ORDINANCE NO. 20120823-083

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS, PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2012; AND APPROVING RELATED DOCUMENTS

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

PART 1. FINDINGS.

The Act authorizes the City to execute, perform and make payments under contracts with any person for the use, acquisition, purchase or financing of personal property as described in the Act; and

The Act permits the governing body of the Issuer to execute contracts in any form deemed appropriate by the governing body in connection with the use, acquisition, purchase or financing of personal property; and

The governing body of the Issuer desires to acquire, purchase or finance personal property as described in Schedule I, or such other personal property, appliances, equipment, facilities, furnishings or interests therein, whether movable or fixed, deemed by the governing body of the Issuer to be necessary, useful and/or appropriate for the purposes of the Issuer (Property); and

The governing body of the Issuer deems it appropriate to adopt this Ordinance and issue the "Contractual Obligations" authorized by the Act.

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

PART 2. DEFINITIONS.

The terms used in this Ordinance have the following meanings:

"Act" means the Public Property Finance Act, Sec. 271.001, et seq., Subchapter A, Local Government Code.

"Authentication Certificate" means the Paying Agent/Registrar's Authentication Certificate, in the form identified in the Form of Obligation.

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

"Business Day" means a day other than a Saturday, a Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the

City or the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located.

"City" means the City of Austin, Texas.

"Code" means the Internal Revenue Code of 1986.

"Council" means the City Council of the City.

"Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

"Defeased Obligation" means any Obligation and the interest on the Obligation that is considered to be paid, retired and no longer outstanding under the terms of this Ordinance, specifically PART 17 of this Ordinance.

"Designated Payment/Transfer Office" means the office of the Paying Agent/Registrar identified by the Paying Agent/Registrar as its Designated Payment/Transfer Office for the purpose of discharging its duties under this Ordinance.

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

"Event of Default" has the meaning described in PART 18 of this Ordinance.

"Future Escrow Agreement" means an escrow agreement or other similar instrument with respect to Defeased Obligations.

"Interest and Sinking Fund" means the City of Austin, Texas, Series 2012 Public Property Finance Contractual Obligations Interest and Sinking Fund established in PART 9 of this Ordinance.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligations" means the obligations of the City to be called "City of Austin, Texas Public Property Finance Contractual Obligations, Series 2012."

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

"Paying Agent/Registrar Agreement" means the agreement between the City and the Paying Agent/Registrar with respect to the Obligations in the form approved by the City Manager of the City, and any successor agreement.

"Property" has the meaning described in PART 1 of this Ordinance.

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

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

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

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

"Rule" means SEC Rule 15c2-12.

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

PART 3. OBLIGATIONS TO BE SOLD.

The Obligations shall be issued in accordance with the Constitution, laws of the State of Texas, and the Charter of the City, in the aggregate principal amount set forth in Schedule II to pay all or a portion of the City's contractual obligations to be incurred with the acquisition, purchase or financing of the Property, in accordance with the provisions of the Act.

PART 4. MATURITY SCHEDULE.

The Obligations shall be dated as of September 1, 2012, shall be in Authorized Denominations, shall be numbered consecutively from R-1 upward, and shall mature on the maturity date(s), in each of the years, and in the amounts, respectively, as set forth in Schedule II.

PART 5. REDEMPTION PROVISIONS.

The Obligations are not subject to redemption prior to maturity.

PART 6. INTEREST.

The Obligations shall bear interest at the rates per annum set forth in Schedule II. The interest shall be payable to the Registered Owner of any Obligation in the manner provided and on the dates stated in the Form of Obligation. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

PART 7. ADDITIONAL CHARACTERISTICS OF THE OBLIGATIONS.

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

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

(c) The City appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of, premium, if any, and interest on, the Obligations, and to act as its

agent to exchange or replace Obligations, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Obligations, and of all exchanges and replacements, as provided in this Ordinance.

(d) Each Obligation may be exchanged for fully registered obligations as set forth in this Ordinance. Each Obligation issued and delivered pursuant to this Ordinance may, upon surrender at the Designated Payment/Transfer Office, together with a written request duly executed by the Registered Owner or its assignee or assignees, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the Registered Owner or its assignee or assignees, as appropriate, be exchanged for fully registered obligations, without interest coupons, in the form prescribed in the Form of Obligation, in any Authorized Denomination (subject to the requirement stated below that each substitute Obligation shall have a single stated maturity date), as requested in writing by the Registered Owner or its assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Obligation or Obligations so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees. If a portion of any Obligation is assigned and transferred, each Obligation issued in exchange shall have the same maturity date and bear interest at the same rate as the Obligation for which it is being exchanged. Each substitute Obligation shall bear a letter and/or number to distinguish it from each other Obligation. The Paying Agent/Registrar shall exchange or replace Obligations as provided in this Ordinance, and each fully registered Obligation delivered in exchange for or replacement of any Obligation or portion of an Obligation as permitted or required by any provision of this Ordinance shall constitute one of the Obligations for all purposes of this Ordinance, and may again be exchanged or replaced. Any Obligation delivered in exchange for or replacement of another Obligation before the first scheduled interest payment date on the Obligations (as stated on the face of the Obligation) shall be dated the same date, but each substitute Obligation delivered on or after the first scheduled interest payment date shall be dated the interest payment date preceding the date on which the substitute Obligation is delivered, unless the substitute Obligation is delivered on an interest payment date, in which case it shall be dated as of the date of delivery; however, if at the time of delivery of any substitute Obligation the interest on the Obligation for which it is being exchanged has not been paid, then the substitute Obligation shall be dated the date to which interest has been paid in full. On each substitute Obligation issued in exchange for or replacement of any Obligation issued under this Ordinance there shall be printed on the Obligation the Authentication Certificate. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any substitute Obligation, date the substitute Obligation in the manner set forth above, and manually sign and date the Authentication Certificate, and no substitute Obligation shall be considered to be issued or outstanding unless the Authentication Certificate is executed. The Paying Agent/Registrar promptly shall cancel all Obligations

surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by Council or any other body or person to accomplish the exchange or replacement of any Obligation, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Obligations in the manner prescribed in this Ordinance. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Obligation is imposed on the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Obligations which originally were delivered pursuant to this Ordinance, approved by the Texas Attorney General, and registered by the Texas Comptroller of Public Accounts.

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

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

(g) The City Manager is hereby authorized to execute and deliver the Paying Agent/Registrar Agreement. The City covenants with the Registered Owners of the Obligations that at all times while the Obligations are outstanding the City will provide a competent and legally qualified bank, trust company, or other entity duly qualified and

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

PART 8. FORM OF OBLIGATIONS.

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

PART 9. LEVY OF TAX; INTEREST AND SINKING FUND.

(a) The Interest and Sinking Fund is created and it shall be established and maintained at an official depository of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Obligations. All ad valorem taxes levied and collected for and on account of the Obligations shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any Obligation is outstanding and unpaid, Council shall compute and ascertain the rate and

amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Obligations as the interest comes due, and to provide a sinking fund to pay the principal of the Obligations as the principal matures, but never less than 2% of the outstanding principal amount of the Obligations as a sinking fund each year. The rate and amount of ad valorem tax needed to fund this obligation is ordered to be levied against all taxable property in the City for each year while any Obligation is outstanding and unpaid, and the ad valorem tax shall be assessed and collected each year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and principal of the Obligations, as the interest comes due, and the principal matures as provided in the Form of Obligation, are pledged for this purpose, within the limit set by law. The City appropriates from current funds on hand, and directs the transfer for deposit into the Interest and Sinking Fund moneys as may be necessary to pay the interest payments on the Obligations scheduled to occur on May 1, 2013. Money in the Interest and Sinking Fund, at the option of the City, may be invested in the securities or obligations as permitted under applicable law and the City's investment policy. Any securities or obligations in which money is invested shall be kept and held in trust for the benefit of the owners of the Obligations and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund. Interest and income derived from the investment of money in the Interest and Sinking Fund shall be credited to the Interest and Sinking Fund.

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

PART 10. DAMAGED, LOST, STOLEN OR DESTROYED OBLIGATIONS.

(a) In the event any outstanding Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered a new obligation of the same principal amount, maturity, and interest rate as the damaged, mutilated, lost, stolen, or destroyed Obligation in replacement for the Obligation in the manner provided in this Ordinance.

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

(c) Notwithstanding provisions 10(a) and (b), in the event any Obligation shall have matured, and there is no continuing default in the payment of the principal of, premium, if any, or interest on the Obligation, the City may authorize its payment (without surrender except in the case of a damaged or mutilated Obligation) instead of issuing a replacement Obligation, provided security or indemnity is furnished as above provided in this PART.

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

(e) In accordance with Chapter 1206, Texas Government Code, this PART constitutes authority for the issuance of any such replacement Obligation without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of the Obligations is authorized and imposed on the Paying Agent/Registrar, subject to the conditions imposed by this PART, and the Paying Agent/Registrar shall authenticate and deliver the Obligations in the form and manner and with the effect, as provided in PART 7(d) of this Ordinance for Obligations issued in exchange for other Obligations.

PART 11. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL.

The Mayor, or his designee, is authorized to have control of the Obligations and all necessary records and proceedings pertaining to the Obligations pending their delivery and their investigation, examination and approval by the Texas Attorney General, and

their registration by the Texas Comptroller of Public Accounts. Upon registration of the Obligations, the Comptroller (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Obligations, and the seal of the Comptroller shall be impressed, or placed in facsimile, on each certificate. After registration by the Comptroller, delivery of the Obligations shall be made to the Purchasers, under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

PART 12. SALE OF OBLIGATIONS; USE OF PROCEEDS.

The sale of the Obligations to the Purchasers, at the Purchase Price, is approved. The Obligations were sold pursuant to the terms of a "Notice of Sale and Bidding Instructions," "Official Bid Form" and "Official Statement" and the use of these documents, a true and correct copy of each document being presented with this Ordinance, is approved. Council finds, determines and declares that the Obligations were sold to the highest bidder at terms that were the most advantageous reasonably obtained. One Obligation in the principal amount maturing on each maturity date as set out in Schedule II to this Ordinance shall be delivered to the Purchasers, and the Purchasers shall have the right to exchange such certificates as provided in PART 7 of this Ordinance without cost. Council ratifies use of the "Preliminary Official Statement" prepared in connection with the sale of the Obligations. Proceeds from the sale of the Obligations in the amount set forth in Schedule II shall be used for the purposes described in PART 3 of this Ordinance; and any accrued interest (together with a portion of the premium, if any, set forth in Schedule II) received in connection with the sale of the Obligations shall be deposited to the Interest and Sinking Fund.

PART 13. COVENANTS TO MAINTAIN TAX EXEMPT STATUS.

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

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Issue Date.

"Computation Date" has the meaning stated in section 1.148 1(b) of the Regulations.

"Gross Proceeds" has the meaning stated in section 1.148 1(b) of the Regulations.

"Investment" has the meaning stated in section 1.148 1(b) of the Regulations.

"Issue Date" for the Obligations or other obligations of the City is the respective date on which such Obligations or other obligations of the City is delivered against payment therefor.

"Net Sale Proceeds" has the meaning stated in section 1.148 1(b) of the Regulations.

"Nonpurpose Investment" has the meaning stated in section 1.148 1(b) of the Regulations.

"Proceeds" has the meaning stated in section 1.148-1(b) of the Regulations.

"Rebate Amount" has the meaning stated in section 1.148-3 of the Regulations.

"Regulations" means the temporary or final Income Tax Regulations applicable to the Obligations issued pursuant to sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to sections 141 through 150 of the Code and applicable to the Obligations.

"Yield of"

(1) any Investment shall be computed in accordance with section 1.148-5 of the Regulations, and

(2) the Obligations shall be computed in accordance with 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 Obligations 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 shall have received 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 Obligation, 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 the Obligations,

(1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Obligations and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or

(2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Obligations or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds other than taxes of general application and 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 Obligations to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (1) property acquired, constructed or improved with 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 such property 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 earlier of the final stated maturity or final payment of the Obligations, directly or indirectly invest Gross Proceeds of such Obligations in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Obligations.

(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 Obligations 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 with the Secretary of the Treasury the information required by section 149(e) of the Code with respect to the Obligations on such forms and in such place as such Secretary may prescribe.

(h) Payment of Rebate Amount. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder, the City shall:

(1) 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 such accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of the Obligations with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith.

(2) calculate the Rebate Amount with respect to the Obligations, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148 3 of the Regulations, and the rulings thereunder. The City shall maintain a copy of such calculations for at least six years after the final Computation Date.

(3) as additional consideration for the purchase of the Obligations by the initial purchaser thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder, and

(4) exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by 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 final stated maturity or final payment of the Obligations, 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 Obligations not been relevant to either party.

(j) Not Hedge Bonds. The City will not invest more than 50 percent of the Proceeds of the Obligations in Nonpurpose Investments having a guaranteed yield for

four years or more. On the Closing Date, the City will reasonably expect that at least 85 percent of the Net Sale Proceeds of the Obligations will be used to carry out the governmental purpose of such series within three years after the Closing Date.

PART 14. CONTINUING DISCLOSURE OBLIGATION.

(a) *Annual Reports.* (i) The City shall provide annually to the MSRB, within six (6) 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 Official Statement authorized by PART 12 of this Ordinance, being the information described in Exhibit B. Any financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of the financial statements is not complete within this period, then the City shall provide unaudited financial statements by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on the statements becomes available.

(ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) before the next date the City would be required to provide financial information and operating data pursuant to this PART.

The financial information and operating data to be provided pursuant to this PART may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in the format prescribed by the MSRB.

(b) *Disclosure Event Notices.* The City shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Obligations:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

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

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

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

(c) *Limitations, Disclaimers, and Amendments.*

The City shall be obligated to observe and perform the covenants named in this PART for only so long as the City remains an "obligated person" with respect to the Obligations within the meaning of the Rule, except that the City will give written notice

of any deposit made in accordance with this Ordinance, or applicable law, that causes any Obligation no longer to be outstanding.

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

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

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

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

PART an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that the provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations.

PART 15. DTC REGISTRATION.

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

Obligations. In connection with the initial establishment of the foregoing book-entry system with DTC, the City has executed a "Blanket Letter of Representations " prepared by DTC in order to implement the book-entry system described above.

PART 16. DEFEASANCE.

(a) *Defeased Obligations.* Any Obligation will be treated as a Defeased Obligation, except to the extent provided in subsection (d) of this PART, when payment of the principal of the Obligation, plus interest to the due date (whether the due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of this Ordinance, or (ii) shall have been provided for on or before the due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with a Future Escrow Agreement for the payment of the Obligation (1) lawful money of the United States of America sufficient to make the payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in the amounts and at the time as will insure the availability, without reinvestment, of sufficient money to provide for the payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Obligations shall have become due and payable. There shall be delivered to the Paying Agent/Registrar a certificate or report from a firm of certified public accountants evidencing the sufficiency of the deposit made pursuant to clause (ii) above. The Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to the City that reflects this payment does not adversely affect the exclusion under the Code of interest on the Defeased Obligations from the gross income of the holders for federal income taxation purposes. At the time as a Obligation shall be considered to be a Defeased Obligation, the Obligation and the interest on that Obligation shall no longer be secured by, payable from, or entitled to the benefits of the ad valorem taxes levied and pledged as provided in this Ordinance, and the principal and interest shall be payable solely from the money or Defeasance Securities.

(b) *Investment in Defeasance Securities.* Any funds deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as set forth in this Ordinance, and all income from these Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Obligations and interest, with respect to which money has been deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Obligations may contain provisions permitting the investment or reinvestment of the moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements described in subsections (a) (i) or (ii) of this PART. All income from the Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment

of the Defeased Obligations, with respect to which money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City. The Paying Agent/Registrar shall not be liable for any loss pertaining to an investment executed in accordance with written instructions from the City.

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

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

PART 17. DEFAULT AND REMEDIES.

(a) *Events of Default.* Each of the following occurrences or events is an Event of Default:

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

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

(b) *Remedies for Default.*

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

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

(c) *Remedies Not Exclusive.*

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

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

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

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

PART 18. OFFICIALS MAY ACT ON BEHALF OF THE CITY.

(a) The Mayor, the City Clerk, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City, or any Deputy Chief Financial Officer of the City, and all other officers, employees, and agents of the City, and each of them, shall be authorized, empowered, and directed to do and perform all acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Obligations, the offering documents prepared in connection with the sale of the Obligations, or the Paying Agent/Registrar Agreement. In case any officer whose signature appears on any Obligation shall stop being the officer before the delivery of the Obligation, the signature shall nevertheless be valid and sufficient for all purposes if he or she had remained in office until the delivery.

(b) The Mayor and Mayor Pro Tem are each hereby authorized to make or approve such revisions, additions, deletions, and variations to this Ordinance that, in their judgment and in the opinion of Bond Counsel to the City, may be necessary or convenient to carry out or assist in carrying out the purposes of this Ordinance, the Paying Agent/Registrar Agreement, the Preliminary Official Statement and the final Official Statement or as may be required for approval of the Obligations by the Attorney General of Texas.

PART 19. RULES OF CONSTRUCTION.

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

PART 20. CONFLICTING ORDINANCES REPEALED.

All ordinances and resolutions or parts in conflict with this Ordinance are repealed.

PART 21. IMMEDIATE EFFECT.

In accordance with the provisions of Section 1201.028, Texas Government Code, this Ordinance is effective immediately upon its adoption by Council.

[The rest of this page is intentionally left blank.]

PASSED AND APPROVED AND EFFECTIVE August 23, 2012.

Lee Leffingwell, Mayor,
City of Austin, Texas

ATTEST:

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

(SEAL)

APPROVED:

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

EXHIBIT A

Form of Obligation

NO. R-__[1] $_____

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF AUSTIN, TEXAS
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION,
SERIES 2012

Maturity Date[2]	Interest Rate[2]	Dated Date	CUSIP No.[2]
September 1, 20__	%	September 1, 2012	

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

_____

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

_____ DOLLARS

and to pay interest thereon, from the Dated Date specified above, to the Maturity Date specified above at the rate of interest per annum specified above, with said interest being payable on May 1, 2013, and semiannually on each November 1 and May 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Obligation is dated later than May 1, 2013, such interest is payable semiannually on each November 1 and May 1 following such date.[3]

---

[1] The Initial Series 2012 Obligation shall be numbered T-1.

[2] To be omitted from the Initial Series 2012 Obligation.

[3] The first paragraph of the Initial Series 2012 Obligation shall read as follows:

> "ON THE MATURITY DATES SPECIFIED BELOW, THE CITY OF AUSTIN, TEXAS (the "City"), in the Counties of Travis, Williamson and Hays, hereby promises to pay to _____ or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount shown below: [Insert information regarding maturity dates and interest rates from Schedule II of the Ordinance] and to pay interest thereon, from the Dated Date specified above, to the Maturity Dates specified above at the rates of interest per annum specified above, with said interest being payable on May 1, 2013, and semiannually on each November 1 and May 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Obligation is dated later than May 1, 2013, such interest is payable semiannually on each November 1 and May 1 following such date."

THE PRINCIPAL OF AND INTEREST ON this Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Obligation at maturity at the designated corporate trust office in Houston, Texas (the "Designated Payment/Transfer Office") of Bank of Texas (BOKF, NA), which is the "Paying Agent/Registrar" for this Obligation. The payment of interest on this Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the 15th day of the month next preceding such interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity of this Obligation prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Obligation for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Obligation that no later than each principal payment and/or interest payment date for this Obligation it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the ordinance authorizing the Obligations (the "Ordinance") the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Obligations, when due.

IN THE EVENT OF A NON-PAYMENT of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be fifteen (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 registered owner of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE for the payment of the principal of, premium, if any, or interest on this Obligation shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. Notwithstanding the foregoing, during any period in which ownership of the Obligations is determined only by a book entry at a securities depository for the Obligations, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the City and the securities depository.

THIS OBLIGATION is one of a Series of Obligations of like tenor and effect except as to number, principal amount, interest rate and maturity authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $_____, for the purpose of paying all or a portion of the City's contractual obligations to be incurred in connection with the acquisition, purchase or financing of personal property, in accordance with the provisions of the Public Property Finance Act, Section 271.001, et seq., Local Government Code..

ALL OBLIGATIONS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of $5,000 (an "Authorized Denomination"). As provided in the Ordinance, this Obligation may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Obligation to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Obligation must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Obligation or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Obligation or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Obligation may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Obligation or any portion or portions hereof from time to time by the registered owner. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Obligation or portion thereof. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Obligation or Obligations or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege.

WHENEVER the beneficial ownership of this Obligation is determined by a book entry at a securities depository for the Obligations, the foregoing requirements of holding, delivering or transferring this Obligation shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Obligation, and the series of which it is a part, is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of this series of bonds, and of this Obligation, have been properly done and performed and have happened in regular and due time, form and manner as required by law; that sufficient and proper provision for the levy and collection of ad valorem taxes has been made, which, when collected, shall be appropriated exclusively to the payment of this Obligation and the series of which it is a part; and that the total indebtedness of the City of Austin, Texas, including the entire series of bonds of which this is one, does not exceed any constitutional or statutory limitation.

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

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

City Clerk, City of Austin, Texas	Mayor, City of Austin, Texas

(SEAL)

* * * * * *

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE:

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Obligation is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

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

Dated:

BOKF, NA, doing business as Bank of Texas
Paying Agent/Registrar

By: _____
Authorized Representative

* * * * * *

FORM OF COMPTROLLER'S CERTIFICATE (ATTACHED TO THE OBLIGATIONS UPON INITIAL DELIVERY THEREOF):

OFFICE OF COMPTROLLER :
: REGISTER NO. _____
STATE OF TEXAS :

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

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

_____
Comptroller of Public Accounts of the
State of Texas

(SEAL)

* * * * * *

FORM OF ASSIGNMENT:

ASSIGNMENT

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

_____

_____
Please insert Social Security or Taxpayer
Identification Number of Transferee

_____
/_____/

_____

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

_____

the within Obligation and all rights thereunder, and hereby irrevocably constitutes and appoints _____

_____

attorney to register the transfer of the within Obligation on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

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

_____

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

EXHIBIT B

Description of Annual Financial Information

The following information is referred to in PART 14 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with PART 14 are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

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

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

Accounting Principles

The accounting principles referred to in PART 14 are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.

SCHEDULE I

Description of Personal Property

Description	Approximate Cost	Useful Life	Approximate Delivery Date
Code Compliance – ($1,080,000)			
Truck, Pickup (16x)	$580,000	7 years	12/01/12
Pickup, Ext Cab (1x)	40,000	7 years	12/01/12
Hybrid Escape (7x)	205,000	7 years	12/01/12
Suburban (1x)	40,000	7 years	12/01/12
Truck, Bucket (1x)	215,000	7 years	12/01/12
Golf – ($865,000)			
Golf Carts (280x)	830,000	7 years	12/01/12
Utility Carts (8x)	35,000	7 years	12/01/12
Police – ($11,900,000)			
Digital Vehicular Video (new digital camera system) – (1x)	11,900,000	10 years	12/01/12
Solid Waste Services ($13,420,000)			
Automated Trucks - Yard Trimming Collection (6x)	2,000,000	7 years	12/15/12
Roll-off Containers - Brush Collection (5x)	45,000	7 years	12/15/12
16-yard Rear Loader (1x)	140,000	7 years	12/15/12
Carts	4,620,000	7 years	12/15/12
Pickups, F-450 (4x)	160,000	7 years	12/15/12
Pickup F-350 (1x)	40,000	7 years	12/15/12
Trailer, Gooseneck (4x)	60,000	7 years	12/15/12
Semi-Automated Garbage Collection Trucks (14x)	4,600,000	7 years	12/15/12
Pickups, F-150 EX (3x)	120,000	7 years	12/15/12
Tractor (1x)	50,000	7 years	12/15/12
Mower Deck (1x)	20,000	7 years	12/15/12
Grinder – Resource Recovery Center (1x)	550,000	7 years	12/15/12
Flat Bed Trailer (1x)	15,000	7 years	12/15/12
Automated Residential Recycling Vehicles (2x)	700,000	7 years	12/15/12
Tonka Truck for Residential Recycling (1x)	225,000	7 years	12/15/12
Pickup, F-150 EX (1x)	40,000	7 years	12/15/12
Safety Van (1x)	35,000	7 years	12/15/12
Water Utility ($1,210,000)			
Sludge Trailer (2x)	300,000	7 years	02/01/13
Pickup, Ext Cab (2x)	60,000	7 years	05/01/13
SUV Ford Escape (2x)	64,000	7 years	05/01/13
CNG Mower, Tractor (1x)	20,000	7 years	05/01/13
Truck, Service (5x)	750,000	7 years	05/01/13
Arrow boards (2x)	16,000	7 years	05/01/13
Wastewater Utility ($1,040,000)			
Tow behind Air Compressor (1x)	17,000	7 years	05/01/13
Scarab Wind Row Turner (1x)	600,000	7 years	05/01/13
Arrow boards (2x)	16,000	7 years	05/01/13
Truck, Pickup (4x)	122,000	7 years	05/05/13
Truck, Sewer Cleaner (1x)	225,000	7 years	05/01/13
Double Drum Roller (1x)	25,000	7 years	05/01/13
Trailer, 6" pump (1x)	35,000	7 years	05/01/13
TOTAL	$29,515,000		

SCHEDULE II

AGGREGATE PRINCIPAL AMOUNT, STATED MATURITIES AND INTEREST RATES:

The Obligations shall be issued in the aggregate principal amount of $27,135,000, maturing on the dates and in the amounts as follows:

May 1	Principal Amount	Interest Rate	November 1	Principal Amount	Interest Rate
2013	$1,690,000	1.000%	2013	$1,805,000	2.000%
2014	1,800,000	2.000	2014	1,845,000	3.000
2015	1,845,000	3.000	2015	1,900,000	4.000
2016	1,905,000	3.000	2016	1,975,000	4.000
2017	1,970,000	3.000	2017	2,040,000	4.000
2018	2,040,000	3.000	2018	2,115,000	4.000
2019	2,110,000	3.000	2019	2,095,000	4.000

PURCHASERS:

Morgan Stanley & Company, Inc., and syndicate members

PURCHASE PRICE:

The Purchase Price for the Obligations shall be par plus a cash premium of $2,502,283.64, plus accrued interest in the amount of $77,499.58.

OPTIONAL REDEMPTION:

The Obligations shall not be subject to redemption, at the option of the City, prior to their stated maturity.

MANDATORY SINKING FUND REDEMPTION:

The Obligations shall not be subject to mandatory redemption prior to their stated maturity.

DISPOSITION OF PROCEEDS:

Proceeds from the sale of the Obligations in the amount of $29,515,000.00 (representing $27,135,000.00 of principal and $2,380,000.00 of premium) shall be used for the purposes described in clause (i) of PART 3, $120,645.53 of premium shall be used for the purposes described in clause (ii) of PART 3, and $79,137.69 (representing $1,638.11 of premium and $77,499.58 of accrued interest) shall be deposited to the Interest and Sinking Fund.