

“Pledged Hotel Occupancy Tax Revenues” mean that portion of the revenues derived by the City from the Hotel Occupancy Tax which is equal to at least 4.5% of the consideration paid by occupants of sleeping rooms furnished by hotels located within the corporate limits of the City, in which the cost of occupancy is \$2.00 or more each day.

“Pledged Revenues” mean, collectively, (i) the Pledged Hotel Occupancy Tax Revenues, (ii) the Special Hotel Occupancy Tax deposited to the credit of the Venue Project Fund, (iii) interest and other income realized from the investment of amounts on deposit in the funds and accounts to be maintained pursuant to this Ordinance to the extent such interest and other income are required to be transferred

or credited to the Tax Fund, and (iv) any additional revenue, receipts or income hereafter pledged to the Bonds in accordance with Section 20(b) of this Ordinance.

“Previously Issued Bonds” mean the City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008, dated August 14, 2008, originally issued in the aggregate principal amount of \$125,280,000.

“Prior Lien Bonds” mean the outstanding “City of Austin, Texas, Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004,” dated February 1, 2004, originally issued in the aggregate principal amount of \$52,715,000.

“Rating Agency” means any nationally recognized rating agency that maintains a rating on the Bonds at the request of the City. Initially, the Rating Agencies are Moody’s and Standard & Poor’s.

“Rating Category” means one of the general rating categories of any Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“Rating Confirmation Notice” means, with respect to an action that affects the Bonds, a writing from each Rating Agency confirming that the rating(s) issued by such Rating Agency on such series of Bonds will not be lowered or withdrawn (other than a withdrawal of a short-term rating upon a change to a long-term mode with respect to the Previously Issued Bonds) as a result of the action proposed to be taken.

“Refunded Bonds” has the meaning set forth in Section 1 of this Ordinance.

“Reimbursement Obligation” mean any obligation entered into by the City in connection with any Parity Bond pursuant to which the City obligates itself to reimburse a bank, insurer, surety or other entity for amounts paid or advanced by such party pursuant to a letter of credit, line of credit, standby bond purchase agreement, credit facility, liquidity facility, insurance policy, surety bond or other similar credit agreement, guaranty or liquidity agreement to secure any portion of principal of, interest on or purchase price of any Parity Bond or reserves in connection therewith or otherwise relating to any Parity

Bond. The City's obligations under a Guaranty Agreement, its obligations under a liquidity facility, and its obligations to reimburse a credit facility provider for amounts paid under a credit facility constitute Reimbursement Obligations.

"Reserve Fund" means the Fund referenced in Section 16 of this Ordinance to provide a reserve amount for the payment of Parity Bonds.

"Reserve Fund Requirement" means the least of (i) 10% of the Outstanding principal amount of the Parity Bonds or (ii) the maximum annual Debt Service Requirements scheduled to occur in the then current and each future Fiscal Year for all Parity Bonds at any time Outstanding, or (iii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to Subsection (d) of section 148 of Code, and regulations promulgated under Subsection (d) of section 148 of the Code.

"Reserve Fund Surety Bond" means any surety bond, insurance policy, letter of credit or other guaranty issued to the City for the benefit of the Holders of the Parity Bonds to satisfy any part of the Reserve Fund Requirement as provided in Section 16 of this Ordinance.

"Security Register" means the books of registration maintained by the Paying Agent/Registrar for recording the names and addresses of and the principal amounts registered to each Holder.

"Special Hotel Occupancy Tax" means the 2% hotel occupancy tax approved at the election held May 2, 1998 to finance the Convention Center/Waller Creek Venue Project and levied by the City pursuant to Ordinance No. 980709-G, adopted by the City Council of the City on July 9, 1998, on the cost of occupancy of any sleeping room furnished by any hotel located within the corporate limits of the City, in which the cost of occupancy is \$2.00 or more each day.

"Standard & Poor's" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC, business, organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating agency, then the term "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City after consultation with the Remarketing Agent, if any, and the Broker-Dealer, if any.

"Tax Act" means Chapter 351 of the Texas Tax Code, Vernon's Texas Codes Annotated.

"Transfer Date" means each February 14, May 14, August 14, and November 14, beginning May 14, 2012.

"Transfer Period" means the period of time beginning on any Transfer Date and ending on the day immediately preceding the next succeeding Transfer Date

"Variable Rate Obligations" mean any obligation pursuant to which the City is to pay interest at an interest rate that is not fixed for the life of the obligation and any obligation, such as an interest rate exchange agreement or other Credit Agreement, pursuant to which the City is to make payments the amounts of which are not known at the time the obligation is issued or incurred.

"Venue Project Fund" means the Fund so designated, created and established pursuant to Ordinance No. 980709-G, adopted by the City Council on July 9, 1998, providing for the levy, assessment and collection of the Special Hotel Occupancy Tax.

(b) Findings. The City has issued, sold, and delivered, and there are currently outstanding obligations totaling in original principal amount \$20,175,000 of the following issue or series (the "Refunded Bonds"): City of Austin, Texas, Convention Center/Waller Creek Venue Project Bonds, Series 1999A, dated June 15, 1999, scheduled to mature on November 15 in each of the years 2012, 2019 and 2029.

Pursuant to the provisions of V.T.C.A., Government Code, Chapter 1207, the City may issue refunding bonds and deposit the proceeds of sale directly with the place of payment for the Refunded Bonds, or other authorized depository, and that deposit, when made in accordance with said statute, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds.

The City finds that the Refunded Bonds should be refunded at this time, and this refunding will result in the City saving approximately \$1,421,295.84 in debt service payments on its indebtedness and further provide net present value savings of approximately \$1,337,876.25.

SECTION 2: AUTHORIZATION-DESIGNATION-PRINCIPAL AMOUNT - PURPOSE - DATE. Special hotel occupancy tax revenue bonds of the City, payable solely from the sources and secured in the manner provided in this Ordinance, shall be and are authorized to be issued in the aggregate principal amount of \$20,185,000, to be designated and bear the title "CITY OF AUSTIN, TEXAS, HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2012 (CONVENTION CENTER/WALLER CREEK VENUE PROJECT)" (the "Bonds"), for the purpose of refinancing and refunding the Refunded Bonds, and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including the Bond Act.

SECTION 3: FULLY REGISTERED OBLIGATIONS - AUTHORIZED DENOMINATIONS - STATED MATURITIES - BOND DATE - INTEREST RATES. The Bonds are issuable in fully registered form only; shall be dated the Bond Date, shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and the Bonds shall become due and payable on November 15 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at per annum rates in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$ 340,000	2.000%
2013	480,000	2.000%
2014	490,000	2.000%
2015	930,000	2.000%
2016	950,000	2.500%
2017	975,000	2.500%
2018	1,010,000	5.000%
2019	1,065,000	5.000%
2020	1,115,000	5.000%
2021	1,170,000	5.000%
2022	1,230,000	5.000%
2023	1,285,000	5.000%
2024	1,350,000	5.000%
2025	1,420,000	5.000%

2026	1,485,000	5.000%
2027	1,560,000	5.000%
2028	1,630,000	5.000%
2029	1,700,000	3.625%

The Bonds shall accrue interest on the unpaid principal amounts from the Issue Date at the rate(s) per annum shown above (calculated on the basis of a 360-day year of twelve 30-day months), and such interest shall be payable on May 15 and November 15 in each year, commencing November 15, 2012, until maturity or prior redemption.

SECTION 4: TERMS OF PAYMENT-PAYING AGENT/REGISTRAR. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar and the payment shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of Deutsche Bank National Trust Company, to serve as Paying Agent/Registrar for the Bonds, is approved and confirmed. The Security Register shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided in this Ordinance, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached as Exhibit A and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Clerk of the City are authorized to execute and deliver such Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice to be sent to each Holder by United States Mail, first class postage prepaid; this notice shall also give the address of the new Paying Agent/Registrar.

The principal of and premium, if any, on the Bonds are payable at the Stated Maturities or redemption of the Bonds, only upon presentation and surrender of the

Bonds to the Paying Agent/Registrar at its designated offices in Jersey City, New Jersey (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid by the Paying Agent/Registrar to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last Business Day of the month preceding each interest payment date) and interest payments shall be made (i) by check sent by United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a day other than a Business Day, then the date for that payment shall be the next succeeding day which is a Business Day; and payment on this date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more Stated Maturities on a scheduled payment date, which non-payment shall continue for thirty (30) days thereafter, a new record date for such interest payment for such Stated Maturity or Maturities (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 City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

SECTION 5: REDEMPTION.

(a) Optional Redemption. The Bonds having Stated Maturities on and after November 15, 2022, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on November 15, 2021, or on any date after November 15, 2021, at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period is satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption. The decision of the City to exercise the

right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(c) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the Business Day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount to be redeemed, shall become due and payable on the redemption date specified, and the interest on the Bonds, or on the portion of the principal amount of the Bonds to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption has been given or waived as provided in this Ordinance, that Bond (or the principal amount to be redeemed) shall become due and payable, and interest shall cease to accrue from and after the redemption date, provided moneys sufficient for the payment of these Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of notice of redemption,

the notice may state that the redemption is conditional upon the receipt of the moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if such prerequisites are not made or sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

SECTION 6: REGISTRATION - TRANSFER - EXCHANGE OF BONDS - PREDECESSOR BONDS. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under of this Ordinance. Any Bond may, in accordance with its terms and the terms of this Ordinance, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange executed by the Holder or by his authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond (other than the Initial Bond(s) authorized in Section 8 of this Ordinance) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, the City of authorized denominations and of like Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in Section 8 of this Ordinance) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the Holder requesting the exchange.

All Bonds issued upon any such transfer or exchange shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States Mail, first class postage prepaid, to the Holder and, upon the delivery

thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise provided in this Ordinance, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges that are required to be paid for the transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to this Ordinance are defined to be "Predecessor Bonds," evidencing all or a portion of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Bonds" includes any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu of the Bond pursuant to Section 22 of this Ordinance and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption of such Bond; however, this limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 7: BOOK-ENTRY ONLY TRANSFERS AND TRANSACTIONS. Notwithstanding the provisions contained in Sections 4, 5 and 6 of this Ordinance relating to the payment, redemption and transfer/exchange of the Bonds, the City approves and authorizes the use of the "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations, by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC, who shall hold the Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond

(the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders to cause Bonds to be printed in definitive form and provide for Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 4, 5, and 6 of this Ordinance.

SECTION 8: EXECUTION - REGISTRATION. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed on the Bonds and countersigned by the City Clerk. The signature of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be executed on behalf of the City, notwithstanding that any of these individuals shall cease to hold office at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in V.T.C.A., Government Code, Chapter 1201.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 10(c), manually executed by the Comptroller of Public Accounts of the State of Texas or an authorized agent, or a certificate of registration substantially in the form provided in Section 10(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond signed shall be conclusive evidence, and the only evidence, that such Bond has been certified, registered and delivered.

SECTION 9: INITIAL BOND(S). The Bonds shall be initially issued either (i) as a single fully registered bond in the total principal amount shown in Section 1 hereof, with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount

and denomination and to be numbered consecutively from T-1 and upward (the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the purchaser's designee, shall cancel the Initial Bond(s) delivered and exchange them for definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses the Holders identified all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the purchaser's designee, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 10: FORMS. (a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including legends reflecting the purchase of insurance for payment of the Bonds and any reproduction of an opinion of counsel) on the Bonds as may be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the of the Bond, with an appropriate reference on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution.

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
HOTEL OCCUPANCY TAX SUBORDINATE LIEN
REVENUE REFUNDING BOND, SERIES 2012
(CONVENTION CENTER/WALLER CREEK VENUE PROJECT)

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
March 1, 2012	_____ %	November 15, 20__	_____

Registered Owner:

Principal Amount: DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount hereof from the Issue Date at the per annum rate of interest specified above; such interest being payable on May 15 and November 15 of each year, commencing November 15, 2012, until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the registered owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount hereof may be accomplished without presentation and surrender of this Bond. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close

of business on the "Record Date", which is the last Business Day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register on the Record Date or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a day other than a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the registered owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$20,185,000 (the "Bonds") for the purpose of refinancing and refunding the Refunded Bonds and paying costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1207, and pursuant to an Ordinance adopted by the governing body of the City (the "Ordinance").

The Bonds maturing on and after November 15, 2022 may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on November 15, 2021, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

The Bonds are special obligations of the City payable solely from and, together with the other Parity Obligations executed and delivered in connection with the issuance of the Bonds, equally and ratably secured by a subordinate parity lien on and pledge of, the Pledged Revenues in the manner provided in the Ordinance. Additionally, the Bonds shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Bond Fund and the Reserve Fund in accordance with the terms of the Ordinance. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City, except with respect to the Pledged Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by ad valorem taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Pledged Revenues, in the same manner and to the same extent as the Bonds.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues pledged to the payment of the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the

terms and provisions upon which the liens, pledges, charges and covenants made in the Ordinance may be discharged at or prior to the Stated Maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained in the Ordinance. Capitalized terms used in this Bond have the same meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by, the registered owner hereof, or his authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on one or more maturities on a scheduled payment date, which non-payment shall have continued for thirty (30) days thereafter, a new record date for such interest payment for such maturity or maturities (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 City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is an organized and legally existing municipal corporation under and pursuant to the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done

precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the Bonds by a pledge of the Pledged Revenues. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforcement of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City as of the Bond Date.

CITY OF AUSTIN, TEXAS

Mayor

COUNTERSIGNED:

City Clerk

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
)
 OF PUBLIC ACCOUNTS) REGISTER NO. _____
)
 THE STATE OF TEXAS)

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 registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar in Jersey City, New Jersey is the Designated Payment/Transfer Office for this Bond.

Deutsche Bank National Trust Company,
as Paying Agent/Registrar

Registration date: _____ By _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers
unto (Print or typewrite name, address, and zip code of transferee):

(Social Security or other identifying number (_____
_____) the within Bond and all rights under this Bond, and
irrevocably constitutes and appoints _____
attorney to transfer the within Bond on the books kept for registration of the
Bonds, with full power of substitution in the premises.

DATED:

Signature guaranteed:

NOTICE: The signature on this
assignment must correspond with
the name of the registered owner as
it appears on the face of the within
Bond in every particular.

(f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of
this Section, except that the form of a single fully registered Initial Bond shall be
modified as follows:

Heading and paragraph one shall be amended to read as follows:

REGISTERED
NO. T-1

REGISTERED
\$20,185,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
HOTEL OCCUPANCY TAX SUBORDINATE LIEN
REVENUE REFUNDING BOND, SERIES 2012
(CONVENTION CENTER/WALLER CREEK VENUE PROJECT)

Bond Date:
March 1, 2012

Registered Owner: Estrada Hinojosa & Company, Inc.

Principal Amount: TWENTY MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, solely from the revenues identified in this Bond, the Principal Amount stated above on November 15 in each of the years and in principal installments in accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE(S)</u>
-------------	-----------------------------------	-----------------------------

(Information to be inserted from schedule in Section 2 hereof).

(or so much thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid principal amounts hereof from the Issue Date at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on May 15 and November 15 of each year, commencing November 15, 2012, until maturity or prior redemption. Principal installments of this Bond are payable in the year of maturity or on a redemption date to the registered owner hereof, by Deutsche Bank National Trust Company (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Jersey City, New Jersey (the "Designated Payment/Transfer

Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last Business Day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of registered owner recorded in the Security Register on the Record Date or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner or holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 11: PLEDGE AND SOURCE OF PAYMENT. The Bonds and other Parity Obligations shall constitute special obligations of the City payable from and, subject and subordinate to the payment of the Prior Lien Bonds and priority of uses contained in the ordinance authorizing the issuance of the Prior Lien Bonds, equally and ratably secured by a lien on the Pledged Revenues. Such Pledged Revenues, or other lawfully available funds of the City, shall, in the manner provided in this Ordinance, be set aside for and pledged to the payment of the Parity Obligations and Junior Obligations, and all expenses of providing for their full and timely payment in accordance with their terms, in the Bond Fund and the Reserve Fund as provided in this Ordinance. The City grants a lien on the Pledged Revenues and Bond Fund to secure the payment of principal of and premium, if any, and interest on the Parity Bonds and all other payments due on the Parity Obligations and Junior Obligations; and the City further grants a lien on the Reserve Fund to secure the payment of principal of and premium, if any, and interest on the Parity Bonds. Except as otherwise expressly provided by their terms, all Parity Obligations shall be in all respects on a parity with and of equal dignity with one another. The liens granted under this Ordinance shall be valid and binding and fully perfected after the date of adoption of this Ordinance without physical delivery or transfer of control of the Pledged Revenues, the filing of this Ordinance or any other act; all as provided in Chapter 1208 of the Texas Government Code. The Holders of the Parity Bonds and the beneficiaries of the other Parity Obligations and Junior Obligations shall never have the right to demand payment of the principal of, interest on or any redemption premium on the Parity Bonds (or payment of other amounts owed by the City in respect of other Parity Obligations or Junior Obligations) out of any funds raised or to be raised by taxation, other than the Pledged Revenues.

If Texas law is amended at any time while the Bonds and Parity Obligations or Junior Obligations related to the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Section 11 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, or other law, then to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable filing requirements to continue the perfection of such security interest.

SECTION 12: LEVY OF HOTEL OCCUPANCY TAX.

(a) The City has levied, and while any Bonds and Parity Obligations or Junior Obligations related to the Bonds remain Outstanding the City levies and covenants that it shall continue to levy, a Hotel Occupancy Tax on the cost of occupancy of any sleeping room furnished by any hotel within the corporate limits of the City, in which the cost of occupancy is \$2.00 or more each day, at a rate of at least 7% of the consideration paid by the occupant of the sleeping room to the hotel, all as authorized by the Tax Act. The City further covenants that it shall enforce the provisions of this Ordinance, or any other ordinance levying a hotel occupancy tax, concerning the collection, remittance and payment of the Hotel Occupancy Tax.

(b) In addition to the Hotel Occupancy Tax levied and to be collected pursuant to (a) above, the City has levied, and while any Parity Obligations or Junior Obligations remain Outstanding the City levies and covenants that it shall continue to levy, a Special Hotel Occupancy Tax on the cost of occupancy of any sleeping room furnished by any hotel within the corporate limits of the City, in which the cost of occupancy is \$2.00 or more each day, at a rate of at least 2% of the consideration paid by the occupant of the sleeping room to the hotel, to finance or refinance the costs of the Convention Center/Waller Creek Venue Project, all to the extent authorized by V.T.C.A. Local Government Code, Chapter 334, particularly Subchapter H and an election held in the City on May 2, 1998. The City further covenants that it shall enforce the provisions of this Ordinance and Ordinance No. 980709-G, or any other ordinance levying a hotel occupancy tax, concerning the collection, remittance and payment of the Special Hotel Occupancy Tax.

SECTION 13: SPECIAL FUNDS.

(a) Hotel Occupancy Tax Special Funds. In accordance with the ordinance authorizing the issuance of the Prior Lien Bonds payable from and secured by a lien on and pledge of the Pledged Hotel Occupancy Tax Revenues, the following special funds and accounts have been created, established and shall be maintained while any of the Prior Lien Bonds remain Outstanding:

(1) Convention Center Hotel Occupancy Tax Fund ("Tax Fund");

(2) Convention Center Hotel Occupancy Tax Bond Debt Service Fund ("Senior Debt Service Fund");

(3) Subordinate Lien Hotel Occupancy Tax Debt Service Fund ("Original Subordinate Debt Service Fund", and together with the Senior Debt Service Fund, the "Debt Service Fund");

(4) Convention Center Hotel Occupancy Tax Bond Debt Service Reserve Fund ("Senior Debt Service Reserve Fund"); and

(5) Subordinate Lien Hotel Occupancy Tax Debt Service Reserve Fund ("Original Subordinate Debt Service Reserve Fund", and together with the Senior Debt Service Reserve Fund, the "Debt Service Reserve Fund").

Such funds and accounts may also include any additional accounts or subaccounts as may from time to time be designated by the City, including specifically rebate accounts or subaccounts for accumulating rebatable arbitrage payable to the federal government, provided such accounts or subaccounts are not inconsistent with the ordinance authorizing the issuance of the Prior Lien Bonds and this Ordinance.

(b) Special Hotel Occupancy Tax Special Funds. The City confirms the establishment of the Venue Project Fund maintained at an official depository of the City for the Convention Center/Waller Creek Venue Project in accordance with Section 334.042 of the Venue Act and pursuant to Ordinance No. 980709-G and the establishment of the following sub-accounts within such Venue Project Fund on the books of the City for the benefit of such Bonds, namely:

(1) Convention Center/Waller Creek Venue Project Special Hotel Occupancy Tax Account ("Tax Account");

(2) Convention Center/Waller Creek Venue Project Bond Debt Service Account ("Debt Service Account"); and

(3) Convention Center/Waller Creek Venue Project Bond Debt Service Reserve Account ("Debt Service Reserve Account").

Such funds and accounts may also include any additional accounts or subaccounts as may from time to time be designated by the City, including specifically rebate accounts or subaccounts for accumulating rebatable arbitrage payable to the federal government, provided such accounts or subaccounts are not inconsistent with the ordinance authorizing the issuance of the Previously Issued Bonds and this Ordinance.

(c) Special Funds for Parity Obligations. For the benefit of the Holders of the Parity Bonds and the beneficiaries of the other Parity Obligations, the City agrees and covenants to establish and maintain the following special funds or accounts:

(1) Subordinate Lien Hotel Occupancy Tax Fund (the "Bond Fund") for the payment of the Parity Obligations when and as the same shall become due and payable; and

(2) Subordinate Lien Hotel Occupancy Tax Reserve Fund (the "Reserve Fund") to provide a reserve to pay the principal of and interest on the Parity Bonds when funds in the Bond Fund are insufficient.

The Bond Fund and Reserve Fund may also include any additional accounts or subaccounts as may from time to time be designated by the City, including specifically rebate accounts or subaccounts for accumulating rebatable arbitrage payable to the federal government, provided such accounts or subaccounts are not inconsistent with the provisions of this Ordinance.

SECTION 14: FLOW OF FUNDS.

(a) Flow of Funds Regarding Pledged Hotel Occupancy Tax Revenues. The City covenants and agrees that all Pledged Hotel Occupancy Tax Revenues shall be deposited as received into the Tax Fund. Money from time to time credited to the Tax Fund shall be applied as follows in the following order of priority:

First, to transfer all amounts to the Debt Service Fund required by the ordinance authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances).

Second, to transfer all amounts to the Debt Service Reserve Fund required by the ordinance authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances).

Third, to transfer to the Bond Fund all amounts necessary to provide for the payment of Parity Obligations.

Fourth, to transfer to the Reserve Fund the amounts required pursuant to Section 16 of this Ordinance.

Fifth, to the payment of all Junior Obligations secured under this Ordinance on a *pari passu* basis.

Sixth, for any lawful purpose under the Tax Act.

(b) Flow of Funds Regarding Special Hotel Occupancy Tax. The City covenants and agrees that all receipts and revenues collected and received by the City from the Special Hotel Occupancy Tax shall be deposited to the credit of the Venue Project Fund and more particularly to the credit of the Tax Account. Following the issuance of the Bonds and while Parity Obligations and Junior Obligations remain Outstanding, money from time to time credited to the Tax Account shall be applied as follows in the following order of priority:

First, to transfer all amounts to the Debt Service Account required by the ordinance authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances).

Second, to transfer all amounts to the Debt Service Reserve Account required by the ordinance authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances).

Third, to transfer to the Bond Fund all amounts necessary to provide for the payment of the Parity Bonds and Parity Obligations related to the Bonds.

Fourth, to transfer to the Reserve Fund the amounts required pursuant to Section 16 of this Ordinance.

Fifth, to the payment of all Junior Obligations related to the Parity Bonds related to the Bonds secured hereunder on a *pari passu* basis.

Sixth, to pay the costs of operating or maintaining the Convention Center/Waller Creek Venue Project.

SECTION 15: Bond Fund. Subject to satisfying the required payments for the benefit of the Prior Lien Bonds in accordance with the ordinance authorizing their issuance, the City covenants and agrees that before each Interest Payment Date, stated maturity date and mandatory redemption date for the Parity Bonds (and before the dates payments are due on other Parity Obligations) there shall be deposited into the Bond Fund, which is to be an Eligible Account held for the benefit of the Parity Obligations, from the Pledged Revenues, an amount equal to one hundred percent (100%) of the amount required to fully pay the amount then due and payable on the Parity Obligations, and such deposits shall be made in substantially equal quarterly installments (based on the total annual Debt Service Requirements to be paid on the Parity Obligations divided by the number of Transfer Dates to occur during the period covered by such calculation) on or before each Transfer Date, beginning on the first Transfer Date to occur after the delivery of the Bonds.

In addition, on each Transfer Date, the City covenants and agrees to cause to be deposited into the Bond Fund from the Pledged Revenues an amount calculated to pay all expenses of providing for the full and timely payment of the principal of, premium, if any, and interest on the Parity Bonds in accordance with their terms, including without limitation, all fees charged or incurred for paying agent/registrar services rendered in connection with the Parity Bonds.

Money credited to the Bond Fund shall be used solely for the purpose of paying on a *pari passu* basis (except as otherwise provided) principal (at maturity or prior redemption or to purchase Parity Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and redemption premiums on Parity Bonds and all other amounts due on other Parity Obligations, plus all other charges, costs and expenses relating to such payment, including those described in the preceding paragraph. On the Business Day immediately preceding each payment due date for the Parity Obligations, the City shall transfer from the Bond Fund and Reserve Fund, if necessary, to the

appropriate paying agent/registrar amounts equal to the amounts due on the Parity Obligations on such date.

The City may establish and utilize such accounts within the Bond Fund as it may, from time to time, deem appropriate.

SECTION 16: RESERVE FUND.

(a) The Reserve Fund has been established for the benefit of the Parity Bonds. The City shall establish and maintain a balance in the Reserve Fund equal to the Reserve Fund Requirement. The Reserve Fund Requirement may be funded by a Reserve Fund Surety Bond issued by an insurance company or other entity that maintains ratings (either for the long term unsecured debt of the issuer of such Reserve Fund Surety Bond or for obligations insured, secured or guaranteed by such issuer) in the highest letter category by two major municipal securities credit rating services.

(b) In accordance with the provisions of the ordinance authorizing the issuance of the Previously Issued Bonds, there is currently on deposit in the Reserve Fund the sum of \$8,497,516.24 (the "Current Reserve Amount"). By reason of the issuance of the Bonds, the total amount to be accumulated and maintained as the Reserve Fund Requirement has been determined to be \$10,263,016.24. The difference between the Reserve Fund Requirement and the Current Reserve Amount will be funded in full on the date of the delivery of the Bonds with proceeds of sale of the Bonds.

(c) At such time as the Previously Issued Bonds are no longer Outstanding, paragraph (a) above shall be amended to read as follows:

(a) "The Reserve Fund has been established for the benefit of the Parity Bonds. The City shall establish and maintain a balance in the Reserve Fund equal to the Reserve Fund Requirement. In addition to or in lieu of cash on deposit in the Reserve Fund, the Reserve Fund Requirement may be funded by a Reserve Fund Surety Bond issued by an insurance company or other entity that is rated as of the date of acquisition of the Reserve Fund Surety Bond (either for the long term unsecured debt of the issuer of such Reserve Fund Surety Bond or for obligations insured, secured or guaranteed by such issuer) in either of the two highest letter categories by two major municipal securities credit rating services."

(d) In any Transfer Period in which the Reserve Fund contains less than the Reserve Fund Requirement, or in which the City is obligated to repay or reimburse any issuer of a Reserve Fund Surety Bond (in the event such Reserve Fund Surety Bond is drawn upon), then after making all required transfers to the Bond Fund, there shall be transferred into the Reserve Fund from the available Pledged Revenues on each Transfer Date amounts necessary to reestablish the Reserve Fund Requirement and satisfy any repayment obligations to the issuer of any Reserve Fund Surety Bond. After such amount has been accumulated in the Reserve Fund and after satisfying any repayment obligation to any Reserve Fund Surety Bond issuer and so long thereafter as such fund contains such amount and all such repayment obligations have been satisfied, no further transfers shall be required to be made, and any excess amounts in such fund may be transferred to the Bond Fund. But, if and whenever the balance in the Reserve Fund is reduced below the Reserve Fund Requirement, or any Reserve Fund Surety Bond repayment obligations arise, transfers to the Reserve Fund shall be resumed and continued in the manner stated above to restore the Reserve Fund Requirement and to pay such reimbursement obligations.

(e) The Reserve Fund shall be used to pay the principal of and interest on the Parity Bonds at any time when there is not sufficient money available in the Bond Fund for such purpose and to make any payments required to satisfy repayment obligations to issuers of Reserve Fund Surety Bonds, and may also be used to make the final payments for the retirement or defeasance of the Parity Bonds.

(f) If an Authorized Official determines that doing so would be in the best interest of the City, the Reserve Fund Requirement may be funded wholly or partly by a Reserve Fund Surety Bond selected by an Authorized Official (the "Surety Bond Issuer"). An Authorized Official may approve the terms and form of the Reserve Fund Surety Bond and of a guaranty or other agreement pursuant to which the City is obligated to pay premiums, fees, and reimbursement obligations owing to the Surety Bond Issuer (a "Guaranty Agreement"). In connection with a Reserve Fund Surety Bond and any Additional Bonds that are Parity Bonds, the City, the Paying Agent/Registrar and the Surety Bond Issuer may approve procedures providing for a reasonable allocation among Reserve Fund Surety Bonds and funds held in the Reserve Fund to make payments on Parity Bonds and to provide for repayments to Surety Bond Issuers.

SECTION 17: DEFICIENCIES IN FUNDS OR ACCOUNTS.
Subject to satisfying the required payments for the benefit of the Prior Lien Bonds in accordance with the ordinance authorizing their issuance, if on any Transfer

Date there shall not be transferred into any fund or account maintained pursuant to this Ordinance the full amounts required in this Ordinance, amounts equivalent to such deficiency shall be set apart and transferred to such fund or account from the first available and unallocated Pledged Revenues, and such transfer shall be in addition to the amounts otherwise required to be transferred to such fund or account on any succeeding Transfer Date or Transfer Dates.

SECTION 18: INVESTMENT OF FUNDS; TRANSFER OF INVESTMENT INCOME.

(a) Money in all funds shall, at the option of the City, be invested in the manner provided by Texas law and the City's investment policy; except all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. All such investments shall be valued no less frequently than the last Business Day of the City's Fiscal Year at market value, except that any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the City, in common investments or in a common pool of such investments maintained by the City at an official depository of the City or in any fund or investment vehicle permitted by Texas law, which shall not be considered to be a loss of the segregation of such money or funds if safekeeping receipts, certificates of participation or other documents clearly evidencing the investment or investment pool in which such money is invested and the share purchased with such money or owned by such funds are held by or on behalf of each such fund. If and to the extent necessary, such investments or participations in these funds shall be promptly sold to prevent any default.

(b) All interest and income derived from deposits and investments credited to the Bond Fund and Reserve Fund shall remain a part of the fund from which such investment was made, and such investment interest and income shall reduce by like amount any required transfer to such funds from the Pledged Revenues, except at any time when the Reserve Fund has on deposit an amount more than the Reserve Fund Requirement, all investment interest and income received on any investment of funds in such fund shall be deposited to the credit of the Bond Fund.

(c) Notwithstanding anything to the contrary contained in this Ordinance, any interest and income derived from deposits and investments of any amounts credited to any fund or account may be (i) transferred into any rebate account or

subaccount and (ii) paid to the federal government if in the opinion of nationally recognized bond counsel such payment is required to comply with any covenant contained in an order, resolution or ordinance to prevent interest on any Parity Bonds from being includable within the gross income of the owners thereof for federal income tax purposes.

SECTION 19: ADDITIONAL BONDS

(a) No Prior Lien Bonds. The City covenants that it will not issue any additional bonds or other obligations payable from and secured by a lien on and pledge of the Pledged Revenues that is senior to the lien securing the Parity Obligations.

(b) Refunding Bonds. The City expressly reserves the right to issue refunding bonds to refund all or a portion of the Parity Bonds or refunding bonds previously issued to refund Parity Bonds. Such refunding bonds may be secured by a lien on Pledged Revenues on a parity with or subordinate to the lien securing the Parity Bonds.

(c) Other Additional Bonds.

(1) In regard to the Pledged Revenues, the City reserves and retains the right to issue or incur additional obligations secured wholly or partly by a parity lien on such Pledged Revenues or by a lien junior and subordinate to the lien on such Pledged Revenues securing payment of the Parity Bonds; provided, however, that no such Parity Bonds or Junior Subordinate Lien Bonds shall be issued unless the following conditions are satisfied:

(i) the City's Chief Financial Officer (or other officer of the City having primary responsibility for the financial affairs of the City) shall provide a certificate showing that, for the City's most recent completed Fiscal Year or for any consecutive 12-month period out of the most recently 18 months preceding the month the ordinance authorizing the issuance of the Parity Bonds or Junior Subordinate Lien Bonds is adopted (the "Coverage Period"), (A) the Pledged Hotel Occupancy Tax Revenues for the Coverage Period are equal to at least 130% of the maximum annual Debt Service Requirement of all Prior Lien Bonds and Parity Bonds then

Outstanding scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Parity Bonds, if any, proposed to be issued, and deducting from the maximum annual Debt Service Requirement for such Prior Lien Bonds and Parity Bonds an amount equal to the revenues received from the Special Hotel Occupancy Tax for the Coverage Period and (B) the "Net Pledged Hotel Occupancy Tax Revenues" for the Coverage Period (i.e., the Pledged Hotel Occupancy Tax Revenues after deducting an amount equal to the maximum annual Debt Service Requirement applied in satisfying the coverage requirement in clause (A) above), together with any other revenues pledged wholly or partly to the payment of any Junior Subordinate Lien Bonds, are equal to at least 130% of the maximum annual Debt Service Requirement on all Junior Subordinate Lien Bonds then Outstanding and scheduled to occur in the then current or any future Fiscal Year after giving effect to the issuance of the Junior Subordinate Lien Bonds then being issued, if any; provided, however, at such time as the Prior Lien Bonds are no longer Outstanding, the coverage requirement in clause (A) above shall be reduced to 125% and the coverage requirement of clause (B) shall be reduced to 100%; and

(ii) provision is made in the ordinance authorizing issuance of the Parity Bonds or Junior Subordinate Lien Bonds, as the case may be, for the complete funding of any required reserves for payment of principal of and interest on such Parity Bonds or Junior Subordinate Lien Bonds as of their initial delivery.

(2) Among the future obligations authorized to be issued or incurred pursuant to this Section 19(c) are Credit Agreements. The City may enter into such a Credit Agreement payable from and secured wholly or partly by a lien on Pledged Revenues if it obtains either (i) the consent from any Credit Facility Provider issuing a Credit Facility (as such terms are defined in the ordinance authorizing the Previously Issued Bonds) in support of the Bonds or (ii) written

confirmation from each Rating Agency then rating the Parity Bonds at the request of the City that issuance of the Credit Agreement will not cause a withdrawal or reduction in the rating assigned to the Bonds; provided, however, that such consent in clause (i) and confirmation in clause (ii) above is not required for Interest Rate Management Agreements. The City may secure its obligations under a future Credit Agreement by a lien on Pledged Revenues if such lien is on a parity with or subordinate to the lien securing the Parity Bonds.

(3) If the City issues Variable Rate Obligations, it shall use the following procedures for purposes of determining the maximum and the average annual Debt Service Requirements of Variable Rate Obligations:

(i) At the sole discretion of the City, such Variable Rate Obligations shall be deemed to bear interest at one of the following rates: (A) an interest rate equal to the average rate borne by such obligations (or by comparable debt if such obligations have not been outstanding during the preceding 24 months) for any 24-month period ending within 30 days before the date of calculation; (B) if the City has entered into a related Credit Agreement in the nature of an Interest Rate Management Agreement, the rate payable by the City under such Credit Agreement; or (C) an interest rate equal to the 30-Year Tax-Exempt Revenue Bond Index rate as published in The Bond Buyer on any date selected by the City within 30 days before the date of calculation. If such index is no longer published in The Bond Buyer, an index of tax-exempt revenue bonds with maturities of 20 years, or more, published in a financial newspaper or journal with national circulation may be selected by the City and used for this purpose.

(ii)---If the City has entered into a Credit Agreement in connection with an issue of obligations payable from and secured by Pledged Revenues and if Clause B of paragraph (c)(1)(i) above does not apply, (X) payments due under the Credit Agreement, from either the City or the other party to the Credit Agreement, shall be included in such calculation except to the extent

that the payments are already taken into account in the debt service calculation, (Y) any payments that would otherwise be included under the debt service calculation which are to be replaced by payments under a Credit Agreement from either the City or the other party to the Credit Agreement shall be excluded from such calculation, and (Z) payments due under a Credit Agreement that are paid at a variable rate shall be deemed to be made at a fixed rate determined in a manner consistent with clause A of paragraph (c)(1)(i) above. For any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and for prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

(4) If the City has entered into a Credit Agreement to discharge or purchase any of its obligations payable from or secured by Pledged Revenues under arrangements where the City's obligation to repay the amounts advanced under the Credit Agreement for the discharge or purchase is payable over more than one year from the advance under the Credit Agreement, then the portion of the obligations committed to be discharged or purchased pursuant to the Credit Agreement shall be excluded from any calculation of debt service requirements, and the principal of and interest requirements that constitute the City's reimbursement obligation shall be added.

(5) In determining the Pledged Hotel Occupancy Tax Revenues available to satisfy the coverage requirements of condition (c)(1) above, the City may take into consideration an increase in the portion of the Pledged Hotel Occupancy Tax Revenues that became effective during the Coverage Period and, for purposes of satisfying the above coverage tests, make a pro forma determination of the Pledged Hotel Occupancy Tax Revenues for the Coverage Period based on such increased portion of the Pledged Hotel Occupancy Tax Revenues being in effect for the entire Coverage Period.

(6) Any Additional Bonds may bear any name or designation provided by the ordinance authorizing their issuance and may be issued in such form and manner as may be authorized by law.

Furthermore, any such bonds may be secured by any other source of payment lawfully available for such purposes, including a Credit Agreement, financial guaranty insurance policy or similar credit or liquidity support. Any Reimbursement Obligation or obligation under a Credit Agreement may be secured by Pledged Revenues on a basis *pari passu* with the Parity Bonds or Junior Subordinate Lien Bonds.

SECTION 20: COVENANTS AND PROVISIONS RELATING TO ALL PARITY OBLIGATIONS

(a) Punctual Payment of Parity Obligations. The City covenants it will punctually pay or cause to be paid the interest and any premium on and principal of all Parity Obligations according to their terms and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in any other ordinance authorizing the issuance of such Parity Obligations.

(b) Pledge and Encumbrance of Pledged Revenues. The City covenants and 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 Obligations and Junior Obligations and has lawfully exercised such power under the Constitution and laws of the State of Texas. The City further covenants and represents that, other than to the payment of the Prior Lien Bonds, the bonds and obligations authorized and reserved to be issued in this Ordinance, 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 City unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Parity Obligations.

(c) Bondholders' Remedies. This Ordinance shall constitute a contract between the City and the Holders of the Bonds from time to time Outstanding and the beneficiaries of other Parity Obligations and Junior Obligations and this Ordinance shall be and remain irrevocable until the Bonds and the other Parity Obligations and Junior Obligations shall be fully paid or discharged or provision for payment or discharge shall have been made as provided in this Ordinance. In the event of a default in the payment of the principal of or interest or any premium on any of the Bonds or a default in the performance of any duty or covenant provided by law or in this Ordinance, each Holder of a Bond and each beneficiary of any Parity Obligation or Junior Obligations may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the preceding, it is expressly provided that each Holder of

a Bond and each beneficiary of any Parity Obligation or Junior Obligations 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 City under this Ordinance, including the application of Pledged Revenues in the manner required in this Ordinance; provided, however, that no Holder of a Bond and no beneficiary of a Parity Obligation or a Junior Obligation shall ever have the right to demand payment of the principal of, interest on or any redemption premium on the Bonds or any payment on any Parity Obligation or Junior Obligations out of any funds raised or to be raised by taxation, other than the Pledged Hotel Occupancy Tax Revenues and the Special Hotel Occupancy Tax.

(d) Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of the Pledged Revenues under this Ordinance and all other obligations of the City to the Holders shall cease, terminate, and become void and be discharged and satisfied.

Bonds or any principal amount(s) of the Bonds shall be considered to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) of the Bonds at maturity or to the redemption date, together with all interest due on such Bonds, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of, premium, if any, and interest on such Bonds, or the principal amount(s), on and before the Stated Maturity thereof or (if notice of redemption has been given or waived or if irrevocable arrangements acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of money or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of section 148 of the Code, or Regulations.

Any money so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar or an authorized escrow agent, pursuant to this Section

which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest on the Bonds with respect to which such money has been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such money was deposited and are held in trust to pay shall, upon the request of the City, be remitted to the City against a written receipt for the funds. Notwithstanding the above and preceding, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

With respect to the Previously Issued Bonds, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section 21(d) shall be used at the first practicable date to pay the Purchase Price or Redemption Price, as applicable, of the Bonds being deemed paid, retired and no longer outstanding as contemplated in the first paragraph of this Section 21(d). Capitalized terms used in this paragraph and not otherwise defined in this Ordinance shall have the meanings assigned in the ordinance authorizing the issuance of the Previously Issued Bonds.

(e) Non-Business Days. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds or the due date for the payment or performance of any obligation shall be other than a Business Day, then such payment need not be made on such due date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or other due date, and no interest shall accrue for the period from the scheduled due date to the date of actual payment. If any Transfer Date shall not be a Business Day, then the transfer otherwise required to be made on such date pursuant to Section 15 shall be made on the next succeeding Business Day.

SECTION 21: ALTERATION OF RIGHTS AND DUTIES; AMENDMENT OF ORDINANCE.

Capitalized terms used in this Section and not otherwise defined in this Ordinance shall have the meanings assigned in the ordinance authorizing the Previously Issued Bonds.

(a) Alteration of Rights and Duties. The rights, duties, and obligations of the City and the Holders of the Bonds are subject in all respects to all applicable

federal and state laws including, without limitation, the provisions of federal law regarding the composition of indebtedness of political subdivisions, as the same now exist or may be amended.

(b) Amendment of Ordinance Without Consent. The City may, without the consent of or notice to any of the Holders of the Bonds, amend this Ordinance for any one or more of the following purposes:

(1) to cure any ambiguity, defect, omission or inconsistent provision in this Ordinance or in the Bonds; or to comply with any applicable provision of law or regulation of federal agencies; provided, however, that such action shall not adversely affect the interests of the Holders of the Bonds;

(2) to change the terms or provisions of this Ordinance to the extent necessary to prevent the interest on the Bonds from being includable within the gross income of the owners thereof for federal income tax purposes;

(3) to grant to or confer upon the Holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders of the Bonds;

(4) to add to the covenants and agreements of the City contained in this Ordinance other covenants and agreements of, or conditions or restrictions upon, the City or to surrender or eliminate any right or power reserved to or conferred upon the City in this Ordinance;

(5) to amend any provisions relating to the issuance of Additional Bonds if the City first obtains a Rating Confirmation Notice with respect to such amendment; and

(6) to subject to the lien and pledge of this Ordinance additional Pledged Revenues, provided such amendment does not cause any reduction in any rating assigned to the Bonds by any major municipal securities evaluation service then rating the Bonds;

provided, however, that if and to the extent required by a Credit Facility, Liquidity Facility, an Interest Rate Management Agreement, another Credit Agreement or other provision of this Ordinance, the City shall first obtain the consent of the Credit Facility Provider, any Liquidity Facility Provider and the Interest Rate

Management Agreement Counterparty to any such amendment pursuant to this Section 21.

(c) Amendments of Ordinance Requiring Consent.

(1) The City may at any time adopt one or more ordinances amending, modifying, adding to or eliminating any of the provisions of this Ordinance but, if such amendment is not of the character described in Section 21(b) of this Ordinance, only with the consent given in accordance with Section 21(d) of this Ordinance of the Holders of not fewer than a majority of the aggregate unpaid principal amount of the Parity Bonds then Outstanding and affected by such amendment, modification, addition, or elimination; provided, however, that nothing in this Section 21(c) shall permit (1) an extension of the maturity of the principal of or interest on any Bond issued hereunder, or (2) a reduction in the principal amount of any Bond or the rate of interest on any Bond or redemption price, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such amendment.

(2) If and to the extent required by a Credit Facility, Liquidity Facility, an Interest Rate Management Agreement, another Credit Agreement or other provision of this Ordinance, the City shall first obtain the consent of the Credit Facility Provider, any Liquidity Provider and the Interest Rate Management Agreement Counterparty to any such amendment pursuant to this Section 21(c).

(d) Consent of Holders. Any consent required by Section 21(c) shall be considered given

(1) By all Holders of Outstanding Bonds if a Credit Facility is in effect, the Credit Facility Provider is not in default under the Credit Facility and the Credit Facility Provider has given its written consent to the amendments in writing,

(2) By all Holders of Outstanding Bonds if the Bonds are remarketed following a mandatory tender of all Bonds and the substance of such amendment has been disclosed to the market in connection with such remarketing,

(3) By all Holders of Outstanding Bonds if the Bonds are in an Auction Rate Mode and if written notice of the substance of the proposed amendment has been furnished to the Holders and if following such disclosure, there have occurred at least two consecutive Auctions and in each such Auction either Sufficient Clearing Bids existed or the Auction Rate determined was the Winning Bid Rate;

(4) By any Holder in any number of concurrent writings of similar tenor, signed by such Holder or his authorized attorney. Proof of the execution of any such consent or of the writing appointing any such attorney and of the ownership of Parity Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City with regard to any action taken, suffered or omitted to be taken by the City under such instrument, namely:

(i) the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution; and

(ii) the fact of the ownership by any person of any Bond and the date of the ownership of same may be proved by a certificate executed by an appropriate officer of the Paying Agent/Registrar, stating that at the date thereof such Bond was registered in the name of such party in the Security Register.

In lieu of the preceding the City may accept such other proofs of the preceding as it shall consider appropriate.

Consents obtained pursuant to Section 21(d)(4) shall be valid only if given following the mailing of notice by or on behalf of the City requesting such consent and setting forth the substance of the amendment of this Ordinance in respect of which such consent is sought and stating that copies thereof are available at the office of the City Clerk for inspection. Such notice shall be mailed by certified

mail to each Holder of the Parity Bonds affected at the address shown on the Security Register.

(e) Revocation of Consent. Any consent by any Holder of a Bond pursuant to the provisions of Section 21(d)(4) shall be irrevocable for a period of six months from the date of mailing of the notice provided for in this Section, and shall be conclusive and binding upon all future Holders of the same Bond and any Bond delivered on transfer thereof or in exchange for or replacement thereof during such period. Such consent may be revoked at any time after six months from the date of the first mailing of such notice by the owner who gave such consent or by a successor in title, by filing notice thereof with the Paying Agent/Registrar, but such revocation shall not be effective if the Holders of a majority in aggregate principal amount of the Parity Bonds Outstanding as in this Ordinance defined have, before the attempted revocation, consented to and approved the amendment.

SECTION 22: MUTILATED - DESTROYED - LOST AND STOLEN BONDS. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, destroyed, lost or stolen.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

SECTION 23: TAX EXEMPTION.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

“Closing Date” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Bonds), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Bonds), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other

money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Bond Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the City Manager, Chief Financial Officer and City Treasurer, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Bonds Not Hedge Bonds. (1) The City reasonably expects to spend at least 85% of the spendable proceeds of the Bonds within three years after such Bonds are issued and (2) not more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The Refunded Bonds being refunded by the Bonds constitute a current refunding as the payment and/or redemption of such Refunded Bonds will occur within 90 days of the delivery of the Bonds.

SECTION 24: SALE OF BONDS – BOND PURCHASE AGREEMENT. The Bonds authorized by this Ordinance are sold by the City to Estrada Hinojosa & Company, Inc. and RBC Capital Markets LLC (collectively, the "Purchasers" or "Underwriters") in accordance with the Bond Purchase Agreement, dated March 1, 2012, substantially in the form attached as Exhibit B and incorporated by reference as a part of this Ordinance for all purposes. The Mayor or Mayor Pro Tem is authorized and directed to execute said Bond Purchase Agreement for and on behalf of the City and as the act and deed of this Council, and in regard to the approval and execution of the Purchase Contract, the Council finds, determines and declares that the representations, warranties and agreements of the City contained in the Bond Purchase Agreement are true and correct in all material respects and shall be honored and performed by the City.

SECTION 25: OFFICIAL STATEMENT. Furthermore, the use of the Official Statement by the Purchasers in connection with the public offering and

sale of the Bonds is ratified, confirmed and approved in all respects. The final Official Statement reflecting the terms of sale (together with such changes approved by the Mayor, City Clerk, City Manager, Chief Financial Officer, Deputy Chief Financial Officer or City Treasurer, one or more of said officials), shall be and is in all respects approved and the Purchasers are authorized to use and distribute said final Official Statement, dated March 1, 2012, in the offering, sale and delivery of the Bonds to the public. The Mayor and City Clerk are further authorized and directed to manually execute and deliver for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 26: ESCROW AGREEMENT APPROVAL AND EXECUTION. The "Escrow Agreement" (the "Agreement") by and between the City and Deutsche Bank National Trust Company, Jersey City, New Jersey (the "Escrow Agent"), attached as Exhibit C and incorporated by reference as a part of this Ordinance for all purposes, is approved as to form and content, and such Agreement in substantially the form and substance attached to this Ordinance, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is authorized to be executed by the Mayor or Mayor Pro Tem and City Clerk for and on behalf of the City and as the act and deed of this City Council; and such Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Agreement approved by this Ordinance.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are authorized and directed to make the necessary arrangements for the deposit of a portion of the proceeds of sale of the Bonds and other available funds of the City to the credit of the "SPECIAL 2012 CITY OF AUSTIN, TEXAS, HOTEL OCCUPANCY TAX/CONVENTION CENTER/WALLER CREEK VENUE PROJECT REFUNDING BOND ESCROW FUND" (the "Escrow Fund") maintained by the Escrow Agent for the payment and redemption of the Refunded Bonds on April 24, 2012; all as contemplated and provided in V.T.C.A., Government Code, Chapter 1207, as amended, this Ordinance and the Agreement. The Escrow Agent is not a depository of the City.

SECTION 27: PROCEEDS OF SALE. Immediately following the delivery of the Bonds, proceeds of sale in the sum of (i) \$20,211,727.34 shall be deposited to the credit of the Escrow Fund, (ii) \$3,857.52 shall be deposited to the

credit of the Bond Fund, and (iii) \$1,765,500.00 shall be deposited to the Reserve Fund as provided in this Ordinance. The balance of the proceeds of sale of the Bonds shall be expended to pay costs of issuance and municipal bond insurance premium and any excess amount budgeted for such purpose shall be deposited to the credit of the Bond Fund.

On or prior to the date of the delivery of the Bonds, the City Treasurer or other appropriate official, shall cause to be transferred in immediately available funds to the Escrow Agent from moneys on deposit in the interest and sinking fund maintained for the payment of the Refunded Bonds the sum of \$445,654.37 to accomplish the refunding.

SECTION 28: REDEMPTION OF REFUNDED BONDS. (a)

The Refunded Bonds scheduled to mature on November 15 in each of the years 2012, 2019 and 2029, and aggregating in principal amount \$20,175,000, shall be redeemed and the same are called for redemption on April 24, 2012, at the redemption price of par and accrued interest to the date of redemption. The City Clerk is authorized and directed to file a copy of this Ordinance, together with a suggested form of notice of redemption to be sent to bondholders, with The Bank of New York Mellon Trust Company, N.A. (the successor paying agent/registrar to Chase Bank of Texas, National Association, the paying agent for the Refunded Bonds), in accordance with the redemption provisions applicable to the Refunded Bonds; such suggested form of notice of redemption being attached as Exhibit D and incorporated by reference as a part of this Ordinance for all purposes.

(b) The redemption of the obligations described above being associated with the refunding of such obligations, the approval, authorization and arrangements given in this Section and provided for the redemption of such obligations on the redemption date designated and in the manner provided shall be irrevocable upon the issuance and delivery of the Bonds; and the City Clerk is authorized and directed to make all arrangements necessary to notify the holders of such obligations of the City's decision to redeem such obligations on the date and in the manner provided in this Section and in accordance with the ordinances authorizing the issuance of the obligations and this Ordinance.

SECTION 29: CONTROL AND CUSTODY OF BONDS. The Mayor of the City shall be and is authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchaser(s).

Furthermore, the Mayor, Mayor Pro Tem, City Clerk, City Manager, Chief Financial Officer, Deputy Chief Financial Officer, City Attorney and City Treasurer, any one or more of said officials, are authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General and registration by the Comptroller of Public Accounts and, together with the City's financial advisor, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond(s) to the initial Purchasers and the exchange thereof for obligations described in this Ordinance and in the Official Statement.

SECTION 30: LEGAL OPINION. The obligation of the Purchasers to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworski L.L.P., Attorneys, Dallas, Texas, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion is authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with the Depository Trust Company.

SECTION 31: CUSIP NUMBERS. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 32: BENEFITS OF ORDINANCE. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 33: INCONSISTENT PROVISIONS. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained in this Ordinance.

SECTION 34: GOVERNING LAW. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 35: SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the Council declares that this Ordinance would have been enacted without such invalid provision.

SECTION 36: CONSTRUCTION OF TERMS. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 37: NOTICES TO HOLDERS-WAIVER. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise in this Ordinance expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 38: CANCELLATION. All Bonds surrendered for payment, redemption, transfer or exchange, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the

Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 39: CONTINUING DISCLOSURE UNDERTAKING.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

“*SEC*” means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2012, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 25 of this Ordinance, being the information described in the attached **Exhibit E**, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the attached **Exhibit E**, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and 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 audited financial statements are not available by the required time, the City will provide unaudited financial information and operating data of the general type included in the Official Statement as Appendix B by the required time and audited financial statements when and if such audited financial statements become available.

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) prior to the next date by which the City 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 available to the public on the MSRB’s Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States 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 such jurisdiction has been assumed by leaving the existing governing body and officials or officers 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.

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 this Section by the time required by this Section.

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section with respect to the City and the Bonds while, but only while, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) hereof of any Bond calls and/or defeasances that cause the City to no longer be such an "obligated person".

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder 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 Section and does not undertake to provide any other information that may be relevant or material to a complete presentation of the financial results, condition, or prospects of the City or the State of Texas or undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided in this Section. The City 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.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, 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.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

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

Notwithstanding anything in this Ordinance to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting 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 Section, 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 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount and Maturity Amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed

by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 40: INCORPORATION OF FINDINGS AND DETERMINATIONS. The findings and determinations of the City Council contained in the preamble hereof are incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 41: BOND INSURANCE. The Bonds will be insured by Assured Guaranty Municipal Corp., a New York stock insurance company (the "Insurer" or "AGM"). The following provisions shall apply to the Insurance Policy (defined below), but only for so long as the Insurance Policy is in effect with respect to the Bonds:

(a) "Insurance Policy" shall be defined as follows: "the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due". The term "Insurer" or "AGM" shall include any successor thereto or assignee thereof. The term "Insured Bonds" shall mean any Bonds covered by the Insurance Policy.

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund.

(c) The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent/Registrar. Remedies granted to the Bondholders shall expressly include mandamus.

(d) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(e) The Insurer shall be included as a third party beneficiary to the Ordinance.

(f) Upon the occurrence of an extraordinary optional redemption, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Ordinance which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Holders or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(h) The rights granted to the Insurer under this Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Holders or any other person is required in addition to the consent of the Insurer.

(i) Only (i) cash, (ii) noncallable direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (iii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iv) 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 of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (v) any other then authorized securities or obligations under applicable law that may be used to defease obligations such as the Bonds, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves .

To accomplish defeasance, the City shall cause to be delivered (i) either (A) with respect an advanced refunding, a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (the "Verification"), or (B) with respect a current refunding, a certificate or report of either the City's financial advisor or the paying agent for the Refunded Bonds verifying the sufficiency of the refunding bond proceeds and other cash on hand, if applicable, to pay the principal of and interest on the Bonds in full on the maturity or redemption date (the "Sufficiency"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), if necessary, (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Ordinance and (iv) a certificate of discharge of the Paying Agent/Registrar with respect to the Bonds; each Verification or Sufficiency, as applicable, and defeasance opinion shall be acceptable in form and substance, and addressed, to the City, Paying Agent/Registrar and Insurer. The Insurer shall be provided with final drafts of the above referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under this Ordinance unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Ordinance and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Ordinance. The Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(k) The City covenants and agrees to take such action, or to cause the Paying Agent/Registrar to take such action, as is necessary from time to time to preserve the priority of the pledge of the Pledged Revenues under applicable law.

(l) Claims Upon the Insurance Policy and payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent/Registrar, after making all transfers and deposits required under the Ordinance, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent/Registrar shall give notice to

the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent/Registrar shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent (if any) by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent/Registrar shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent/Registrar's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the City on any Bond or the subrogation rights of the Insurer.

The Paying Agent/Registrar shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent/Registrar.

Upon payment of a claim under the Insurance Policy, the Paying Agent/Registrar shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Paying

Agent/Registrar shall have exclusive control and sole right of withdrawal. The Paying Agent/Registrar shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent/Registrar to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) to the extent permitted by law and subject to annual appropriation, interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City hereby covenants and agrees that the Insurer Advances are secured by a lien on and pledge of the Pledged Revenues and payable from such Pledged Revenues on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent/Registrar and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent/Registrar. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(m) The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(n) To the extent permitted by law, the City shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Ordinance or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Ordinance or any other Related Document.

(o) After payment of reasonable expenses of the Paying Agent/Registrar, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Fund to the Reserve Fund Requirement.

(p) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Ordinance, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(q) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director - Surveillance, Re: Policy No. _____, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an event of default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(r) The Insurer shall be provided with the following information by the City or Paying Agent/Registrar, as the case may be:

(1) Annual audited financial statements within one hundred eighty (180) days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or event of default under the Ordinance), and the City's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(2) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(3) Notice of any default known to the Paying Agent/Registrar or City within five Business Days after knowledge thereof;

(4) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(5) Notice of the resignation or removal of the Paying Agent/Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(6) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(7) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(8) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(9) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the City has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(s) The Insurer shall have the right to receive such additional information as it may reasonably request.

(t) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.

(u) The City shall notify the Insurer of any failure of the City to provide notices, certificates and other information under the transaction documents.

(v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Ordinance, no such issuance may occur (1) if an event of default (or any event which, once all notice or grace periods have passed, would constitute an event of default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Fund Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Ordinance would adversely affect the security for the Bonds or the rights of the Bondholders, the Paying Agent/Registrar shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(y) Any interest rate exchange agreement ("Swap Agreement") entered into by the City shall meet the following conditions: (i) the Swap Agreement must

be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Bonds and on any debt on parity with the Bonds. The City shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the Insurer prior to the payment of any such termination amount that such payment will not cause the City to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and Moody's Investors Service, Inc. ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the Insurer, shall be required.

(z) Unless the Insurer other directs, upon the occurrence and continuance of an Event of Default or an event which with the notice or lapse of time would constitute an Event of Default, amounts on deposits in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

(aa) There shall be delivered an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto), or a certificate of discharge from the paying agent/registrar for the Refunded Bonds, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred. An executed copy of such opinion and reliance letter, if applicable, or discharge certificate, as the case may be, shall be forwarded to the Insurer prior to the delivery of the Bonds.

SECTION 42: PUBLIC MEETING. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public

business to be considered at such meeting, including this Ordinance, was given, all as required by V.T.C.A., Government Code, Chapter 551, as amended.

SECTION 43: EFFECTIVE DATE. This Ordinance is passed on one reading as authorized by V.T.C.A., Government Code, Section 1201.028, and shall be effective immediately upon its passage and adoption.

[remainder of page left blank intentionally]

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

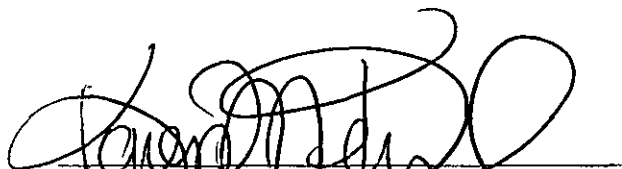
March 1, 2012

APPROVED:

§
§
§



LEE LEFFINGWELL
Mayor



KAREN M. KENNARD
City Attorney

ATTEST:



SHIRLEY A. GENTRY
City Clerk

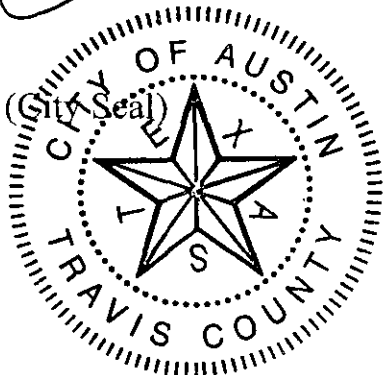


Exhibit A

Paying Agent/Registrar Agreement

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of March 1, 2012 (this "Agreement"), by and between the City of Austin, Texas (the "City"), and Deutsche Bank National Trust Company, a banking corporation organized and existing under the laws of the United States of America, or its successors or assigns hereunder (the "Bank"),

RECITALS

WHEREAS, the City has duly authorized and provided for the execution and delivery of its "City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (Convention Center/Waller Creek Venue Project)" (the "Securities"), pursuant to an Ordinance No. 20120301-060, adopted by the City on March 1, 2012 (the "Ordinance"), which Securities are scheduled to be delivered to the initial purchaser on or about March 22, 2012; and

WHEREAS, the City has selected the Bank to serve as paying agent, registrar and transfer agent with respect to such Securities; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the City and is duly qualified and otherwise capable of performing the duties and responsibilities contemplated by this Agreement with respect to the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT/REGISTRAR

Section 1.01: Appointment. The City hereby appoints the Bank to serve as Paying Agent/Registrar with respect to the Securities. As Paying Agent/Registrar for the Securities, the Bank shall be responsible for paying on behalf of the City the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof and shall keep and maintain for and on behalf of the City books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Ordinance."

The Bank hereby accepts its appointment, and hereby certifies that it has the capacity to, and agrees to, serve as the Paying Agent/Registrar for the Securities, all as further provided herein and in the Ordinance.

Section 1.02: Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the City hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached.

In addition, the City agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

Any obligation of the City created by or arising out of this Agreement and owing to the Paying Agent/Registrar shall be a limited unsecured obligation of the City, payable solely from the Net Revenues of the Water/Wastewater System, in accordance with the customary payment approval procedures, policies and processes of the City.

ARTICLE TWO DEFINITIONS

Section 2.01: Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“Acceleration Date” on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

“Bank Office” means the designated office of the Bank as indicated on the signature page hereof. The Bank will notify the City in writing of any change in location of the Bank Office.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Securities” of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a

replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolution).

“Redemption Date” when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

“Responsible Officer” when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Security Register” means a register maintained by the Bank on behalf of the City providing for the registration and transfers of Securities.

“Stated Maturity” means the date specified in the Ordinance the principal of a Security is scheduled to be due and payable.

Section 2.02: Other Definitions. The terms “Bank,” “City,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement. Capitalized terms used herein but not otherwise defined herein shall have the meaning set forth in the Ordinance.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT/REGISTRAR

Section 3.01: Payments. As Paying Agent/Registrar, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the City, pay on behalf of the City the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent/Registrar, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the City, pay on behalf of the City the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date. All payments of principal and/or interest on the Securities to the registered owners shall be accomplished by the method set forth in the Ordinance or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02: Payment Dates. The City hereby instructs the Bank to pay the principal of and interest on the Securities at the dates specified in the Ordinance.

Section 3.03: Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the City at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the City and subject to such reasonable regulations as the City and Bank may prescribe. The Bank represents and warrants that it will file and maintain a copy of the Security Register with the City of Austin, Texas, and shall cause the Security Register to be current with all registration and transfer information as from time to time may be applicable. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written

instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 3.04: Certificates. The City shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 3.05: Form of Security Register. The Bank, as Paying Agent/Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 3.06: List of Security Holders. The Bank will provide the City at any time requested by the City, upon payment of the required fee, a copy of the information contained in the Security Register. The City may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the City, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the City so that the City may contest the court order or such release or disclosure of the contents of the Security Register.

Section 3.07: Return of Cancelled Certificates. The Bank will, at such reasonable intervals as it determines, surrender to the City, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 3.08: Mutilated, Destroyed, Lost or Stolen Securities. The City hereby instructs the Bank, subject to the provisions of the Ordinance, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only upon the approval of the City and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the City and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 3.09: Transaction Information to City. The Bank will, within a reasonable time after receipt of written request from the City, furnish the City information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 3.03, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 3.08.

ARTICLE FOUR THE BANK

Section 4.01: Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 4.02: Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by City.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 4.03: Recitals of City. The recitals contained herein with respect to the City and in the Securities shall be taken as the statements of the City, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the City, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 4.04: May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the City with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 4.05: Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and

maintained by the Bank for the receipt, safekeeping and disbursement of moneys received from the City hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be paid by the Bank to the City, and the Holder of such Security shall thereafter look only to the City for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

Section 4.06: Indemnification. To the extent permitted by law, the City agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 4.07: Interpleader. The City and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the administrative offices of the City is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 3.01 of this Agreement shall constitute adequate service. The City and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 4.08: DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for

“Depository Trust Company” services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the “Operational Arrangements,” which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE FIVE MISCELLANEOUS PROVISIONS

Section 5.01: Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 5.02: Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 5.03: Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the City or the Bank shall be mailed or delivered to the City or the Bank, respectively, at the addresses shown on the signature page hereto.

Section 5.04: Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 5.05: Successors and Assigns. All covenants and agreements herein by the City shall bind its successors and assigns, whether so expressed or not.

Section 5.06: Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 5.07: Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 5.08: Entire Agreement. This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

Section 5.09: Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 5.10: Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the City and such appointment accepted and (b) notice given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and City mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the City.

The provisions of Section 1.02 and of Article Four shall survive and remain in full force and effect following the termination of this Agreement.

Section 5.11: Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement
as of the day and year first above written.

Deutsche Bank National Trust Company

Attest:

By: _____
Title: _____

Title:

By: _____
Title: _____

Address: 100 Plaza One, 6th Floor
Jersey City, New Jersey
07311
Attention: Global
Transaction Banking

CITY OF AUSTIN, TEXAS

By _____
LEE LEFFINGWELL, Mayor

Attest:

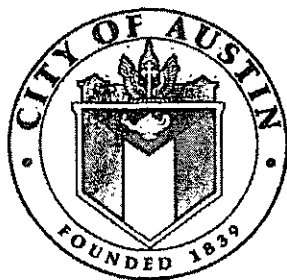
Address: 700 Lavaca, Suite 940
Austin, Texas 78701

SHIRLEY A. GENTRY
City Clerk



Trust and Agency Services – Refunding Escrow

Strictly Private & Confidential



City of Austin, Texas Convention Center Waller Creek Venue Project

\$19,625,000 Refunding Bonds

January 19, 2012

Presented By:

William Baneky

Vice President

Deutsche Bank Trust Company Americas

Trust & Securities Services

60 Wall Street, MS NYC60-2715

New York, NY 10005-2858

Work: 212-250-0608

Fax: 212-797-8600

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A Passion to Perform.

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History of Deutsche Bank Trust & Securities Services

Deutsche Bank's Trust & Securities Services (TSS) group supports the execution of debt and equity financing transactions from the simplest to the most complex. The merger of Bankers Trust and Deutsche Bank in June 1999 created a globally integrated corporate trust organization, with more than 1,200 specialist staff based in 19 locations: New York, San Francisco, New Jersey, Nashville, Santa Ana, Charlotte, Chicago, Mississippi, Cayman Islands, London, Frankfurt, Luxembourg, Dublin, Milan, Tokyo, Hong Kong, Mumbai, Mexico and Mauritius. With more than 100 years experience in providing trust, agency, depositary, custody and administrative services along with our position as one of the highest rated corporate trust trustee has separated us from other trustees in the marketplace. Currently, we serve more than 3,800 clients worldwide. We administer financings that total more than \$1 trillion in US and international debt and equity securities. Our clients include financial institutions, corporations, government entities and supranational agencies around the world.

TSS combines an integrated global reach with a full range of products to offer you a one-stop destination. Whether the issue is straightforward, or complex and highly structured, Deutsche Bank has the resources and the flexibility to meet your expectations.

Deutsche Bank's trust, agency, depositary and administrative services in the global capital markets include:

- Trust services
- Auction rate agent
- Administration of bonds, asset backed and mortgage backed issues, commercial paper conduits and project financing
- Depositary and administrative services for bond proceeds
- Cash flow management
- Mark-to-Market valuations
- Collection and transmission of payments due from issuer to investor
- Record keeping and registrar functions
- Issuance of securities into central settlement systems
- Security safekeeping
- Custody services for mortgage-backed and asset backed collateral
- Escrow account administration
- Calculation of interest rates for floating-rate and auction rate securities
- Agency services for syndicated loans, and loan servicing/administration
- Electronic reporting via the internet or specialist on-line systems



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Experience and Personnel Expertise:

Deutsche Bank has over 100 years of Public Finance experience as our previously integrated Banker's Trust business was established in 1903, and we currently hold a top 4 trustee position in the U.S. Public Finance market. We have 9 regional trust administration offices throughout the U.S. to service clients locally with experienced senior managers averaging over 25 years in the industry. Our commitment to the industry is backed by our experience with virtually every type of structure in the public finance market. These structures include, but are not limited to, Refunding Escrows, Advanced Refunding Escrows, Commercial Paper, General Obligations, Housing, Municipal Lease Escrows and Tax Anticipation Notes. The Deutsche Bank Public Finance group manages a portfolio of over 3,000 clients from various sectors such as Education, Energy, Industrial Development and Public Facilities. By combining market leadership, expertise and technology, Deutsche Bank is able to deliver superior service to our tax-exempt clients.

At Deutsche Bank, we understand the importance of tailoring each escrow to fit the unique needs of the client. Whether the escrow incorporates two or multiple parties, over however fixed or variable time period, with daily transaction or infrequent distribution, we help create the escrow best suited to the situation. Flexibility also means that we can provide one stop shopping for virtually any service necessary, from collection of fund, to trustee and custody services, to a wide choice of investments. We have experience with many types of Escrows, from Like-Kind Exchanges, REITs, Defeasance, Debt Repayments to Muni-Lease Escrows and Paying agent capabilities on Bonds and M&A Transactions.

The key source of the value we offer our clients is the expertise of our people, expertise that is the product of talent, training and experience. Our resources enable us to find and attract the very best individuals in the business, and to support them with state-of-the-art training and technology at all times. We are proud that our people are recognized throughout the industry for their ability and professionalism and we are confident that they will serve you as valued and trusted advisors.



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City of Austin, Texas

Convention Center

Waller Creek Venue Project

\$19,625,000 Refunding Bonds



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Fees:

Paying Agent Fees:

Acceptance Fee:
(One-Time Fee Due at Closing)

Waived

Annual Fee:

\$200.00 per refunding series

Escrow Agent Fees:

Escrow Fee if all funds are held in cash after
closing before call date:
(One-Time Fee Due at Closing)

\$95.00

Legal Counsel Fee:

At cost if needed

A. Caveats

- This proposal is subject to satisfactory documentation review of the transaction as well as our own internal credit, conflict and approval process for both new transactions and new clients.
- All documentation will be subject to New York law, unless otherwise specified in the governing documents.
- We reserve the right to consult legal counsel during documentation review. We also reserve the right to obtain legal advice during the life of the transaction as circumstances warrant. In the event legal charges are incurred, these charges are your sole responsibility.
- If the aforementioned transaction should fail to close for any reason or without our appointment, we reserve the right to charge our acceptance fee plus reimbursement for legal fees and costs associated with due diligence on the transaction.
- The fee structure provided is based on the assumption that funds deposited with Deutsche Bank that are required to be invested, shall be invested in a Qualified Fund chosen from a selection of funds provided to you by Deutsche Bank.





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- Please note that Deutsche Bank's cutoff time for mutual fund investments is earlier than the cutoff time specified in the relevant fund provider's offering materials. Please confirm Deutsche Bank's cutoff time for your mutual fund investment with your sales representative.

B. Disclosures

- We reserve the right to review our fee arrangement should circumstances warrant.
- You are responsible for extraordinary expenses and fees for the performance of services not contemplated at the time of the execution of the documents or not specifically covered in this proposal. Such extraordinary fees and expenses include, but are not limited to those arising from Bondholder meetings, activities relating to default and workout situations, travel and travel-related expenses, and amendments and releases.
- DBTCA will charge an investment maintenance fee at an annual rate of 3 basis points on all account balances not invested through DBTCA, its affiliates or in a Qualified Mutual Fund. This charge will cover reconciliation, safekeeping, monitoring, and other maintenance activities associated with the investment of account balances, including, but not limited to, forward purchase agreements, guaranteed investment contracts, bank deposits outside DBTCA or its affiliates and state, county and local investment pools.
- Unless otherwise instructed, we will place orders in accordance with your written investment instructions to buy / sell money market mutual funds ("MMF") shares with the MMF provider(s) or their agents.
- Unless otherwise instructed, we will place orders in accordance with your written investment instructions to buy / sell deposits, securities and other financial instruments with Deutsche Bank Securities, Inc. (DBSI), our affiliated registered broker-dealer.
- If you choose to invest in a proprietary MMF, we and/ or our affiliates may earn investment management fees and other fees associated with these MMFs, as disclosed in the relevant MMF's prospectus, in addition to the charges quoted above. Also, we have entered into agreements with certain MMFs, including proprietary MMFs, or their agents, to provide shareholder services to those MMFs. We are paid a fee by the MMFs for providing these shareholder services that, calculated on an annual basis, does not exceed 80 basis points per annum of the average daily balance of the amount of your investment in these MMFs. Qualified Funds are those MMFs that pay incentive payments to us and, in some cases, are part of our automated internal trade order entry system. We also make available other MMFs that are not Qualified Funds. Please note, however, that the transaction charges described above apply to each transaction in these MMFs. We may receive other compensation from the advisers to or other affiliates of the MMFs.
- If you choose to use other services provided by DB or any of its affiliates, we may be allocated a portion of the fees earned.
- We will provide periodic account statements describing transactions executed for your account(s). Trade confirms will be available upon your request at no additional charge.
- Shares of MMFs are not deposits or obligations of, or guaranteed by, us or any of our affiliates and are not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. Government. Investments in the MMFs involve the possible loss of principal. Please read the prospectus carefully before investing.
- For multi-currency financing arrangements, we may also place orders to buy/sell currencies with any of our affiliates. These transactions (for which normal and customary spreads may be earned)



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will be executed by such affiliates on a principal basis solely for your account(s) and without recourse to us or any such affiliates.

C. Important Information about Procedures for Opening a New Account

To help fight the funding of terrorism and money laundering activities, Deutsche Bank obtains, verifies, and records information that identifies individuals or entities that establish a relationship or open an account with DB.

What this means: We will ask for the name, address, tax identification number and other information that will allow us to identify the individual or entity who is establishing the relationship or opening the account. We may also ask for formation documents such as articles of incorporation, an offering memorandum, or other identifying documents to be provided.

D. The Following Applies to Non-US Correspondent Banks Only

The U.S. Department of the Treasury requires all U.S. banks to notify their correspondent banks as follows: Pursuant to U.S. regulations issued under section 311 of the USA PATRIOT Act, 31 CFR 103.188 and 103.192, we are prohibited from opening or maintaining a correspondent account for, or on behalf of, VEF Banka (Republic of Latvia) or any of its subsidiaries (including Veikmes Lizings) and branches (including offices in Riga, Latvia, and the Czech Republic) or the Commercial Bank of Syria or any of its subsidiaries (including Syrian Lebanese Commercial Bank).

The regulations also require us to notify you that your correspondent account with our financial institution may not be used to provide Commercial Bank of Syria or any of its subsidiaries, or VEF Banka (Republic of Latvia) or any of its subsidiaries (including Veikmes Lizings) and branches (including offices in Riga, Latvia, and the Czech Republic) with access to our financial institution. If we become aware that Commercial Bank of Syria or any of its subsidiaries, or VEF Banka (Republic of Latvia) or any of its subsidiaries (including Veikmes Lizings) and branches (including offices in Riga, Latvia, and the Czech Republic) are indirectly using the correspondent account you hold at our financial institution, we will be required to take appropriate steps to prevent such access, including terminating your account.



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Exhibit B

Bond Purchase Agreement

\$20,185,000
CITY OF AUSTIN, TEXAS
(Travis, Williamson and Hays Counties)
Hotel Occupancy Tax
Subordinate Lien Revenue Refunding Bonds, Series 2012
(Convention Center/Waller Creek Venue Project)

BOND PURCHASE AGREEMENT

March 1, 2012

The Honorable Mayor and Members
of the City Council
City of Austin, Texas
700 Lavaca, Suite 1510
Austin, Texas 78701

Ladies and Gentlemen:

The undersigned, Estrada Hinojosa & Company, Inc. (the "Representative"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "Underwriters"), and not acting as a fiduciary or agent for the City of Austin, Texas (the "Issuer"), offers to enter into this Bond Purchase Agreement (the "Agreement") with the Issuer with respect to its \$20,185,000 City of Austin, Texas Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (Convention Center/Waller Creek Venue Project) (the "Bonds"), which, upon acceptance of this offer by the Issuer, shall be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Austin, Texas time, on the date set out above, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. The Underwriters have authorized the Representative to execute this Agreement on their behalf. Terms used herein, unless otherwise defined, have the meanings set forth in the Ordinance or in the Official Statement (each as defined herein); provided, however, that in the event of a conflict or ambiguity in meaning, the meaning ascribed to a term in the Ordinance shall control.

1. **Purchase and Sale of the Bonds.**

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Bonds. The Issuer acknowledges that in connection with the purchase and sale of the Bonds pursuant to this Agreement and the offering of the Bonds for sale and the discussions and negotiations relating to the terms of the Bonds set forth in this Agreement: (a) the Underwriters have acted at arm's length, are acting solely as principals for

their own account and are not agents of or advisors to, and owe no fiduciary duties to, the Issuer or any other person, (b) the Underwriters' duties and obligations to the Issuer shall be limited to those contractual duties and obligations set forth in this Agreement and (c) the Underwriters may have interests that differ from those of the Issuer.

The principal amount of the Bonds to be issued, the dated date thereof, the maturities, redemption provisions (if any) and interest rates per annum are set forth in Schedule II hereto. The obligations to be refunded with the proceeds of the Bonds are set forth in Schedule III hereto (the "Refunded Obligations"). Interest on the Bonds will accrue from the date of delivery and will be payable on November 15, 2012, and each May 15 and November 15 thereafter until maturity or prior redemption. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the ordinance adopted by the Issuer's City Council on the date hereof (the "Ordinance"). In accordance with the terms of the Ordinance, the City Council authorized the Mayor or Mayor Pro Tem of the City to effect the sale of the Bonds through the execution of this Agreement, which contains the terms of the sale of the Bonds, consistent with the Ordinance.

The purchase price for the Bonds shall be \$22,377,825.72 (representing \$20,185,000 original principal amount thereof, plus a net original issue premium of \$2,289,959.30, less an underwriting discount of \$97,133.58) plus interest accrued on the Bonds to the Closing (as herein defined).

(b) **Good Faith Check.** Delivered to the Issuer herewith as a good faith deposit is a corporate check payable to the order of the Issuer in the amount of \$202,800.00. In the event the Issuer accepts this Agreement, such check shall be held by the Issuer as security for the performance of the Underwriters of their obligation to purchase, accept delivery of and pay for the Bonds under this Agreement. Such check shall be held uncashed by the Issuer until the time of Closing, at which time such check shall be returned uncashed to the Underwriters upon the purchase and delivery of the Bonds. In the event that the Issuer does not accept this Agreement, such check will be immediately returned to the Underwriters. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Underwriters. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages, and not as a penalty for such failure of the Underwriters, and for any defaults hereunder on the part of the Underwriters. Acceptance of such check by the Issuer shall constitute a full release and discharge of all claims and damages for such failure and/or any and all such defaults, and the Issuer shall have no further action for damages, specific performance or any other legal or equitable relief against the Underwriters. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Agreement shall constitute a waiver of any right the Issuer may have to additional damages from the

Underwriters. The Underwriters hereby agree not to stop payment on the check or cause payment on the check to be stopped unless the Issuer has breached any of the terms of this Agreement.

2. **Public Offering.** The Underwriters intend to make an initial public offering of all the Bonds at a price not in excess of the initial offering price or prices set forth in the Official Statement; provided, however, that the Underwriters may change such initial offering price or prices as they deem necessary in connection with the offering of the Bonds without any requirement of prior notice, and may offer and sell the Bonds to certain institutions (including dealers depositing the Bonds into investment trusts) at prices lower than those stated in the Official Statement. The Underwriters also reserve the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice. On or before Closing, the Representative shall execute an Issue Price Certificate, in a form prepared by Bond Counsel and acceptable to the Representative verifying the initial offering prices to the public.

3. **The Official Statement.**

(a) The Issuer previously has delivered copies of the Preliminary Official Statement dated February 23, 2012 (the "Preliminary Official Statement"), to the Underwriters in a "designated electronic format," as defined in the Municipal Securities Rulemaking Board's ("MSRB") Rule G-32 ("Rule G-32"). The Issuer will prepare or cause to be prepared a final Official Statement relating to the Bonds, which will be (1) dated the date of this Agreement, (2) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "Rule"), (3) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof with only such changes as have been approved in advance by the Underwriters and (4) in both a "designated electronic format" consistent with the requirements of Rule G-32 and in a printed format. Such final Official Statement, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "Official Statement." Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities of the Preliminary Official Statement (which may be in electronic format, as described above) as the Underwriters reasonably deem necessary to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was "deemed final" by the Issuer as of its date for purposes of the Rule, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer represents that it has reviewed and approved the information in the Official Statement and the Issuer hereby authorizes the distribution and use of the Official

Statement, and the information therein contained, by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer ratifies and consents to the distribution and use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriters shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement or the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Underwriters, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriters), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any representation, warranty or covenant made herein, or any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC") or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriters shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(e) Unless otherwise notified in writing by the Underwriters, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

(f) To the knowledge and belief of the Issuer, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account or person that is material to an evaluation of the offering of the Bonds. The Underwriters agree to timely file the Official Statement with the MSRB. Except as otherwise provided in the Official Statement, during the last five years the Issuer has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

4. **Representations, Warranties and Covenants of the Issuer.** The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a duly incorporated home rule city, created, operating and existing under the Constitution and general laws of the State of Texas (the “State”) and its home rule charter. The Issuer has full legal right, power and authority under its home rule charter, and the Constitution and general laws of the State, including Chapter 1207, Texas Government Code, as amended (the “Act”), and at the date of the Closing will have full legal right, power and authority under the Act and the Ordinance (i) to enter into, execute and deliver this Agreement, the Ordinance (which contains the Undertaking defined in Section 6(j)(3) hereof) and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Ordinance, the Escrow Agreement (as hereinafter defined) and the Undertaking and the other documents referred to in this clause are hereinafter referred to as the “Issuer Documents”); (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein; and (iii) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and at the Closing will be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions.

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds on the terms set forth herein; (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents; (iii) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement for use by the Underwriters in connection with the public offering of the Bonds; and (iv) the consummation by it of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to and consummate the transactions described herein and in the Official Statement.

(c) This Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights; the other Issuer Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency,

reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Ordinance.

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or documents relating to the Bonds or other instrument relating to the Pledged Revenues to which the Issuer is a party, and no event which would have a material and adverse effect upon the business or financial condition of the Issuer has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, administrative regulation, judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Issuer Documents, the issuance of the Bonds or the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for the approval of the Bonds by the Attorney General of the State of Texas and the registration of the Bonds by the Comptroller of Public Accounts of the State of Texas and such approvals, consents and orders as may be required under the Blue Sky or securities laws if any jurisdiction in connection with the offering and sale of the Bonds.

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "DESCRIPTION OF THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCING" and the Undertaking conforms to the description thereof contained in the Official Statement under the subcaption "CONTINUING DISCLOSURE OF INFORMATION."

(g) Except to the extent disclosed in the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices; (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Pledged Revenues pledged to the payment of principal of and interest on the Bonds pursuant to the Ordinance; (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents; (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes; (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto; or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents; provided, however, that for all purposes of this Agreement, including, without limitation, for purposes of subparagraphs (h), (i) and (j) below, and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of DTC or its book-entry-only system.

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(k) The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request at no expense to the Issuer, (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(m) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, the Issuer will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer.

(n) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or take any action to incur any material liabilities (except in the ordinary course of business), direct or contingent, payable from or secured by the Pledged Revenues described in the Ordinance without the prior approval of the Underwriters, such approval not to be unreasonably withheld.

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

(p) The Issuer covenants that between the date hereof and the Closing it will take no actions which will cause the representations and warranties made in this Section to be untrue as of Closing.

(q) The Issuer, to the extent heretofore requested by the Representative, has delivered to the Representative true, correct, complete and legible copies of all information, applications, reports or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds and, in each instance, true, correct, complete and legible copies of all correspondence or other communications relating, directly or indirectly, thereto.

5. **Closing.** At 10:00 a.m., Austin, Texas time, on March 22, 2012, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriters, the Issuer, subject to the terms and conditions hereof, will deliver to the Underwriters the initial Bonds registered in the name of the Underwriters, in temporary form, together with the other

documents hereinafter mentioned, and will have available for immediate exchange definitive Bonds duly executed and authenticated in the form and manner described below, and the Underwriters, subject to the terms and conditions hereof, will accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, in immediately available funds by federal funds wire transfer to or for the account of the Issuer (such events being referred to herein as the "Closing"). Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Underwriters.

Delivery of the Bonds in definitive form shall be made through the facilities of DTC's book-entry-only system. The definitive Bonds shall be delivered in fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds and registered in the name of Cede & Co., as nominee of DTC, all as provided in the Ordinance, and shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection. Unless otherwise agreed to by the Underwriters, the Bonds will be delivered under DTC's FAST delivery system.

6. **Closing Conditions.** The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer maintained herein, and in reliance upon the accuracy of the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriters, unless waived in writing by the Representative on behalf of the Underwriters:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing.

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall have been duly executed, delivered and authenticated, as applicable, shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall have been duly executed and delivered and shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriters; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriters to deliver their respective opinions referred to hereafter.

(d) At the time of the Closing, all official actions of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented.

(e) At or prior to the Closing, the Ordinance shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds.

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that, in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement.

(g) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money.

(h) No suit, action, investigation or legal or administrative proceeding shall be threatened or pending before any court or governmental agency which is likely to result in the restraint, prohibition or the obtaining of damages or other relief in connection with the issuance of the Bonds or the consummation of the transactions described herein, or which, in the reasonable judgment of the Representative, would have a materially adverse effect on the transactions described herein.

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative, Bond Counsel and Counsel to the Representative.

(j) At or prior to the Closing, the Representative shall have received one copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, in (i) a “designated electronic format” that meets the requirements of Rule G-32 and (ii) in a printed format;

(2) The Ordinance certified by the City Clerk under the Issuer’s seal as having been duly adopted by the Issuer and as being in effect, with such supplements or amendments as may have been agreed to by the Underwriters;

(3) The Continuing Disclosure Undertaking (the “Undertaking”) of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule, which Undertaking is included in the Ordinance;

(4) A copy of an opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of the State of Texas approving the Bonds as required

by law and a copy of the registration certificate of the Comptroller of Public Accounts of the State of Texas;

(5) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement;

(6) A supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Issuer has duly adopted and enacted the Ordinance, and the Ordinance is in full force and effect;

(ii) the Bonds are exempt securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(iii) said firm has reviewed the statements and information contained under the headings "PLAN OF FINANCING," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS"(except for the information under the subheading "Historical Hotel Occupancy Tax Receipts"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subheading "Compliance with Prior Undertakings"), "OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds," "OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER RELEVANT INFORMATION – Legal Opinions," and "APPENDIX D – Form of Bond Counsel's Opinion" and is of the opinion that the information relating to the Bonds and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Ordinance;

(7) An opinion of Counsel to the Underwriters, dated as of the date of the Closing, and addressed to the Underwriters, in a form acceptable to the Underwriters;

(8) A certificate, dated the date of Closing, signed by the Issuer's Chief Financial Officer or Treasurer to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except to the extent disclosed in the Official Statement, no litigation, action, suit or proceeding or tax challenge against it is pending or, to their knowledge, threatened in any court or administrative body which would (a) contest the right of the members of the City Council or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the

Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting Pledged Revenues, pursuant to the Ordinance, and other income to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the official actions of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed; (iv) to their knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2011, the latest date as of which audited financial information is available;

(9) A certificate of an appropriate official of the Issuer in form and substance satisfactory to Bond Counsel and Counsel to the Underwriters setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of Sections 148 and 141, respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code;

(10) Evidence in a form acceptable to the Underwriters that Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and Moody's Investors Service have assigned ratings of "AA-" and "Aa3," respectively, based upon the bond insurance policy, to the Bonds, and that all such ratings are in effect as of the date of Closing;

(11) A copy of the municipal bond insurance policy with respect to the Bonds, if purchased;

(12) A fully executed copy of the Escrow Agreement (the "Escrow Agreement") executed by the Issuer and Deutsche Bank, New York, New York (the "Escrow Agent"), which (together with any other appropriate documentation) evidences that all Securities and cash required to be deposited with the Escrow Agent on the Closing Date have been purchased by or delivered to the Escrow Agent, all as described in the Official Statement, together with a certificate, dated as of the Closing Date, executed by an appropriate official of the Escrow Agent, to the effect that the Escrow Agreement has been duly authorized, executed and entered into by the Escrow Agent;

(13) Evidence in a form acceptable to the Underwriters from The Arbitrage Group, Inc. verifying the mathematical accuracy of the schedules that demonstrate that the Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal and interest on the Refunded Obligations; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriters, Bond Counsel or Counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Underwriters.

The Underwriters acknowledge receipt of a copy of the Ordinance, and have reviewed the Undertaking set forth in the Ordinance.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the obligation of the Issuer to return the good faith check to the Underwriters as described in Section 1 and the respective obligations of the Issuer and the Underwriters set forth in Sections 4, 8 and 10 hereof shall continue in full force and effect.

7. **Termination.** The Underwriters shall have the right to cancel their obligation to purchase the Bonds and terminate this Agreement if, between the date of this Agreement and the Closing, in the reasonable judgment of the Representative, any of the following events (each a "Termination Event") occur:

(a) the market price or marketability of the Bonds shall be materially adversely affected by any of the following events:

(1) a general suspension of trading in securities on the New York Stock Exchange, the American Stock Exchange or any other major exchange, the establishment of minimum or maximum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York or State of Texas officials authorized to do so;

(2) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(3) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds;

(4) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur;

(5) there shall have occurred any (i) new outbreak of hostilities (including, without limitation, an act of terrorism) or (ii) new other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof and the effect of any such event on the financial markets of the United States, shall be such as would make it impracticable, in the reasonable judgment of the Representative, for the Underwriters to sell the Bonds on the terms and in the manner contemplated by the Official Statement;

(6) any fact or event shall exist or have existed that, in the Underwriters' reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(7) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked by the Issuer to furnish a rating on the Bonds) on any of the Issuer's debt obligations that are secured in a like manner as the Bonds, which action reflects a downgrade or possible downgrade, in the ratings accorded any such obligations of the Issuer (including any rating to be accorded the Bonds);

(8) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission and such prohibition shall occur subsequent to the date hereof and is not the result of the malfeasance, misfeasance or nonfeasance of the Underwriters;

(b) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of ownership of the Bonds described herein;

(c) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), no-action letter or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the federal securities laws, including the 1933 Act, or that the Ordinance or any document relating to the issuance, offering or sale of the Bonds, is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or by the Official Statement or otherwise, is or would be in violation of any federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 and the Trust Indenture Act, as amended and then in effect;

(d) any state blue sky or securities commission or other governmental agency or body in a state in which fifteen percent (15%) or more of the Bonds have been sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(e) any amendment to the federal or Texas Constitution or action by any federal or state court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon) or the validity or enforceability of the assessments or the levy of taxes to pay principal of and interest on the Bonds.

With respect to the conditions described in subsections (a)(2) and (a)(8) above, the Underwriters are not aware of any current, pending or proposed law or government inquiry or investigation as of the date of the execution of this Agreement which would permit the Underwriters to invoke their termination rights hereunder.

Upon the occurrence of a Termination Event and the subsequent termination of this Agreement by the Underwriters, all obligations of the Issuer and the Underwriters under this

Agreement shall terminate, without further liability, except that the Issuer and the Underwriters shall pay their respective expenses as set forth in Section 8 hereof.

8. **Expenses.**

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the costs of obtaining credit ratings and any municipal bond guaranty insurance policy; (iii) the fees and disbursements of Bond Counsel and the Financial Advisor to the Issuer; (iv) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar and the Escrow Agent; (vii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (viii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and trustees of the Issuer; and (ix) any other expenses mutually agreed to by the Issuer and the Underwriters to be reasonably considered expenses of the Issuer which are incident to the transaction contemplated hereby.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement and the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the City of Austin, Texas, 700 Lavaca, Suite 940, Austin, Texas 78701, Attention: Treasurer, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Estrada Hinojosa & Company, Inc., 100 Congress Avenue, 20th Floor, Austin, Texas 78701, Attention: Paul Jack.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations and warranties contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any Constitution, statute, rule of public policy or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. **No Personal Liability.** None of the members of the City Council, nor any officer, agent or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of the Agreement.

[Remainder of page left blank intentionally]

If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

ESTRADA HINOJOSA & COMPANY,
INC., as Representative of the Underwriters

By: _____

Name: _____

Title: _____

APPROVED AND ACCEPTED AS OF THE DATE HEREOF at _____ .m.:

CITY OF AUSTIN, TEXAS

By: _____

Name: _____

Title: _____

SCHEDULE I
UNDERWRITERS

Estrada Hinojosa & Company, Inc.
RBC Capital Markets LLC

SCHEDULE II

\$20,185,000

City of Austin, Texas

Hotel Occupancy Tax

Subordinate Lien Revenue Refunding Bonds, Series 2012
(Convention Center/Waller Creek Venue Project)

Dated Date: Date of Delivery
(Interest to accrue from Dated Date)

<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP No.</u>
2012	\$ 340,000	2.000%	0.400%	052422 DV1
2013	480,000	2.000	0.750	052422 DW9
2014	490,000	2.000	1.000	052422 DX7
2015	930,000	2.000	1.250	052422 DY5
2016	950,000	2.500	1.370	052422 DZ2
2017	975,000	2.500	1.660	052422 EA6
2018	1,010,000	5.000	2.070	052422 EB4
2019	1,065,000	5.000	2.420	052422 EC2
2020	1,115,000	5.000	2.690	052422 ED0
2021 ^(a)	1,170,000	5.000	2.860	052422 EE8
2022 ^(a)	1,230,000	5.000	3.010	052422 EF5
2023 ^(a)	1,285,000	5.000	3.110	052422 EG3
2024 ^(a)	1,350,000	5.000	3.210	052422 EH1
2025 ^(a)	1,420,000	5.000	3.280	052422 EJ7
2026 ^(a)	1,485,000	5.000	3.370	052422 EK4
2027 ^(a)	1,560,000	5.000	3.460	052422 EL2
2028 ^(a)	1,630,000	5.000	3.550	052422 EM0
2029 ^(a)	1,700,000	3.625	3.730	052422 EN8

- (a) The Bonds scheduled to mature on or after November 15, 2022, are subject to redemption, at the option of the City, in whole or in part, on November 15, 2021, or any date thereafter, at the par value thereof, plus accrued interest thereon to the date of redemption.

SCHEDULE III

REFUNDED OBLIGATIONS

**City of Austin, Texas Convention Center/
Waller Creek Venue Project Revenue Bonds,
Series 1999A**

Issue Date: July 28, 1999

<u>Year of Maturity</u>	<u>Bond Type</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Price</u>
2012	Serial	5.150%	\$ 690,000	100%
2019	Term	5.250	6,010,000	100
2029	Term	5.500	13,475,000	100

Exhibit C
Escrow Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), dated and made effective as of March 1, 2012, by and between the City of Austin, a governmental agency, body politic and corporate and political subdivision of the State of Texas in Travis, Williamson and Hays Counties, Texas (the "City"), and Deutsche Bank National Trust Company, a banking corporation organized and existing under the laws of the United States of America, or its successors (the "Bank")

W I T N E S S E T H :

WHEREAS, the City has heretofore issued, sold, and delivered, and there is currently outstanding obligations totaling in the principal amount of \$20,175,000 of the following issue or series (hereinafter referred to as the "Refunded Bonds"), to wit: City of Austin, Texas, Convention Center/Waller Creek Venue Project Bonds, Series 1999A, dated June 15, 1999, scheduled to mature on November 15 in each of the years 2012, 2019 and 2029; and

WHEREAS, in accordance with the provisions of V.T.C.A., Government Code, Chapter 1207 (the "Act"), the City is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with the place of payment for the obligations being refunded, or other authorized depository, and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

WHEREAS, the City on the 1st day of March, 2012, pursuant to an ordinance (the "Ordinance") finally passed and adopted by the City Council, authorized the issuance of bonds known as "City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (Convention Center/Waller Creek Venue Project)" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Bonds pursuant to the Ordinance; and

WHEREAS, proceeds of sale of the Bonds, together with available funds from the City, are to be deposited with the Bank under this Agreement, which deposit of funds will be sufficient to pay and redeem in full the Refunded Bonds on April 24, 2012 (the "Payment Date");

NOW, THEREFORE, in consideration of the mutual agreements herein contained and the payment to the Bank of the amounts provided in Section 9 hereof, and to secure the payment of the principal of and the interest on the Refunded Bonds, the City and the Bank hereby agree as follows:

SECTION 1: Escrow Fund Creation/Funding. There is hereby created by the City with the Bank a special segregated and irrevocable trust fund designated "SPECIAL 2012 CITY OF AUSTIN, TEXAS, HOTEL OCCUPANCY TAX/CONVENTION CENTER/WALLER CREEK VENUE PROJECT REFUNDING BOND ESCROW FUND" (hereinafter called the "Escrow Fund") for the benefit of the holders of the Refunded Bonds, and, immediately following the delivery of the Bonds, the City agrees and covenants to cause to be deposited with the Bank for the credit of the Escrow Fund the sum of \$20,657,381.71.

The Bank agrees to establish such Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash deposited and credited to the Escrow Fund for application and disbursement for the payment and redemption of the Refunded Bonds on the Payment Date.

SECTION 2: Escrow Fund Sufficiency. The City represents that the amount deposited to the credit of the Escrow Fund will be sufficient to pay and redeem in full all the Refunded Bonds on the Payment Date by reason of redemption.

SECTION 3: Pledge of Escrow. The Bank agrees that all funds and/or investments held in the Escrow Fund shall constitute dedicated interest and sinking funds for the payment of the principal of and interest on the Refunded Bonds which will mature and become due on and after the date of this Agreement, and such funds deposited to the credit of the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds shall not be subject to checks or drafts drawn by the City.

SECTION 4: Escrow Insufficiency-City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to pay the redemption price of the Refunded Bonds on The Payment Date , the City shall timely deposit to the credit of the Escrow Fund, from lawfully available funds, additional funds in the amounts required to make such payment. Notice of any such insufficiency shall be immediately given by the Bank to the City by the fastest means possible, but the Bank shall in no manner be responsible for the City's failure to make such deposit.

SECTION 5: Firm Banking Arrangements-Collateralization. The Bank represents that the deposit covered by this Agreement shall constitute firm banking arrangements to insure payment of the Refunded Bonds, and, to the extent such deposit is subject to any loss or diminution by virtue of any action of the Bank or as a result of its lack of financial integrity, funds deposited to the credit of the Escrow Fund shall be collateralized by a pledge of direct obligations of the United States of America, in the par or face amount equal to the amount on deposit in such Account and not otherwise covered by the Federal Deposit Insurance Corporation.

SECTION 6: Withdrawal of Funds. The Bank shall, without further direction from anyone, including the City, cause to be withdrawn from the Escrow Fund the amount required to pay the principal and accrued interest on the Refunded Bonds due and payable on the Payment Date and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Bonds to be paid with such amount. The paying agent for the Refunded Bonds is The Bank of New York Mellon Trust Company, N.A.. The Bank does not act as a depository of the City.

SECTION 7: Absence of Claim/Lien on Escrow Fund. The Bank shall have no lien whatsoever upon any of the moneys deposited to the credit of the Escrow Fund for payment of services rendered hereunder, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 8: Investment of Moneys on Deposit in Escrow Fund. Pending the disbursement of moneys held in the Escrow Fund, amounts deposited to the credit of the Escrow Fund may be invested at the direction of the City in direct obligations of the United States of America which mature on or before the Payment Date and are not subject to prior redemption. Absent written instructions from the City the funds in the Escrow Fund will remain uninvested. All earnings realized from the investment of such funds will be immediately remitted to the City following the receipt thereof by the Bank. No investment of funds deposited to the credit of the Escrow Fund shall be made on or after the Payment Date. Except as authorized and permitted in this Section, neither the City nor the Bank shall invest any moneys deposited in the Escrow Fund.

SECTION 9: Escrow Agent's Compensation-Paying Agent/Registrar Charges. Except for reimbursement of costs and expenses incurred by the Bank pursuant to Section 2 hereof, the Bank hereby agrees the compensation noted below is full and complete payment for the administration of this Agreement.

The City agrees to deposit with the Bank on the date of the delivery of the Bonds the sum of \$95.00, and the Bank acknowledges and agrees that the above amount is and represents the total amount of compensation due the Bank for services rendered as escrow agent for the Refunded Bonds. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Bonds.

The City also agrees to deposit with the Bank, the sum of \$300.00, which represents the total charge due the paying agent for the Refunded Bonds and the City acknowledges and agrees that such amount is and represents the total amount of compensation due The Bank of New York Mellon Trust Company, N.A. for services rendered as paying agent for the Refunded Bonds. Furthermore, the Bank agrees to transmit to the paying agent for the Refunded Bonds the amount included in such deposit for paying agent services to be rendered for the Refunded Bonds in accordance with the City's instructions.

SECTION 10: Escrow Agent's Duties/Responsibilities/Liability. The Bank shall not be responsible for any recital herein, except with respect to its organization, its powers and authority and to the safety and security of the deposit of funds to be made by the City hereunder. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Bank shall be entitled to rely upon a certificate signed on behalf of the City by its City Clerk as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the City Clerk under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or

opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of the deposits made pursuant to this Agreement, or for the form or execution thereof, or for the identity or authority of any person making or executing such deposits.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer", when used with respect to the Bank, means the officer in the corporate trust department of the Bank having direct responsibility for administration of this Agreement..

SECTION 11: Interpleader. This Agreement is between the City and the Bank only and in connection therewith the Bank is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to this City's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duty of the Bank hereunder shall only be to the City and the holders of the Refunded Bonds. In the event conflicting demands or notices are made upon the Bank growing out of or relating to this Agreement or the Bank in good faith is in doubt as to what action should be taken hereunder, the Bank shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to

interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the City, to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in the City of Jersey City, New Jersey.

The Bank may advise with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Bank, no liability shall be incurred by the Bank for any action taken pursuant to this Section and the Bank shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion or with respect to the instructions given.

SECTION 12: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 13: Accounting-Reports. Following the Payment Date, the Bank shall forward by letter to the City, to the attention of the City Treasurer, or other designated official of the City, a final accounting statement with respect to the payment and discharge of the Refunded Bonds.

SECTION 14: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given upon receipt when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF AUSTIN, TEXAS

700 Lavaca, Suite 940
Austin, Texas 78701

Attention: City Treasurer

DEUTSCHE BANK NATIONAL TRUST COMPANY

100 Plaza One, 6th Floor
Jersey City, New Jersey 07311

Attention: Global Transaction Banking

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 15: Performance Dates. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Bonds, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Bonds, need not be made on such date but may performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 16: Warranty of Parties Re; Power to Execute and Delivery Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Bond as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Bonds shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Bonds as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Bonds and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

SECTION 17: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed

should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 18: Termination. This Agreement shall terminate either (i) when the Refunded Bonds and coupons appertaining thereto have been paid and discharged in accordance with the provisions of this Agreement or (ii) at the expiration of three (3) years after the Payment Date, whichever circumstance shall first occur. Subject to applicable unclaimed property laws of the State, moneys held in the Escrow Fund at the termination of this Agreement shall be remitted and transferred to the City.

SECTION 19: Assignment. Neither the City nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 20: Successors/Assigns. This Agreement shall inure to the benefit of and be binding upon the Bank and the City and their respective successors.

(a) Should the Bank not be able to legally serve or perform the duties and obligations under this Agreement, or should the Bank be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Bank's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Bank, and upon being notified of such appointment, the Bank shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Bonds, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within ninety (90) days from the date the City discovers, or is notified of, the event or circumstance causing the Bank's inability or disqualification to serve hereunder, the Bank, or a bondholder of the Refunded Bonds, may apply, at the expense of the City, to a court of competent jurisdiction to appoint a successor or assigns of the Bank and such court, upon determining the Bank is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsibilities for the Refunded Bonds.

(b) Furthermore, the Bank may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Bank under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Bonds due the Bank.

Any successor to the Bank shall be a bank, trust company or other financial institution that is duly qualified under applicable law (the Act, or other appropriate statute) to serve as escrow agent hereunder and authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Bank shall execute, acknowledge and deliver to the City and the Bank, or its successor or assigns, an instrument accepting such appointment hereunder, and the Bank shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Bank, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Bank all such rights, powers and duties. The term "Bank" as used herein shall be the Bank and its legal assigns and successor hereunder.

SECTION 21: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 22: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 23: Governing Law. This Agreement shall be governed by the laws of the State of Texas.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement
as of the day and year first above written.

CITY OF AUSTIN, TEXAS

LEE LEFFINGWELL, Mayor

Attest:

SHIRLEY A. GENTRY
City Clerk

(City Seal)

Deutsche Bank National Trust Company,
as escrow agent

Title: _____

Title: _____

ATTEST:

Title: _____

Exhibit D

NOTICE OF REDEMPTION
CITY OF AUSTIN, TEXAS, CONVENTION CENTER/
WALLER CREEK VENUE PROJECT REVENUE BONDS
SERIES 1999A
DATED JUNE 15, 1999

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on and after November 15, 2012, and aggregating in principal amount \$20,175,000 have been called for redemption on April 24, 2012 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>CUSIP Number</u>
2012	\$ 690,000	
2019	\$ 6,010,000	
2029	\$13,475,000	

THE ABOVE DESCRIBED BONDS shall become due and payable on April 24, 2012 and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender of such bonds to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (successor paying agent/registrar to The Bank of New York) at its designated offices at the following addresses:

<u>First Class/ Registered/Certified</u>	<u>Express Delivery Only</u>	<u>By Hand Only</u>
The Bank of New York Mellon Trust Company, N.A. Global Corporate Trust P. O. Box 396 East Syracuse, New York 13057	The Bank of New York Mellon Trust Company, N.A. Global Corporate Trust 111 Sanders Creek Parkway East Syracuse, New York 13057	The Bank of New York Mellon Trust Company, N.A. Global Corporate Trust Corporate Trust Window 101 Barclay Street, 1 st Floor East New York, New York 10286

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Council of the City of Austin, Texas.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.
Address: 2001 Bryan Street, 11th Fl.
Dallas, Texas 75201

Exhibit E
to
Ordinance

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION AND
OPERATING DATA

Information and Data

The following information and data with respect to the City referred to in Section 39 of this Ordinance are the quantitative financial information and operating data specified and included in the Appendix or under the headings of the Official Statement referred to below:

1. The financial information and operating data with respect the City's Hotel Occupancy Taxes presented in the table regarding hotel occupancy tax collections under "SECURITY FOR THE BONDS-Historical Hotel Occupancy Tax Receipts".
2. The financial statements of the City appended to the Official Statement as Appendix B for the most recently concluded fiscal year.

Accounting Principles

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