

ORDINANCE NO.

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN PUBLIC IMPROVEMENT REFUNDING BONDS, SERIES 2013A, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$107,225,000; ESTABLISHING PARAMETERS FOR THE SALE OF THE BONDS; ENACTING OTHER PROVISIONS RELATING TO THE BONDS; AND DECLARING AN IMMEDIATE EFFECTIVE DATE.

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

PART 1. FINDINGS.

Council finds that the outstanding obligations described in Schedule I attached to this Ordinance (the “Refunding Candidates”) are eligible to be refunded to achieve debt service savings; and

Council finds that the issuance of the bonds authorized by this Ordinance for the purpose of refunding all or a portion of the Refunding Candidates to realize a net present value savings is a public purpose; and

Because of fluctuating conditions in the municipal bond market, Council delegates to the City Manager and the Chief Financial Officer of the City the authority to effect the sale of the bonds authorized by this Ordinance, subject to the parameters described in this Ordinance; and

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

PART 2. DEFINITIONS.

The terms used in this Ordinance have the following meanings:

“Authentication Certificate” means the Paying Agent/Registrar’s Authentication Certificate, in the form identified in the Form of Bond.

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

“Authorized Representative” means the City Manager and the Chief Financial Officer of the City, acting individually but not jointly.

“Bonds” means the bonds of the City to be issued under authority of this Ordinance.

“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.

“Chapter 9” means Chapter 9 of the Texas Business & Commerce Code.

“Chapter 1206” means Chapter 1206 of the Texas Government Code.

1 “Chapter 1207” means Chapter 1207 of the Texas Government Code.

2 “Chapter 1208” means Chapter 1208 of the Texas Government Code.

3 “City” means the City of Austin, Texas.

4 “Code” means the Internal Revenue Code of 1986.

5 “Defeasance Securities” means any securities now or hereafter permitted by Section 1207.062,
6 Texas Government Code (or any successor statute), including (i) direct, noncallable obligations of the
7 United States of America, including obligations that are unconditionally guaranteed by the United States
8 of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America,
9 including obligations that are unconditionally guaranteed or insured by the agency or instrumentality,
10 that are rated as to investment quality by a nationally recognized investment rating firm not less than
11 “AAA” or its equivalent, and (iii) noncallable obligations of a state or an agency or a county,
12 municipality, or other political subdivision of a state that have been refunded and that are rated as to
13 investment quality by a nationally recognized investment rating firm not less than “AAA” or its
14 equivalent.

15 “Defeased Bond” means any Bond and the interest on the Bond that is considered to be paid,
16 retired and no longer outstanding under the terms of this Ordinance, specifically PART 16 of this
17 Ordinance.

18 “Designated Payment/Transfer Office” means the Dallas, Texas office of the Paying
19 Agent/Registrar.

20 “DTC” means The Depository Trust Company, New York, New York.

21 “Escrow Agent” means Wilmington Trust, N.A., Dallas, Texas.

22 “Escrow Agreement” means the escrow agreement between the City and the Escrow Agent,
23 executed with respect to the Refunded Obligations.

24 “Event of Default” has the meaning described in PART 17 of this Ordinance.

25 “Future Escrow Agreement” means an escrow agreement or other similar instrument with respect
26 to Defeased Bonds.

27 “Interest and Sinking Fund” means the Interest and Sinking Fund established in PART 9 of this
28 Ordinance.

29 “MSRB” means the Municipal Securities Rulemaking Board.

30 “Paying Agent/Registrar” means Wilmington Trust, N.A., or other bank, trust company,
31 financial institution, or agency named in accordance with the provisions of subsection (g) of PART 7 of
32 this Ordinance.

1 “Paying Agent/Registrar Agreement” means the agreement between the City and the Paying
2 Agent/Registrar with respect to the Bonds in the form approved by the City Manager of the City, and
3 any successor agreement.

4 “Pricing Certificate” means a certificate executed by an Authorized Representative on the date of
5 sale of any series of the Bonds containing the terms of such series authorized to be determined by the
6 Authorized Representative pursuant to PARTS 4(c) and 4(d) of this Ordinance.

7 “Purchase Agreement” means the bond purchase agreement (one or more) between the City and
8 the Underwriters, with respect to the sale of Bonds by the City.

9 “Refunded Obligations” means the obligations of the City described in Schedule I and
10 designated in the Pricing Certificate to be refunded by the sale of Bonds.

11 “Refunding Candidates” means the outstanding obligations of the City described in Schedule I of
12 this Ordinance.

13 “Registration Books” means the books or records of the registration and transfer of the Bonds
14 maintained by the Paying Agent/Registrar.

15 “Registered Owner” means the owner of any Bond as recorded in the Registration Books.

16 “Rule” means SEC Rule 15c2-12.

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

18 “Underwriters” means the entity or entities designated in the Purchase Agreement.

19 **PART 3. BONDS TO BE SOLD.**

20 The Bonds shall be issued in accordance with the Constitution, laws of the State of Texas
21 (including particularly Chapter 1207), and the Charter of the City, in one or more series, in the aggregate
22 principal amount not to exceed \$107,225,000 for the purposes of (i) refunding the Refunded Obligations
23 and (ii) paying the costs associated with the sale of the Bonds and the refunding of the Refunded
24 Obligations.

25 **PART 4. SALE PARAMETERS.**

26 (a) The Bonds shall be sold as fully registered bonds, without interest coupons, numbered
27 consecutively from R-1 upward, payable to the respective initial registered owners of the Bonds, or to
28 the registered assignee or assignees of the Bonds, in any Authorized Denomination, maturing not later
29 than 40 years from their issue date, payable serially or otherwise on the dates, in the years and in the
30 principal amounts, and dated, all as set forth in the Pricing Certificate.

31 (b) It is in the best interests of the City for the Bonds to be sold through a negotiated sale.
32 Council authorizes each Authorized Representative to enter into and carry out the Purchase Agreement
33 with the Underwriters, in substantially the form presented with this Ordinance. The Bonds shall be sold
34 to the Underwriters at the price, and subject to the terms and conditions as set forth in the Purchase
35 Agreement, as determined by the Authorized Representative pursuant to PART 4(c) of this Ordinance.

1 Each Authorized Representative may designate underwriters for future series of the Bonds. The
2 authority of an Authorized Representative to execute any Purchase Agreement shall expire at 10:00 p.m.
3 on February 28, 2014. Any finding or determination made by an Authorized Representative relating to
4 the issuance and sale of the Bonds and the execution of the Purchase Agreement shall have the same
5 force and effect as a finding or determination made by Council.

6 (c) In accordance with Chapter 1207, Council authorizes each Authorized Representative to
7 act on behalf of the City in selling and delivering the Bonds and carrying out the other procedures
8 specified in this Ordinance, including determining and fixing the date of the Bonds, the designation or
9 title by which a series of the Bonds shall be known, the aggregate principal amount of the Bonds sold,
10 the date of delivery of the Bonds sold, the price at which the Bonds will be sold, the years in which the
11 Bonds will mature, the principal amount of Bonds to mature in each of such years, that portion of the
12 Bonds, if any, to be issued as capital appreciation bonds and the maturity amount of any Bonds issued as
13 capital appreciation bonds, the rate or rates of interest to be borne by or accrue on each maturity, the
14 interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to
15 redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption
16 provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds, and the
17 refunding of the Refunded Obligations, including, without limitation, obtaining a municipal bond
18 insurance policy in support of the Bonds, all of which shall be specified in the Pricing Certificate;
19 provided, that (i) the price to be paid for the Bonds shall not be less than 95% of the aggregate original
20 principal amount of the Bonds, plus accrued interest, if any, from the date of their delivery, (ii) none of
21 the Bonds shall bear interest (or, in the case of any Bond issued as a capital appreciation bond,
22 producing a yield) at a rate greater than 10.00% per annum, and (iii) the Bonds shall not be sold for the
23 purpose of refunding the Refunded Obligations unless the refunding of the Refunded Obligations results
24 in achieving the minimum net present value debt service savings threshold described in PART 4(d) of
25 this Ordinance. In establishing the aggregate principal amount of the Bonds of each series, the
26 Authorized Representative shall establish an amount which shall be sufficient to provide for the
27 purposes for the Bonds are authorized. The Bonds of each series shall be sold at such price, with and
28 subject to such terms, as set forth in the Pricing Certificate therefor. The amount of the savings to be
29 realized from the refunding of the Refunded Obligations, on both a gross and a present value basis, shall
30 be set forth in the Pricing Certificate.

31 (d) As a condition to the issuance of the Bonds, the refunding of the aggregate principal
32 amount of the Refunded Obligations must produce (i) a net present value savings, calculated in
33 accordance with GASB Statement No. 7, of at least four and one-fourth percent (4.25%), and (ii) a
34 positive gross savings. The principal amount of Bonds issued to refund Refunded Obligations, and the
35 Refunded Obligations to be refunded, shall be specifically identified in the Pricing Certificate. An
36 Authorized Representative may elect not to refund any of the obligations listed in Schedule I, but in no
37 event shall the Bonds be issued if the refunding of the aggregate principal amount of the obligations
38 selected for refunding does not result in the minimum savings threshold established in this Ordinance.
39 The Pricing Certificate shall specifically state both the net present value savings and the gross savings
40 realized by the City as a result of refunding the Refunded Obligations. The determination of an
41 Authorized Representative relating to the issuance and sale of Bonds to refund Refunded Obligations as
42 provided in the Pricing Certificate shall have the same force and effect as a determination made by
43 Council.

1 (e) Council authorizes the City Manager and the Chief Financial Officer of the City to
2 provide for and oversee the preparation of a preliminary and final official statement in connection with
3 the issuance of the Bonds, and to approve the preliminary and final official statement and deem the
4 preliminary official statement final, and to provide it to the Underwriters, in compliance with the Rule.

5 **PART 5. REDEMPTION PROVISIONS.**

6 (a) The Bonds may be subject to redemption prior to their scheduled maturities at the option
7 of the City, on the dates and in the manner provided in the Pricing Certificate. Should the Pricing
8 Certificate provide for the redemption of the Bonds, if less than all of the Bonds are to be redeemed by
9 the City, the City shall determine the maturity or maturities and the amounts to be redeemed and shall
10 direct the Paying Agent/Registrar to call by lot Bonds, or portions of Bonds, within a maturity and in the
11 principal amounts for redemption; provided, that during any period in which ownership of the Bonds is
12 determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds
13 of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds shall be
14 selected in accordance with the arrangements between the City and the securities depository.

15 (b) Should the Pricing Certificate provide for the mandatory sinking fund redemption of the
16 Bonds, the terms and conditions governing any mandatory sinking fund redemption and the payment of
17 mandatory sinking fund payments shall be as set forth in the Pricing Certificate.

18 (c) At least 30 days before the date fixed for redemption, the City shall cause a written notice
19 of the redemption to be deposited in the United States mail, first-class postage prepaid, addressed to
20 each Registered Owner at the address shown on the Registration Books. By the date fixed for
21 redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the
22 required redemption price for the Bonds which are to be redeemed, plus accrued interest to the date
23 fixed for redemption. If the notice of redemption is given, and if provision for payment is made, all as
24 provided above, the Bonds, or the portions of the Bonds, which are to be redeemed, automatically shall
25 be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their
26 redemption, and shall not be regarded as outstanding except for the right of the Registered Owner to
27 receive the redemption price plus accrued interest to the date fixed for redemption from the Paying
28 Agent/Registrar out of the funds provided for payment. The Paying Agent/Registrar shall record in the
29 Registration Books all redemptions of principal of the Bonds or any portion of the principal. If a portion
30 of any Bond shall be redeemed, one or more substitute Bonds having the same maturity date, bearing
31 interest at the same rate, in any Authorized Denomination, at the written request of the Registered
32 Owner, and in an aggregate principal amount equal to the unredeemed portion of the Bonds, will be
33 issued to the Registered Owner upon the surrender for cancellation, at the expense of the City, all as
34 provided in this Ordinance.

35 **PART 6. INTEREST.**

36 The Bonds of each maturity shall bear or accrue interest calculated on the basis of a 360-day year
37 composed of twelve 30-day months from the dates specified in the Pricing Certificate, to their respective
38 dates of maturity at the rates set forth in the Pricing Certificate. Interest on the Bonds shall be payable
39 on the dates set forth in the Pricing Certificate, until the maturity or prior redemption, if any, of the
40 Bonds.

1 **PART 7. ADDITIONAL CHARACTERISTICS OF THE BONDS.**

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

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

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

31 (d) Each Bond may be exchanged for fully registered bonds as set forth in this Ordinance.
32 Each Bond issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal
33 amount, may, upon surrender at the Designated Payment/Transfer Office, together with a written request
34 duly executed by the Registered Owner or its assignee or assignees, or its or their duly authorized
35 attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at
36 the option of the Registered Owner or its assignee or assignees, as appropriate, be exchanged for fully
37 registered bonds, without interest coupons, in the form prescribed in the Form of Bond, in any
38 Authorized Denomination (subject to the requirement stated below that each substitute Bond shall have
39 a single stated maturity date), as requested in writing by the Registered Owner or its assignee or
40 assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Bond or
41 Bonds so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees. If a
42 portion of any Bond is assigned and transferred, each Bond issued in exchange shall have the same
43 maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each

1 substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying
2 Agent/Registrar shall exchange or replace Bonds as provided in this Ordinance, and each fully registered
3 Bond delivered in exchange for or replacement of any Bond or portion of an Bond as permitted or
4 required by any provision of this Ordinance shall constitute one of the Bonds for all purposes of this
5 Ordinance, and may again be exchanged or replaced. Any Bond delivered in exchange for or
6 replacement of another Bond before the first scheduled interest payment date on the Bonds (as stated on
7 the face of the Bond) shall be dated the same date, but each substitute Bond delivered on or after the first
8 scheduled interest payment date shall be dated the interest payment date preceding the date on which the
9 substitute Bond is delivered, unless the substitute Bond is delivered on an interest payment date, in
10 which case it shall be dated as of the date of delivery; however, if at the time of delivery of any
11 substitute Bond the interest on the Bond for which it is being exchanged has not been paid, then the
12 substitute Bond shall be dated the date to which interest has been paid in full. On each substitute Bond
13 issued in exchange for or replacement of any Bond issued under this Ordinance there shall be printed on
14 the Bond the Authentication Certificate. An authorized representative of the Paying Agent/Registrar
15 shall, before the delivery of any substitute Bond, date the substitute Bond in the manner set forth above,
16 and manually sign and date the Authentication Certificate, and no substitute Bond shall be considered to
17 be issued or outstanding unless the Authentication Certificate is executed. The Paying Agent/Registrar
18 promptly shall cancel all Bonds surrendered for exchange or replacement. No additional ordinances,
19 orders, or resolutions need be passed or adopted by Council or any other body or person to accomplish
20 the exchange or replacement of any Bond, and the Paying Agent/Registrar shall provide for the printing,
21 execution, and delivery of the substitute Bonds in the manner prescribed in this Ordinance. Pursuant to
22 Chapter 1206, the duty of exchange or replacement of any Bond is imposed on the Paying
23 Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced
24 bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the
25 Bonds which originally were delivered pursuant to this Ordinance, approved by the Texas Attorney
26 General, and registered by the Texas Comptroller of Public Accounts. Neither the City nor the Paying
27 Agent/Registrar shall be required to transfer or exchange any Bond selected for redemption, in whole or
28 in part, within 45 calendar days of the date fixed for redemption; *provided, however*, the limitation of
29 transfer shall not be applicable to an exchange by the Registered Owner of the uncalled principal of an
30 Bond.

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

37 (f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and
38 charges for making transfers of Bonds, but the Registered Owner of any Bond requesting the transfer
39 shall pay any taxes or other governmental charges required for the transfer. The Registered Owner of
40 any Bond requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or
41 customary fees and charges for exchanging any Bond or a portion of an Bond, together with any
42 required taxes or governmental charges, all as a condition precedent to the exercise of the privilege of
43 exchange, except in the case of the exchange of an assigned and transferred Bond or Bonds or any
44 portion or portions in any Authorized Denomination, the fees and charges will be paid by the City. In
45 addition, the City covenants with the Registered Owners of the Bonds that it will (i) pay the reasonable

1 and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to
2 the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of
3 the Paying Agent/Registrar for services with respect to the transfer or registration of Bonds, and with
4 respect to the exchange of Bonds solely to the extent stated above.

5 (g) The City Manager is authorized to execute and deliver the Paying Agent/Registrar
6 Agreement. The City covenants with the Registered Owners of the Bonds that at all times while the
7 Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, or
8 other entity duly qualified and legally authorized to act as and perform the services of Paying
9 Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one
10 entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not
11 less than 60 days written notice to the Paying Agent/Registrar. In the event that the entity at any time
12 acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign
13 or otherwise stop acting as such, the City covenants that it will promptly appoint a competent and legally
14 qualified national or state banking institution organized and doing business under the laws of the United
15 States of America or of any state, authorized under the laws to exercise trust powers, subject to
16 supervision or examination by federal or state authority, and whose qualifications substantially are
17 similar to the previous Paying Agent/Registrar to act as Paying Agent/Registrar under this Ordinance.
18 Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall
19 transfer and deliver the Registration Books (or a copy of these Books), along with all other pertinent
20 books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by
21 the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice
22 to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States
23 mail, first-class postage prepaid, which notice also shall give the address of the new Paying
24 Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall
25 be considered to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance
26 shall be delivered to each Paying Agent/Registrar.

27 (h) Each redemption notice, whether required in the Form of Bond or otherwise by this
28 Ordinance, shall contain a description of the Bonds to be redeemed, including the complete name of the
29 Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts
30 of the Bonds called for redemption, the date of redemption, the redemption price, the name of the Paying
31 Agent/Registrar and the address at which the Bond may be redeemed, including a contact person and
32 telephone number.

33 All redemption payments made by the Paying Agent/Registrar to the Registered Owners of the
34 Bonds shall include CUSIP numbers relating to each amount paid to such Registered Owner.

35 **PART 8. FORM OF BONDS.**

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

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

2 (a) The Interest and Sinking Fund (which may include the designation or title by which a
3 series of the Bonds shall be known, as determined to PART 4(c) of this Ordinance) is created and it shall
4 be established and maintained at an official depository of the City. The Interest and Sinking Fund shall
5 be kept separate and apart from all other funds and accounts of the City, and shall be used only for
6 paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on
7 account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund.
8 During each year while any Bond is outstanding and unpaid, the City Council shall compute and
9 ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with
10 full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to
11 raise and produce the money required to pay the interest on the Bonds as the interest comes due, and to
12 provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if
13 any) of the Bonds as the principal matures, but never less than 2% of the outstanding principal amount
14 of the Bonds as a sinking fund each year. The rate and amount of ad valorem tax needed to fund this
15 obligation is ordered to be levied against all taxable property in the City for each year while any Bond is
16 outstanding and unpaid, and the ad valorem tax shall be assessed and collected each year and deposited
17 to the credit of the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and
18 principal of the Bonds, as the interest comes due, and the principal matures or comes due through
19 operation of the mandatory sinking fund redemption, if any, as provided in the Form of Bond, are
20 pledged for this purpose, within the limit set by law. The City appropriates from current funds on hand,
21 and directs the transfer for deposit into the Interest and Sinking Fund moneys as may be necessary to
22 pay debt service on the Bonds scheduled to occur prior to receipt of taxes levied to pay such debt
23 service. Money in the Interest and Sinking Fund, at the option of the City, may be invested in the
24 securities or obligations as permitted under applicable law and the City's investment policy. Any
25 securities or obligations in which money is invested shall be kept and held in trust for the benefit of the
26 owners of the Bonds and shall be sold and the proceeds of sale shall be timely applied to the making of
27 all payments required to be made from the Interest and Sinking Fund. Interest and income derived from
28 the investment of money in the Interest and Sinking Fund shall be credited to the Interest and Sinking
29 Fund.

30 (b) Should more than one series of Bonds be sold under authority of this Ordinance, a
31 separate interest and sinking fund will be created and maintained at an official depository of the City to
32 secure that series of Bonds.

33 (c) Chapter 1208 applies to the issuance of the Bonds and the pledge of ad valorem taxes
34 made under PART 9(a) of this Ordinance, and the pledge is valid, effective, and perfected. If Texas law
35 is amended at any time while any Bond is outstanding and unpaid so that the pledge of ad valorem taxes
36 made by the City under PART 9(a) of this Ordinance is to be subject to the filing requirements of
37 Chapter 9, then to preserve to the Registered Owners of the Bonds the perfection of the security interest
38 in the pledge, the City agrees to take measures as it determines are reasonable and necessary under
39 Texas law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the
40 security interest in the pledge.

1 **PART 10. DAMAGED, LOST, STOLEN OR DESTROYED BONDS.**

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

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

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

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

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

32 **PART 11. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL.**

33 The Mayor, or his designee, is authorized to have control of the Bonds and all necessary records
34 and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and
35 approval by the Attorney General of the State of Texas, and their registration by the Comptroller of
36 Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of Public
37 Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the
38 Comptroller's Registration Certificate accompanying the Bonds, and the seal of the Comptroller shall be
39 impressed, or placed in facsimile, on each certificate. After registration by the Comptroller, delivery of
40 the Bonds shall be made to the Underwriters, under and subject to the general supervision and direction
41 of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

1 **PART 12. EXECUTION OF ESCROW AGREEMENT; REDEMPTION OF**
2 **REFUNDED OBLIGATIONS.**

3 (a) *Execution of Escrow Agreement.* Concurrently with the delivery of the Bonds, the Chief
4 Financial Officer of the City shall cause to be deposited with the Escrow Agent, from the proceeds from
5 the sale of the Bonds and other available moneys of the City, all as described in the letter of instructions
6 referred to in PART 19 of this Ordinance, an amount sufficient to provide for the refunding of the
7 Refunded Obligations in accordance with Chapter 1207. For this purpose, Council authorizes the City
8 Manager, or any Assistant City Manager, and the City Clerk to execute the Escrow Agreement, in
9 substantially the form and substance presented with this Ordinance. The City Council authorizes the
10 City Manager, any Assistant City Manager, or the Chief Financial Officer of the City to take any action
11 necessary to obtain the securities to be held by the Escrow Agent in accordance with the terms of the
12 Escrow Agreement. The Escrow Agent does not act as a depository for the City.

13 (b) *Redemption of Refunded Obligations.* Council determines that, subject to the delivery of
14 the Bonds, the Refunded Obligations shall be called for redemption at the redemption price of par plus
15 accrued interest to the date fixed for redemption, on the redemption dates set forth in the Pricing
16 Certificate, all in accordance with the applicable provisions of the proceedings authorizing the issuance
17 of the Refunded Obligations. The City Manager or his designee shall take such actions necessary to
18 cause the required notice of redemption to be given in accordance with the terms of the proceedings for
19 the Refunded Obligations called for redemption.

20 **PART 13. FEDERAL TAX COVENANTS.**

21 (a) The City intends that the interest on the Bonds shall be excludable from gross income of
22 the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the
23 Internal Revenue Code of 1986, as amended, (the "Code") and all applicable temporary, proposed and
24 final regulations (the "Regulations") and procedures promulgated under Sections 103 and 141 through
25 150 of the Code and applicable to the Bonds. For this purpose, the City covenants that it will monitor
26 and control the receipt, investment, expenditure and use of all gross proceeds of the Bonds (including all
27 property, the acquisition, construction or improvement of which is to be financed directly or indirectly
28 with the proceeds of the Bonds or the Refunded Obligations) and take or omit to take such other and
29 further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations
30 to cause the interest on the Bonds to be and remain excludable from the gross income, as defined in
31 Section 61 of the Code, of the owners of the Bonds for federal income tax purposes. Unless and until the
32 City has received a written opinion of counsel nationally recognized in the field of municipal bond law
33 to the effect that failure to comply with such covenant will not adversely affect the exemption from
34 federal income tax of the interest on any Bond, the City shall comply with the following covenants:

35 (1) The City shall not use, permit the use of or omit to use Gross Proceeds or any
36 other amounts (or any property the acquisition, construction or improvement of which is to be
37 financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted,
38 respectively, would cause the interest on any Bond to become includable in the gross income, as
39 defined in Section 61 of the Code, of the owner for federal income tax purposes.

1 (2) Except as permitted by Section 141 of the Code and the regulations and rulings
2 relating to Section 141 of the Code, the City shall, at all times prior to the last stated maturity of
3 the Bonds,

4 (i) exclusively own, operate, and possess all property the acquisition, construction, or
5 improvement of which is to be financed directly or indirectly with Gross Proceeds of such series
6 of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations or
7 notes or bonds refunded by the Refunded Obligations and not use or permit the use of such Gross
8 Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any
9 activity carried on by any person or entity other than a state or local government, unless such use
10 is solely as a member of the general public, or

11 (ii) not directly or indirectly impose or accept any charge or other payment for use of
12 Gross Proceeds of such series of the Bonds or any property the acquisition, construction or
13 improvement of which is to be financed directly or indirectly with such Gross Proceeds
14 (including property financed with Gross Proceeds of the Refunded Obligations or notes or bonds
15 refunded by the Refunded Obligations other than taxes of general application and interest earned
16 on investments acquired with such Gross Proceeds pending application for their intended
17 purposes.

18 (3) Except to the extent permitted by Section 141 of the Code and the regulations and
19 rulings relating to Section 141 of the Code, the City shall not use Gross Proceeds of the Bonds to
20 make or finance loans to any person or entity other than a state or local government. For
21 purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or
22 entity if (i) property acquired, constructed or improved with Gross Proceeds (including property
23 financed with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the
24 Refunded Obligations is sold or leased to such person or entity in a transaction which creates a
25 debt for federal income tax purposes, (ii) capacity in or service from such property is committed
26 to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (iii)
27 indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property
28 are otherwise transferred in a transaction which is the economic equivalent of a loan.

29 (4) Except to the extent permitted by Section 148 of the Code and the regulations and
30 rulings relating to Section 148 of the Code, the City shall not, at any time prior to the earlier of
31 the final stated maturity or final payment of the Refunded Obligations, directly or indirectly
32 invest Gross Proceeds of such Bonds in any Investment (or use such Gross Proceeds to replace
33 money so invested), if as a result of such investment the Yield of all Investments allocated to
34 such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the
35 Refunded Obligations.

36 (5) Based on all of the facts and estimates now known or reasonably expected to be in
37 existence on the date the Bonds are delivered, the City reasonably expects that the proceeds of
38 the Bonds and the Refunded Obligations (to the extent any of such proceeds remain unexpended)
39 will not be used in a manner that would cause the Bonds or the Refunded Obligations or any
40 portion of the Bonds or the Refunded Obligations to be “arbitrage bonds” within the meaning of
41 Section 148 of the Code.

1 (6) At all times while the Bonds are outstanding, the City will identify and properly
2 account for all amounts constituting gross proceeds of the Bonds in accordance with the
3 Regulations. The City will monitor the yield on the investments of the proceeds of the Bonds
4 and, to the extent required by the Code and the Regulations, will restrict the yield on such
5 investments to a yield which is not materially higher than the yield on the Bonds. To the extent
6 necessary to prevent the Bonds from constituting "arbitrage bonds," the City will make such
7 payments as are necessary to cause the yield on all yield restricted nonpurpose investments
8 allocable to the Bonds to be less than the yield that is materially higher than the yield on the
9 Bonds.

10 (7) Except to the extent permitted by Section 149(b) of the Code and the regulations
11 and rulings relating to Section 149(b) of the Code, the City will not take or omit to take any
12 action which would cause the Bonds to be treated as "federally guaranteed" obligations for
13 purposes of Section 149(b) of the Code.

14 (8) The City represents that not more than fifty percent (50%) of the proceeds of any
15 new money portion of the Bonds or any new money issue refunded by the Refunded Obligations
16 was invested in non-purpose investments (as defined in Section 148(f)(b)(A) of the Code) having
17 a substantially guaranteed yield for four years or more within the meaning of Section
18 149(g)(3)(A)(ii) of the Code, and the City reasonably expected at the time each issue of the
19 Bonds and the Refunded Obligations was issued that at least eighty-five percent (85%) of the
20 spendable proceeds of the Bonds or the Refunded Obligations would be used to carry out the
21 governmental purpose of such Bonds or Refunded Obligations within the corresponding three-
22 year period beginning on the respective dates of the Bonds or the Refunded Obligations.

23 (9) The City will take all necessary steps to comply with the requirement that certain
24 amounts earned by the City on the investment of the gross proceeds of the Bonds, if any, be
25 rebated to the federal government. Specifically, the City will

26 (i) maintain records regarding the receipt, investment and expenditure of the gross
27 proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately
28 from records of amounts on deposit in the funds and accounts of the City allocable to other
29 obligations of the City or moneys which do not represent gross proceeds of any obligations of the
30 City and retain such records for at least six years after the day on which the last outstanding
31 Bond is discharged,

32 (ii) account for all gross proceeds under a reasonable, consistently applied method of
33 accounting, not employed as an artifice or device to avoid, in whole or in part, the requirements
34 of Section 148 of the Code, including any specified method of accounting required by applicable
35 Regulations to be used for all or a portion of the gross proceeds,

36 (iii) calculate, at such times as are required by applicable Regulations, the amount of
37 excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds,
38 and

39 (iv) timely pay, as required by applicable Regulations, all amounts required to be
40 rebated to the federal government. In addition, the City will exercise reasonable diligence to
41 assure that no errors are made in the calculations required by the preceding sentence and, if such

1 an error is made, to discover and promptly correct such error within a reasonable amount of time,
2 including payment to the federal government of any delinquent amounts owed to it, including
3 interest on such delinquent amounts and penalty.

4 (10) The City will not indirectly pay any amount otherwise payable to the federal
5 government pursuant to the foregoing requirements to any person other than the federal
6 government by entering into any investment arrangement with respect to the gross proceeds of
7 the Bonds that might result in a reduction in the amount required to be paid to the federal
8 government because such arrangement results in smaller profit or a larger loss than would have
9 resulted if such arrangement had been at arm's length and had the yield on the issue not been
10 relevant to either party.

11 (11) The City will timely file or cause to be filed with the Secretary of the Treasury of
12 the United States the information required by Section 149(e) of the Code with respect to the
13 Bonds on such form and in such place as the Secretary may prescribe.

14 (12) The City will not issue or use the Bonds as part of an "abusive arbitrage device"
15 (as defined in Section 1.148 10(a) of the Regulations). The Bonds are not and will not be a part
16 of a transaction or series of transactions that attempts to circumvent the provisions of Section
17 148 of the Code and the Regulations by (i) enabling the City to exploit the difference between
18 tax exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the
19 burden on the market for tax-exempt obligations.

20 (13) Proper officers of the City charged with the responsibility for issuing the Bonds
21 are directed to make, execute and deliver certifications as to facts, estimates or circumstances in
22 existence as of the date of issuance of the Bonds and stating whether there are facts, estimates or
23 circumstances that would materially change the City's expectations. On or after the date of
24 issuance of the Bonds, the City will take such actions as are necessary and appropriate to assure
25 the continuous accuracy of the representations contained in such certificates.

26 (b) The covenants and representations made or required by this Part are for the benefit of the
27 Holders and any subsequent Holder, and may be relied upon by the Holder and any subsequent Holder
28 and bond counsel to the City.

29 In complying with the foregoing covenants, the City may rely upon an unqualified opinion
30 issued to the City by nationally recognized bond counsel that any action by the City or reliance upon any
31 interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds
32 to be includable in gross income for federal income tax purposes under existing law.

33 Notwithstanding any other provision of this Ordinance, the City's representations and obligations
34 under the covenants and provisions of this PART 13 shall survive the defeasance and discharge of the
35 Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross
36 income of the owners for federal income tax purposes.

37 **PART 14. CONTINUING DISCLOSURE OBLIGATION.**

38 (a) *Annual Reports.* The City shall provide annually to the MSRB, within six months after
39 the end of each fiscal year ending in or after 2013, financial information and operating data with respect

1 to the City of the general type included in the final official statement authorized by PART 4 of this
2 Ordinance, being the information described in Exhibit B. Any financial statements to be provided shall
3 be (1) prepared in accordance with the accounting principles described in Exhibit B, or other accounting
4 principles as the City may be required to employ from time to time pursuant to state law or regulation,
5 and (2) audited, if the City commissions an audit of such statements and the audit is completed within
6 the period during which they must be provided. If the audit of the financial statements is not complete
7 within this period, then the City shall provide unaudited financial statements by the required time, and
8 shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the
9 audit report on the statements becomes available.

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

17 (b) *Disclosure Event Notices.* The City shall notify the MSRB, in a timely manner not in
18 excess of 10 Business Days after the occurrence of the event, of any of the following events with respect
19 to the Bonds:

- 20 1. Principal and interest payment delinquencies;
- 21 2. Non-payment related defaults, if material;
- 22 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
- 23 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
- 24 5. Substitution of credit or liquidity providers, or their failure to perform;
- 25 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed
26 or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-
27 TEB) or other material notices or determinations with respect to the tax status of
28 the Bonds, or other material events affecting the tax status of the Bonds;
- 29 7. Modifications to rights of holders of the Bonds, if material;
- 30 8. Bond calls, if material, and tender offers;
- 31 9. Defeasances;
- 32 10. Release, substitution, or sale of property securing repayment of the Bonds, if
33 material;
- 34 11. Rating changes;
- 35 12. Bankruptcy, insolvency, receivership or similar event of the City;
- 36 13. The consummation of a merger, consolidation, or acquisition involving the City or
37 the sale of all or substantially all of the assets of the City, other than in the
38 ordinary course of business, the entry into a definitive agreement to undertake
39 such an action or the termination of a definitive agreement relating to any such
40 actions, other than pursuant to its terms, if material; and
- 41 14. Appointment of a successor Paying Agent/Registrar or change in the name of the
42 Paying Agent/Registrar, if material.

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

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

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

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

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

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

37 The provisions of this PART may be amended by the City from time to time to adapt to changed
38 circumstances that arise from a change in legal requirements, a change in law, or a change in the
39 identity, nature, status, or type of operations of the City, but only if (1) the provisions of this PART, as
40 amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the
41 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule

1 since the offering as well as the changed circumstances and (2) either (a) the holders of a majority in
2 aggregate principal amount (or any greater amount required by any other provision of this Ordinance
3 that authorizes an amendment) of the outstanding Bonds consent to the amendment or (b) a person that
4 is unaffiliated with the City (such as nationally-recognized bond counsel) determines that the
5 amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If
6 the City amends the provisions of this PART, it shall include with any amended financial information or
7 operating data next provided in accordance with subsection (b) of this PART an explanation, in narrative
8 form, of the reason for the amendment and of the impact of any change in the type of financial
9 information or operating data so provided. The City may also amend or repeal the provisions of this
10 continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a
11 court of final jurisdiction enters judgment that the provisions of the Rule are invalid, but only if and to
12 the extent that the provisions of this sentence would not prevent an underwriter from lawfully
13 purchasing or selling Bonds in the primary offering of the Bonds.

14 **PART 15. DTC REGISTRATION.**

15 The Bonds initially shall be issued and delivered in the manner that no physical distribution of
16 the Bonds will be made to the public, and DTC initially will act as depository for the Bonds. DTC has
17 represented that it is a limited purpose trust company incorporated under the laws of the State of New
18 York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New
19 York Uniform Commercial Code, and a “clearing agency” registered under Section 17A of the
20 Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, the
21 representations. The Bonds initially authorized by this Ordinance intended to be held by DTC shall be
22 delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC
23 will hold the Bonds on behalf of the Underwriters and their participants. So long as each Bond is
24 registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the
25 same in all respects as if it were the actual and beneficial owner. It is expected that DTC will maintain a
26 book-entry system which will identify ownership of the Bonds in Authorized Denominations, with
27 transfers of ownership being effected on the records of DTC and its participants pursuant to rules and
28 regulations established by them, and that the Bonds initially deposited with DTC shall be immobilized
29 and not be further exchanged for substitute Bonds except as set forth in this Ordinance. The City and
30 the Paying Agent/Registrar are not responsible or liable for any functions of DTC, will not be
31 responsible for paying any fees or charges with respect to its services, will not be responsible or liable
32 for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any
33 interests or rights of the beneficial owners of the Bonds. It shall be the duty of the DTC Participants, as
34 defined in the Official Statement, to make all arrangements with DTC to establish this book-entry
35 system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC.
36 The City does not represent, nor does it in any way covenant that the initial book-entry system
37 established with DTC will be maintained in the future. Notwithstanding the initial establishment of the
38 foregoing book-entry system with DTC, if for any reason any of the originally delivered Bonds is duly
39 filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in
40 this Ordinance, substitute Bonds will be duly delivered as provided in this Ordinance, and there will be
41 no assurance or representation that any book-entry system will be maintained for the Bonds. In
42 connection with the initial establishment of the foregoing book-entry system with DTC, the City has
43 executed a “Blanket Letter of Representations” prepared by DTC in order to implement the book-entry
44 system described above.

1 **PART 16. DEFEASANCE.**

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

23 (b) *Investment in Defeasance Securities.* Any funds deposited with the Paying
24 Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing
25 in the amounts and times as set forth in this Ordinance, and all income from these Defeasance Securities
26 received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest,
27 with respect to which money has been deposited, shall be turned over to the City, or deposited as
28 directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or
29 Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting
30 the investment or reinvestment of the moneys in Defeasance Securities or the substitution of other
31 Defeasance Securities upon the satisfaction of the requirements described in subsections (a)(i) or (ii) of
32 this PART. All income from the Defeasance Securities received by the Paying Agent/Registrar which is
33 not required for the payment of the Defeased Bonds, with respect to which money has been so
34 deposited, shall be remitted to the City or deposited as directed in writing by the City. The Paying
35 Agent/Registrar shall not be liable for any loss pertaining to an investment executed in accordance with
36 written instructions from the City.

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

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

1 **PART 17. DEFAULT AND REMEDIES.**

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

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

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

10 (b) *Remedies for Default.*

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

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

22 (c) *Remedies Not Exclusive.*

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

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

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

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

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

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

11 **PART 19. USE OF PROCEEDS.**

12 The proceeds from the sale of the Bonds shall be used in the manner described in the Pricing
13 Certificate. Proceeds representing accrued interest on the Bonds shall be deposited to the credit of the
14 Interest and Sinking Fund and proceeds representing premium on the Bonds shall be used in a manner
15 consistent with the provisions of Section 1201.042(d), Texas Government Code.

16 **PART 20. RULES OF CONSTRUCTION.**

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

29 **PART 21. CONFLICTING ORDINANCES REPEALED.**

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

31 **PART 22. IMMEDIATE EFFECT.**

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

34 [The remainder of this page is intentionally left blank]

1 **PASSED AND APPROVED AND EFFECTIVE _____, 2013.**

2 _____
3 Lee Leffingwell,
4 Mayor,
5 City of Austin, Texas

ATTEST:

(SEAL)

Jannette S. Goodall,
City Clerk,
City of Austin, Texas

APPROVED:

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

EXHIBIT A

FORM OF BOND

NO. _____ \$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT REFUNDING BONDS,
SERIES _____

<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
----------------------	----------------------	-------------------	--------------

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 _____ 1, 201_, and semiannually on each _____ 1 and _____ 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than _____ 1, 201_, such interest is payable semiannually on each _____ 1 and _____ 1 following such date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at the designated corporate trust office in _____, _____ (the "Designated Payment/Transfer Office") of _____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the 15th day of the month next preceding such interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the 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

1 Agent/Registrar, as hereinafter described. Any accrued interest due at maturity shall be paid to
2 the registered owner upon presentation and surrender of this Bond for redemption and payment
3 at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants
4 with the registered owner of this Bond that no later than each principal payment and/or interest
5 payment date for this Bond it will make available to the Paying Agent/Registrar from the Interest
6 and Sinking Fund as defined by the ordinance authorizing the Bonds (the "Ordinance") the
7 amounts required to provide for the payment, in immediately available funds, of all principal of,
8 premium, if any, and interest on the Bonds, when due.

9 IN THE EVENT OF A NON-PAYMENT of interest on a scheduled payment date, and
10 for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record
11 Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of
12 such interest have been received from the City. Notice of the Special Record Date and of the
13 scheduled payment date of the past due interest ("Special Payment Date", which shall be fifteen
14 (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the
15 Special Record Date by United States mail, first class postage prepaid, to the address of each
16 registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at
17 the close of business on the last business day next preceding the date of mailing of such notice.

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

29 THIS BOND is one of a Series of Bonds of like tenor and effect except as to number,
30 principal amount, interest rate and maturity, authorized in accordance with the Constitution and
31 laws of the State of Texas in the principal amount of \$_____, for the purpose of providing
32 funds with which to (i) refund the Refunded Obligations (as defined in the Ordinance) and (ii)
33 pay the costs associated with the issuance of the Bonds and the refunding of the Refunded
34 Obligations.

35 ON _____, 20____, or on any date thereafter, the Bonds of this series maturing on
36 _____, 20____, and thereafter may be redeemed prior to their scheduled maturities, at
37 the option of the City, in whole, or in part, at a price equal to the principal amount thereof, plus
38 accrued interest to the date fixed for redemption. The years of maturity of the Bonds called for
39 redemption at the option of the City prior to stated maturity shall be selected by the City. The
40 Bonds or portions thereof redeemed within a maturity shall be selected by lot or other customary
41 random selection method by the Paying Agent/Registrar; provided, that during any period in
42 which ownership of the Bonds is determined only by a book entry at a securities depository for
43 the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate

are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

THE BONDS maturing on _____, 20__ (the "Term Bonds") are also subject to mandatory redemption in part by lot or other customary random selection method pursuant to the terms of the Ordinance, on _____ in the following years and in the following amounts, at a price equal to the principal amount thereof, plus accrued and unpaid interest to the date of redemption, without premium:

<u>Year</u>	<u>Principal Amount</u>
	\$

*

* Final Maturity

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Bonds of the same maturity which (i) have been acquired by the City with funds on deposit in the Interest and Sinking Fund for the Bonds at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) have been redeemed pursuant to the optional redemption provisions above and not theretofore credited against a mandatory redemption requirement.

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

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

Denomination”). As provided in the Ordinance, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The one requesting such exchange shall pay the Paying Agent/Registrar’s reasonable standard or customary fees and charges for exchanging any Bond or portion thereof. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the 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 Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the 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 Bonds.

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

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

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

9

City Clerk,
City of Austin, Texas

Mayor,
City of Austin

10
11
12 (SEAL)
13
14

* * * * *

15
16
17 **FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE:**

18
19 **PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

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

25
26 Dated: _____

Wilmington Trust, N.A.
Paying Agent/Registrar

27
28
29
30 By _____
31 Authorized Representative
32
33

* * * * *

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

OFFICE OF COMPTROLLER :

REGISTER NO. _____

STATE OF TEXAS :

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

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

Comptroller of Public Accounts
of the State of Texas

(SEAL)

* * * * *

FORM OF ASSIGNMENT:

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

/ /

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

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

Dated: _____

Signature Guaranteed:

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

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

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

1 REFUNDING CANDIDATES

- 2 Public Improvement and Refunding Bonds, Series 2003
- 3 Certificates of Obligation, Series 2003
- 4 Certificates of Obligation, Series 2004
- 5 Public Improvement and Refunding Bonds, Series 2004
- 6 Public Improvement and Refunding Bonds, Series 2005
- 7 Certificates of Obligation, Series 2005