

ORDINANCE NO. 20131121-043

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS 4.5% HOTEL OCCUPANCY TAX REVENUE REFUNDING BONDS, SERIES 2013.

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

PART 1: DEFINITIONS AND FINDINGS.

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

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

“Authorized Denominations” means denominations of \$5,000 or any integral multiple thereof (within a maturity).

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

“Bond Act” means, collectively, Chapter 1207 and Chapter 1371.

“Bond Date” means the date specified in the Pricing Certificate.

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

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

“Bonds” means the City of Austin, Texas 4.5% Hotel Occupancy Tax Revenue Refunding Bonds, Series 2013 authorized by this Ordinance.

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

“Chapter 1207” means Texas Government Code, Chapter 1207.

“Chapter 1371” means Texas Government Code, Chapter 1371.

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

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

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

“Council” means the City Council of the City.

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

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

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

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

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

“Government Obligations” means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America,

(ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

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

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

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

“Interest Rate Management Agreement” means any Credit Agreement between the City and another party entered into in connection with, or related, to the City’s Variable Rate Obligations, that is in the form of an interest rate exchange agreement, pursuant to which the City pays a fixed percentage rate of a notional amount and the other party pays a variable percentage rate of the same notional amount, of which the notional amount is equal to the principal amount of the Variable Rate Obligations of the City, and of which the notional amount is reduced as the principal of the Variable Rate Obligation is paid.

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

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

“Ordinance” means this Ordinance No. 20131121-043 and all exhibits, appendices, amendments and supplements.

“Outstanding”, when used with reference to any Prior Lien Bonds or Parity Bonds, means, as of a particular date, all Prior Lien Bonds or Parity Bonds delivered except: (a) any such Prior Lien Bonds or Parity Bonds paid, discharged or canceled by or on behalf of the City at or before the particular date; (b) any Prior Lien Bonds or Parity Bonds defeased pursuant to the defeasance provisions of the ordinance authorizing their issuance, or otherwise defeased as permitted by applicable law; and (c) any Prior Lien Bonds or Parity Bonds in lieu, of or in substitution for, which another obligation is delivered pursuant to the ordinances authorizing the issuance of the Prior Lien Bonds or Parity Bonds.

“Parity Bonds” means the Bonds and Additional Bonds secured by a lien on Pledged Hotel Occupancy Tax Revenues on a parity with the Bonds.

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

“Paying Agent/Registrar” means, with respect to the Bonds, the Paying Agent/Registrar to be appointed as provided in Part 5 of this Ordinance, and its successors in that capacity.

“Pledged Hotel Occupancy Tax Revenues” means that portion of the revenues derived by the City from the Hotel Occupancy Tax which is equal to at least 4.5% of the consideration paid by occupants of sleeping rooms furnished by hotels located within the corporate limits of the City.

“Pledged Revenues” means, collectively, (i) the Pledged Hotel Occupancy Tax Revenues, (ii) interest and other income realized from the investment of amounts on deposit in the funds and accounts to be maintained pursuant to this Ordinance to the extent such interest and other income are required to be transferred or credited to the Tax Fund, and (iii) any additional revenue, receipts or income hereafter pledged to the Bonds in accordance with Part 20(b) of this Ordinance.

“Prior Lien Bonds” means the outstanding (1) “City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008”, dated August 14, 2008, originally issued in the aggregate principal amount of \$125,280,000, and (2) “City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (Convention Center/Waller Creek)”, dated March 1, 2012, originally issued in the aggregate principal amount of \$20,185,000.

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

“Priority Reimbursement Obligation” means any obligation entered into by the City in connection with any Prior Lien Bond pursuant to which the City obligates itself to reimburse a bank, insurer, surety or other entity for amounts paid or advanced by such party pursuant to a letter of credit, line of credit, standby bond purchase agreement, credit facility, liquidity facility, insurance policy, surety bond or other similar credit agreement, guaranty or liquidity agreement to secure any portion of principal of, interest on or purchase price of any Prior Lien Bond or reserves in connection therewith or otherwise relating to any Prior Lien Bond. The City’s obligations under a Guaranty Agreement with respect to Prior Lien Bonds, its obligations under a liquidity facility with respect to Prior Lien Bonds, and its obligations to reimburse a credit facility provider for amounts paid under a credit facility with respect to Prior Lien Bonds constitute Priority Reimbursement Obligations.

“Purchasers” has the meaning set forth in Part 4(b) of this Ordinance.

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

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

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

“Refunded Bonds” means all of the outstanding “City of Austin, Texas, Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004”, dated February 1, 2004, as further identified by the Pricing Officer in the Pricing Certificate.

“Reimbursement Obligation” mean any obligation (other than a Termination Obligation) entered into by the City in connection with any Parity Bond pursuant to which the City obligates itself to reimburse a bank, insurer, surety or other entity for amounts paid or advanced by such party pursuant to a letter of credit, line of credit, standby bond purchase agreement, credit facility, liquidity facility, insurance policy, surety bond or other similar credit agreement, guaranty or liquidity agreement to secure any portion of principal of, interest on or purchase price of any Parity Bond or reserves in connection therewith or otherwise relating to any Parity Bond. The City’s obligations (other than Termination Obligations) under a Guaranty Agreement with respect to Parity Bonds, its obligations (other than Termination Obligations) under a liquidity facility with respect to Parity Bonds, and its obligations (other than Termination Obligations) to reimburse a credit facility provider for amounts paid under a credit facility with respect to Parity Bonds constitute Reimbursement Obligations.

“Reserve Fund” means the Fund referenced in Part 16 of this Ordinance to provide a reserve amount for the payment of any Parity Bonds.

“Reserve Fund Requirement” means, to the extent applicable to a series of Parity Bonds, the total amount to be accumulated and maintained in the Reserve Fund pursuant to Part 16 hereof, which total shall equal the least of (i) 10% of the Outstanding principal amount of the Parity Bonds or (ii) the maximum annual Debt Service Requirements scheduled to occur in the then

current and each future Fiscal Year for all Parity Bonds at any time Outstanding, or (iii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to subsection (d) of Section 148 of Code, and regulations promulgated under subsection (d) of Section 148 of the Code.

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

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

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

“Special Hotel Occupancy Tax Revenues” means that portion of the revenues derived by the City from the Special Hotel Occupancy Tax.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

“Tax Act” means Texas Tax Code, Chapter 351.

“Tax Fund” means the fund so designated in Part 13 of this Ordinance.

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

“Transfer Date” means each February 14, May 14, August 14, and November 14, beginning May 14, 2014.

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

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

(b) Findings. In accordance with the provisions of Chapter 1207, the City is authorized to issue refunding bonds and deposit the proceeds of sale directly with any place of payment for the Refunded Bonds, or other authorized depository, and such deposit, when made in accordance with said statute, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds.

In accordance with the provisions of Chapter 1207 and Chapter 1371, the City Council is delegating to the Pricing Officer (as defined below) the authority to establish the terms and details related to the issuance and sale of the Bonds including: (i) the principal amount of the Refunded Bonds to be refunded, (ii) the form and designation of the Bonds; (iii) the principal amount of the Bonds and the amount of the Bonds to mature in each year; (iv) the dates, prices, interest rates, interest payment dates, principal payment dates, and redemption features of the Bonds; and (v) any other details relating to the issuance, sale, delivery, or exchange of the Bonds, all within certain specified parameters set forth in the Ordinance.

It is a public purpose and in the best interests of the City to refund the Refunded Bonds to achieve a present value debt service savings, with such savings, among other information and terms to be included in a pricing certificate (the “Pricing Certificate”) to be executed by the Pricing Officer (designated below), all in accordance with the provisions of Section 1207.007, Texas Government Code.

The Bonds constitute Junior Subordinate Lien Bonds, as this term is defined in the ordinances authorizing the issuance of the Prior Lien Bonds. The Prior Lien Bonds also are secured by a first lien on and pledge of the Special Hotel Occupancy Tax. The Bonds are not secured by a lien on or pledge of the Special Hotel Occupancy Tax.

PART 2: AUTHORIZATION-DESIGNATION-PRINCIPAL AMOUNT - PURPOSE Hotel occupancy tax revenue bonds of the City, payable solely from the sources and secured in the manner provided in this Ordinance, shall be and are authorized to be issued in the not to exceed aggregate principal amount hereinafter set forth to be designated and bear the title "CITY OF AUSTIN, TEXAS 4.5% HOTEL OCCUPANCY TAX REVENUE REFUNDING BONDS, SERIES 2013" (the "Bonds"), for the purpose of refinancing and refunding the Refunded Bonds, to provide the Reserve Fund Requirement for the Bonds, and to pay costs of issuance, in conformity with the Constitution and laws of the State of Texas, including the Bond Act.

PART 3: FULLY REGISTERED OBLIGATIONS - AUTHORIZED DENOMINATIONS - STATED MATURITIES - BOND DATE - INTEREST RATES - DATE. The Bonds are issuable in fully registered form only; shall be dated the Bond Date and other than the single fully registered Initial Bond referenced in Part 9, shall be in Authorized Denominations, shall be numbered consecutively from one (1) upward and shall become due and payable on a date(s), in each of the years and in principal amounts (the "Stated Maturities") and bear interest at per annum rate(s) in accordance with the details of the Bonds set forth in the Pricing Certificate.

The Bonds shall bear interest on the unpaid principal amounts from the date and at the rate(s) per annum as specified in the Pricing Certificate (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on the dates and commencing on the date specified in the Pricing Certificate, until maturity or prior redemption.

PART 4: DELEGATION OF AUTHORITY TO PRICING OFFICER.

(a) As authorized by Section 1207.007, Texas Government Code, the City Manager or Chief Financial Officer of the City (either one of them, the "Pricing Officer") is authorized to act on behalf of the City in selling and delivering the Bonds and carrying out the other procedures specified in the Ordinance, including the specified maturities or series in whole or in part of the Refunded Bonds to be refunded, determining the aggregate principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of the years, the rate of interest to be borne by each maturity, the interest payment dates, the price and terms upon and at which the Bonds may be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, the designation of a paying agent/registrar, the selection of a qualified escrow agent, if applicable, the selection of a surety bond provider, if any, as authorized by Chapter 1371, with respect to the Reserve Fund and the Reserve Fund Requirement for the Bonds, and all other matters relating to the issuance, sale, and

delivery of the Bonds, all of which shall be specified in the Pricing Certificate, provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed \$30,000,000;

(ii) the true interest cost rate for the Bonds shall not exceed 5.00%;

(iii) the refunding must produce a net present value debt service savings of at least 4.25%, net of any contribution by the City; and

(iv) the maximum maturity for the Bonds shall not extend beyond November 15, 2019.

The execution of the Pricing Certificate shall evidence the sale date of the Bonds by the City to the Purchasers.

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in subparagraph (a)(i) above, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. This delegation shall expire if not exercised by the Pricing Officer on or prior to the first anniversary date of the adoption of this Ordinance. The Bonds shall be sold by negotiated sale to the underwriter(s) named in the Pricing Certificate (the "Purchasers"), at such price and with and subject to such terms as set forth in the Pricing Certificate. A finding or determination made by the Pricing Officer acting under authority of this Ordinance with respect to all matters relating to the sale of the Bonds and the refunding of the Refunded Bonds shall have the same force and effect as a finding or determination made by Council.

PART 5: TERMS OF PAYMENT-PAYING AGENT/REGISTRAR. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the Holders or Owners of the Bonds appearing on the Security Register maintained by the Paying Agent/Registrar and the payment shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of the Paying Agent/Registrar for the Bonds shall be as provided in the Pricing Certificate. The Security Register shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided in this Ordinance, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached as Exhibit A and any reasonable rules and

regulations as the Paying Agent/Registrar and the City may prescribe. The Pricing Officer is hereby authorized to execute and deliver the Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in the capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice to be sent to each Holder by United States Mail, first class postage prepaid; this notice shall also give the address of the new Paying Agent/Registrar.

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

In the event of a non-payment of interest on one or more Stated Maturities on a scheduled payment date, which non-payment shall continue for thirty (30) days thereafter, a new record date for payment of interest for any Stated Maturity or Maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 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 Holder of the maturity or maturities appearing on the Security Register at the close of business on the last Business Day next preceding the date of mailing of the notice.

PART 6: REGISTRATION - TRANSFER - EXCHANGE OF BONDS - PREDECESSOR BONDS. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under this Ordinance. Any Bond may, in accordance with its terms and the terms of this Ordinance, be transferred or exchanged for Bonds of other authorized

denominations upon the Security Register by the Holder, in person or by the authorized agent of the Holder, upon surrender of the Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange executed by the Holder or by the authorized agent of the Holder, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond (other than the Initial Bond(s) authorized in Part 9 of this Ordinance) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, the City of Authorized Denominations and of like Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in Part 9 of this Ordinance) may be exchanged for other Bonds of Authorized Denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the Holder requesting the exchange.

All Bonds issued upon a transfer or exchange shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States Mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in the transfer or exchange.

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

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

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

PART 7: BOOK-ENTRY ONLY TRANSFERS AND TRANSACTIONS.

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

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

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

PART 8: EXECUTION - REGISTRATION. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed on the Bonds and countersigned by the City Clerk. The signature of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the date of adoption of this Ordinance shall be deemed to be executed on behalf of the City, notwithstanding that any of these individuals shall cease to hold office at the time of

delivery of the Bonds to the Purchasers and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201.

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

PART 9: INITIAL BOND(S). The Bonds shall be initially issued either (i) as a single fully registered bond in the total principal amount specified in the Pricing Certificate, with principal installments to become due and payable as provided in the Pricing Certificate and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the Purchasers or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the Purchasers, or the Purchasers' designee, shall cancel the Initial Bond(s) delivered and exchange them for definitive Bonds of Authorized Denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses the Holders identified all pursuant to and in accordance with such written instructions from the Purchasers, or the Purchasers' designee, and any other information and documentation as the Paying Agent/Registrar may reasonably require.

PART 10: FORMS. (a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Part with appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and the Pricing Certificate and may have letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and legends and endorsements (including legends reflecting the purchase of insurance for payment of the

Bonds and any reproduction of an opinion of counsel) on the Bonds as may be established by the City or determined by the Pricing Officer or officers executing the Bonds as evidenced by their execution of the Bonds. The Pricing Certificate shall set forth the final and controlling terms of the Bonds. Any portion of the text of any Bond may be set forth on the reverse side of the Bond, with an appropriate reference on the face of the Bond.

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

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
4.5% HOTEL OCCUPANCY TAX
REVENUE REFUNDING BOND, SERIES 2013

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
_____, 2013	_____%	_____	_____

Registered Owner:

Principal Amount: DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount hereof from the _____ at the per annum rate of interest specified above; such interest being payable on _____ and _____ of each year, commencing _____, until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the registered owner hereof, upon presentation and

surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount hereof may be accomplished without presentation and surrender of this Bond. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the _____ of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register on the Record Date or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a day other than a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the registered owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$ _____ (the "Bonds") for the purpose of refinancing and refunding the Refunded Bonds, to provide the Reserve Fund Requirement for the Bonds, and to pay costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapters 1207 and 1371, and pursuant to an Ordinance adopted by the governing body of the City, together with the Pricing Certificate executed pursuant thereto (collectively referred to as the "Ordinance").

The Bonds maturing on the dates identified below (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Bond Fund established and maintained for the payment of such Bonds in the Ordinances, and shall be redeemed in part prior to maturity at the price of par and accrued interest on such Bonds to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

<u>Term Bonds due</u> <u>Redemption Date</u>	<u>Principal Amount</u>	<u>Term Bonds due</u> <u>Redemption Date</u>	<u>Principal Amount</u>
, 20	\$,000	, 20	\$,000
, 20*	\$,000	, 20	\$,000

, 20*

\$,000

*maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the City 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 (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not previously credited against a mandatory redemption requirement.

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

At least thirty (30) days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

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

registered owner within forty-five (45) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

The Bonds are special obligations of the City, payable solely from and equally and ratably secured by a parity lien on and pledge of the Pledged Revenues, in the manner provided in the Ordinance. Pledged Revenues include Pledged Hotel Occupancy Tax Revenues; the lien on and pledge of the Pledged Hotel Occupancy Tax Revenues securing the Bonds is subordinate to the lien on and pledge of the Pledged Hotel Occupancy Tax Revenues securing the currently outstanding Prior Lien Obligations, as defined in the Ordinance. Additionally, the Bonds shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Bond Fund and the Reserve Fund in accordance with the terms of the Ordinance. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City, except with respect to the Pledged Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by ad valorem taxation.

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

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues pledged to the payment of the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of Additional Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made in the Ordinance may be discharged at or prior to the Stated Maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained in the Ordinance. Capitalized terms used in this Bond have the same meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon endorsed by, or accompanied by a written instrument of transfer in form

satisfactory to the Paying Agent/Registrar executed by, the registered owner hereof, or his authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on one or more maturities on a scheduled payment date, which non-payment shall have continued for thirty (30) days thereafter, a new record date for the payment of interest for any maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 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 Holder of the maturity or maturities appearing on the Security Register at the close of business on the last Business Day next preceding the date of mailing of the notice.

It is hereby certified, recited, represented and covenanted that the City is an organized and legally existing municipal corporation under and pursuant to the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the Bonds by a pledge of the Pledged Revenues. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforcement of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF AUSTIN, TEXAS

Mayor

COUNTERSIGNED:

City Clerk

(SEAL)

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by

the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar in _____ is the Designated Payment/Transfer Office for this Bond.

_____,
as Paying Agent/Registrar

Registration date: _____

By _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

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

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

DATED: _____

Signature guaranteed:

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

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

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

REGISTERED
NO. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS

4.5% HOTEL OCCUPANCY TAX
REVENUE REFUNDING BOND, SERIES 2013

Bond Date:
_____, 2013

Registered Owner:

Principal Amount:

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

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

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

(or so much thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid principal amounts hereof from the _____ at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____ and _____ of each year, commencing _____, until maturity or prior redemption. Principal installments of this Bond are payable in the year of maturity or on a redemption date to the registered owner hereof, by _____ (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in _____ (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the _____ of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of registered owner recorded in the Security Register on the Record Date or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner or holder hereof and in any coin or

currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

PART 11: PLEDGE AND SOURCE OF PAYMENT. The Bonds and other Parity Obligations shall constitute special obligations of the City payable from and, subject and subordinate to the payment of the Prior Lien Obligations and priority of uses contained in the ordinances authorizing the issuance of the Prior Lien Bonds, equally and ratably secured by a lien on the Pledged Revenues. Such Pledged Revenues shall, in the manner provided in this Ordinance, be set aside for and pledged to the payment of the Parity Obligations and Termination Obligations with respect to Parity Bonds, and all expenses of providing for their full and timely payment in accordance with their terms, in the Bond Fund and the Reserve Fund as provided in this Ordinance. The City grants a lien on the Pledged Revenues and Bond Fund to secure the payment of principal of and premium, if any, and interest on the Parity Bonds and all other payments due on the Parity Obligations and Termination Obligations with respect to Parity Bonds; and the City further grants a lien on the Series 2013 Reserve Account of the Reserve Fund to secure the payment of principal of and premium, if any, and interest on the Bonds. Except as otherwise expressly provided by their terms, all Parity Obligations shall be in all respects on a parity with and of equal dignity with one another. The liens granted under this Ordinance shall be valid and binding and fully perfected after the date of adoption of this Ordinance without physical delivery or transfer of control of the Pledged Revenues, the filing of this Ordinance or any other act, all as provided in Texas Government Code, Chapter 1208. The Holders of the Parity Bonds and the beneficiaries of the other Parity Obligations and Termination Obligations with respect to Parity Bonds shall never have the right to demand payment of the principal of, interest on or any redemption premium on the Parity Bonds (or payment of other amounts owed by the City in respect of other Parity Obligations or Termination Obligations with respect to Parity Bonds) out of any funds raised or to be raised by taxation, other than the Pledged Revenues.

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

PART 12: LEVY OF HOTEL OCCUPANCY TAX.

The City has levied, and while any Bonds, Parity Obligations or Termination Obligations with respect to Parity Bonds remain Outstanding, the City levies and covenants that it shall continue to levy a Hotel Occupancy Tax at a rate of at least 7% of the consideration paid by the occupant of the sleeping room to the hotel, all as authorized by the Tax Act. The City further covenants that it shall enforce the provisions of this Ordinance, or any other ordinance levying the Hotel Occupancy Tax, concerning the collection, remittance and payment of the Hotel Occupancy Tax.

PART 13: SPECIAL FUNDS.

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

(1) Convention Center Hotel Occupancy Tax Fund ("Tax Fund"), which still shall be maintained while any Parity Obligations remain Outstanding;

(2) Subordinate Lien Hotel Occupancy Tax Fund (the "Prior Lien Bond Fund") for the payment of the Prior Lien Bonds when and as the same shall become due and payable; and

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

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

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

(1) 4.5% Hotel Occupancy Tax Fund (the "Bond Fund") for the payment of the Parity Obligations when and as the same shall become due and payable; and

(2) 4.5% Hotel Occupancy Tax Reserve Fund (the "Reserve Fund") to provide a reserve to pay the principal of and interest on the Parity Bonds, as applicable, when funds in the Bond Fund are insufficient.

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

PART 14: FLOW OF FUNDS.

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

First, to transfer all amounts to the Prior Lien Bond Fund required by the ordinances authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances) after taking into account the Special Hotel Occupancy Tax Revenues available for this purpose and deposited to the Prior Lien Bond Fund;

Second, to transfer all amounts to the Prior Lien Debt Service Reserve Fund required by the ordinances authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances) after taking into account the Special Hotel Occupancy Tax Revenues available for this purpose and deposited to the Prior Lien Debt Service Reserve Fund;

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

Fourth, to transfer to the Reserve Fund the amounts required pursuant to Part 16 of this Ordinance;

Fifth, to the payment of all Termination Obligations on a *pari passu* basis; and

Sixth, for any lawful purpose under the Tax Act.

PART 15: BOND FUND.

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

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

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

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

PART 16: RESERVE FUND.

(a) The Reserve Fund is established for the benefit of the Parity Bonds. The City reserves the right, in connection with the issuance of a series of Parity Bonds, to establish within the Reserve Fund an account to provide additional security for holders of

that series of Parity Bonds. If an account within the Reserve Fund is established for the benefit of Holders of a series of Parity Bonds, the Required Reserve Requirement for a series of Parity Bonds will be funded either with cash or with a Reserve Fund Surety Bond issued by an insurance company or other entity that is rated as of the date of acquisition of the Reserve Fund Surety Bond (either for the long term unsecured debt of the issuer of such Reserve Fund Surety Bond or for obligations insured, secured or guaranteed by such issuer) no lower than A- or its equivalent by at least one major municipal securities credit rating service (a "Surety Bond Provider"). In connection with a Reserve Fund Surety Bond, any Authorized Official may approve the terms and form of the Reserve Fund Surety Bond and of a guaranty or other agreement pursuant to which the City is obligated to pay premiums, fees, and reimbursement obligations owing to the Surety Bond Provider (a "Guaranty Agreement").

(b) With respect to the Bonds, the City shall establish within the Reserve Fund a "Series 2013 Reserve Account" and maintain a balance the Series 2013 Reserve Account equal to the Reserve Fund Requirement for the Bonds. A Reserve Fund Surety Bond in the amount of the Reserve Fund Requirement for the Bonds will be issued by the Surety Bond Provider (as specified in the Pricing Certificate) and shall be deposited to the credit of the Series 2013 Reserve Account of the Reserve Fund to fully fund the Reserve Fund Requirement for the Bonds. The Reserve Fund Requirement for the Bonds will be specified in the Pricing Certificate and a substantial copy of the agreement by and between the City and Surety Bond Provider will be attached to and approved in the Pricing Certificate by the Pricing Officer.

(c) Any draws on the Reserve Fund Surety Bond or other credit agreements funding the Reserve Fund Requirement for a series of Parity Bonds on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each applicable surety bond or credit agreement) after applying available cash and investments in the Reserve Fund.

(d) At the end of any Transfer Period in which the Reserve Fund contains less than the Reserve Fund Requirement, or in which the City is obligated to repay or reimburse any issuer of a Reserve Fund Surety Bond (in the event a Reserve Fund Surety Bond is drawn upon), then after making all required transfers to the Bond Fund, there shall be transferred into the Reserve Fund from the available Pledged Revenues on each Transfer Date amounts necessary to reestablish the Reserve Fund Requirement and satisfy any repayment obligations to the issuer of any Reserve Fund Surety Bond. After the Reserve Fund Requirement has been accumulated in the Reserve Fund and after satisfying any repayment obligation to any issuer of a Reserve Fund Surety Bond and so long thereafter as the applicable account within the Reserve Fund contains such amount and all such repayment obligations have been satisfied, no further transfers shall be required to be made, and any excess amounts on deposit may be transferred to the Bond

Fund. But, if and whenever the balance in the Reserve Fund is reduced below the Reserve Fund Requirement, or any Reserve Fund Surety Bond repayment obligations arise, transfers to the Reserve Fund shall be resumed and continued in the manner stated above to restore the Reserve Fund Requirement and to pay any reimbursement obligations.

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

(f) When and if a series of Additional Bonds is issued, Council shall determine whether a reserve account shall be created and a Reserve Fund Requirement maintained for the payment and security of a series of Additional Bonds then being issued. To the extent a reserve account is created for a series of Additional Bonds, the Reserve Fund Requirement may be funded wholly or partly in cash or by a Reserve Fund Surety Bond as provided in the ordinance authorizing the issuance of the Additional Bonds.

PART 17: DEFICIENCIES IN FUNDS OR ACCOUNTS. Subject to satisfying the required payments for the benefit of the Prior Lien Bonds in accordance with the ordinances authorizing their issuance, if on any Transfer Date there shall not be transferred into any fund or account maintained pursuant to this Ordinance the full amounts required in this Ordinance, amounts equivalent to such deficiency shall be set apart and transferred to the fund or account from the first available and unallocated Pledged Revenues, and the transfer shall be in addition to the amounts otherwise required to be transferred to such fund or account on any succeeding Transfer Date or Transfer Dates.

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

(a) Money in all funds and accounts shall, at the option of the City, be invested in the manner provided by Texas law and the City's investment policy; except all deposits and investments shall be made in a manner that the money required to be expended from any fund will be available at the proper time or times. All investments shall be valued no less frequently than the last Business Day of the City's Fiscal Year at market value, except that any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount. For purposes of maximizing investment returns, money in the funds and

accounts may be invested, together with money in other funds or with other money of the City, in common investments or in a common pool of such investments maintained by the City at an official depository of the City or in any fund or investment vehicle permitted by Texas law, which shall not be considered to be a loss of the segregation of the money or funds if safekeeping receipts, certificates of participation or other documents clearly evidencing the investment or investment pool in which money is invested and the share purchased is held by or on behalf of each designed fund or account. If and to the extent necessary, such investments or participations in these funds shall be promptly sold to prevent any default.

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

(c) Notwithstanding anything to the contrary contained in this Ordinance, any interest and income derived from deposits and investments of any amounts credited to any fund or account may be (i) transferred into any rebate account or subaccount and (ii) paid to the federal government if in the opinion of nationally recognized bond counsel the payment is required to comply with any covenant contained in an order, resolution or ordinance to prevent interest on any Parity Bonds from being includable within the gross income of the owners thereof for federal income tax purposes.

PART 19: ADDITIONAL BONDS

(a) No Prior Lien Bonds. Other than refunding bonds to refund the Prior Lien Bonds resulting in a debt service savings, the City covenants that it will not issue any additional bonds or other obligations payable from and secured by a lien on and pledge of the Pledged Revenues that is senior to the lien securing the Parity Obligations.

(b) Refunding Bonds. The City expressly reserves the right to issue refunding bonds resulting in a debt service savings to refund all or a portion of the Parity Bonds or to refund any refunding bonds previously issued to refund all or a portion of the Parity Bonds without having to meet the conditions specified in Part 19(c). The refunding bonds may be secured by a lien on Pledged Revenues on a parity with or subordinate to the lien securing the Parity Bonds.

(c) Other Additional Bonds.

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

(i) the City's Chief Financial Officer (or other officer of the City having primary responsibility for the financial affairs of the City) shall provide a certificate showing that, for the City's most recent completed Fiscal Year or for any consecutive 12-month period out of the most recently 18 months preceding the month the ordinance authorizing the issuance of the Parity Bonds is adopted (the "Coverage Period"), the Pledged Hotel Occupancy Tax Revenues for the Coverage Period are equal to at least 125% of the maximum annual Debt Service Requirement of all Prior Lien Bonds and Parity Bonds then Outstanding scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Parity Bonds, if any, proposed to be issued, and deducting from the maximum annual Debt Service Requirement for the Prior Lien Bonds and Parity Bonds an amount equal to the revenues received from the Special Hotel Occupancy Tax for the Coverage Period to be applied to the Debt Service Requirement for any then Outstanding Prior Lien Bonds; and

(ii) if an account within the Reserve Fund is created for a series of Parity Bonds, provision is made in the ordinance authorizing issuance of the Parity Bonds for the complete funding of any required reserves for payment of principal of and interest on the Parity Bonds (whether by cash deposits or through a Reserve Fund Surety Bond or a combination of these sources) as of their initial delivery.

(2) Among the future obligations authorized to be issued or incurred pursuant to this Part 19(c) are Credit Agreements executed in support of Parity Bonds. The City may enter into a Credit Agreement payable from and secured wholly or partly by a lien on Pledged Revenues if it obtains written confirmation from each Rating Agency then rating the

Parity Bonds at the request of the City that the issuance of the Credit Agreement will not cause a withdrawal or reduction in the rating assigned then to the Outstanding Parity Bonds. The City may secure its obligations under a future Credit Agreement executed in support of Parity Bonds by a lien on Pledged Revenues if such lien is on a parity with or subordinate to the lien securing the Parity Bonds; provided, however, that confirmation is not required for Interest Rate Management Agreements executed in support of Parity Bonds.

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

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

(ii) If the City has entered into a Credit Agreement in connection with an issue of obligations payable from and secured by Pledged Revenues, (X) payments due under the Credit Agreement, from either the City or the other party to the Credit Agreement, shall be included in the debt service calculation except to the extent that the payments are already taken into account in the debt service calculation, (Y) any payments that would otherwise be included under the debt service calculation which are to be replaced by payments under a Credit Agreement from either the City or the other party to the

Credit Agreement shall be excluded from the debt service calculation, and (Z) payments due under a Credit Agreement that are paid at a variable rate shall be deemed to be made at a fixed rate determined in a manner consistent with paragraph (c)(1)(i) above. For any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making the calculation and for prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

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

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

(6) Any Additional Bonds may bear any name or designation provided by the ordinance authorizing their issuance and may be issued in any form and manner as may be authorized by law at the time of their issuance. Furthermore, Additional Bonds may be secured by any other source of payment lawfully available for this purpose, including a Credit Agreement, financial guaranty insurance policy or similar credit or liquidity support. Any Reimbursement Obligation or obligation under a Credit Agreement may be secured by Pledged Revenues on a basis *pari passu* with the Parity Bonds.

PART 20: COVENANTS AND PROVISIONS RELATING TO ALL PARITY OBLIGATIONS

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

(b) Pledge and Encumbrance of Pledged Revenues. The City covenants and represents that it has the lawful power to create a lien on and to pledge the Pledged Revenues to secure the payment of the Parity Obligations and has lawfully exercised its power under the Constitution and laws of the State of Texas. The City further covenants and represents that, other than to the payment of the Prior Lien Obligations, the Bonds and obligations authorized and reserved to be issued in this Ordinance, the Pledged Revenues are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the City unless the lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Parity Obligations.

(c) Bondholders' Remedies. This Ordinance shall constitute a contract between the City and the Holders of the Bonds from time to time Outstanding and the beneficiaries of other Parity Obligations and this Ordinance shall not be repealed until the Bonds and the other Parity Obligations shall be fully paid or discharged or provision for payment or discharge shall have been made as provided in this Ordinance. In the event of a default in the payment of the principal of or interest or any premium on any of the Bonds or a default in the performance of any duty or covenant provided by law or in this Ordinance, each Holder of a Bond and each beneficiary of any Parity Obligation may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy the default and to prevent further default or defaults. Without in any way limiting the generality of the preceding, it is expressly provided that each Holder of a Bond and each beneficiary of any Parity Obligation may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the City under this Ordinance, including the application of Pledged Revenues in the manner required in this Ordinance; provided, however, that no Holder of a Bond and no beneficiary of a Parity Obligation shall ever have the right to demand payment of the principal of, interest on or any redemption premium on the Bonds or any payment on any Parity Obligation out of any funds raised or to be raised by taxation, other than the Pledged Hotel Occupancy Tax Revenues.

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

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

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

(e) Non-Business Days. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds or the due date for the payment or performance of any obligation shall be other than a Business Day, then

payment need not be made on the due date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or other due date, and no interest shall accrue for the period from the scheduled due date to the date of actual payment. If any Transfer Date shall not be a Business Day, then the transfer otherwise required to be made on such date pursuant to Part 15 shall be made on the next succeeding Business Day.

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

(a) Alteration of Rights and Duties. The rights, duties, and obligations of the City and the Holders of the Bonds are subject in all respects to all applicable federal and state laws including, without limitation, the provisions of federal law regarding the composition of indebtedness of political subdivisions, as the same now exist or may be amended.

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

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

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

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

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

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

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

(c) Amendments of Ordinance Requiring Consent.

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

(2) In addition to the consent referenced above, and if and to the extent required by any Credit Agreement, the City shall also obtain the consent of the related credit facility provider to any amendment described by this Part 21(c).

(d) Consent of Holders. Any consent required by Part 21(c) shall be considered given by any Holder in any number of concurrent writings of similar tenor, signed by the Holder or authorized attorney of the Holder. Proof of the execution of any consent or of the writing appointing such attorney and of the ownership of Parity Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City with regard to any action taken, suffered or omitted to be taken by the City under the instrument, namely:

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

(2) the fact of the ownership by any person of any Bond and the date of the ownership of same may be proved by a certificate executed by an appropriate officer of the Paying Agent/Registrar, stating that on the date of

execution the Bond was registered in the name of the party in the Security Register.

In lieu of the preceding the City may accept any other proof of the preceding as it shall consider appropriate.

Consents obtained pursuant to Part 21(d) shall be valid only if given following the mailing of notice by or on behalf of the City requesting the consent and setting forth the substance of the amendment of this Ordinance in respect of which the consent is sought and stating that copies thereof are available at the office of the City Clerk for inspection. The notice shall be mailed by certified mail to each Holder of the Parity Bonds affected at the address shown on the Security Register.

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

PART 22: MUTILATED - DESTROYED - LOST AND STOLEN BONDS.

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

Every new Bond issued pursuant to this Part in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time

enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

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

PART 23: TAX EXEMPTION.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART 24: SALE OF BONDS – OFFICIAL STATEMENT. The Bonds are to be sold by the City to the Purchasers in accordance with a bond purchase agreement (the “Purchase Contract”), the terms and provisions of which Purchase Contract are to be determined by the Pricing Officer, in accordance with Part 4 of this Ordinance. With regard to the terms and provisions of the Purchase Contract, the Pricing Officer may come to an agreement with the Purchasers on the following, among other matters:

- (1) The details of the purchase and sale of the Bonds;
- (2) The details of the public offering of the Bonds by the Purchasers;
- (3) The details of an Official Statement (and, if appropriate, any Preliminary Official Statement) relating to the Bonds and the City’s Rule 15c2-12 compliance;
- (4) A security deposit for the Bonds;
- (5) The representations and warranties of the City to the Purchasers;
- (6) The details of the delivery of, and payment for, the Bonds;
- (7) The Purchasers’ obligations under the Purchase Contract;
- (8) The certain conditions to the obligations of the City under the Purchase Contract;
- (9) Termination of the Purchase Contract;
- (10) Particular covenants of the City;

- (11) The survival of representations made in the Purchase Contract;
- (12) The payment of any expenses relating to the Purchase Contract;
- (13) Notices; and
- (14) Any other details that are found by the Pricing Officer to be necessary and advisable for the purchase and sale of the Bonds.

The Pricing Officer may execute the Purchase Contract for and on behalf of the City and as the act and deed of Council.

The Mayor and City Clerk of the City may manually or electronically execute and deliver for and on behalf of the City copies of a Preliminary Official Statement and Official Statement, prepared in connection with the offering of the Bonds by the Purchasers, in final form as may be required by the Purchasers, and the final Official Statement in the form and content as approved by the Pricing Officer or as manually or electronically executed by those officials shall be deemed to be approved by Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

PART 25: ESCROW AGREEMENT. An "Escrow Agreement" (the "Escrow Agreement") by and between the City and an authorized escrow agent (the "Escrow Agent"), if an agreement is required in connection with the issuance of the Bonds, shall be attached to, and approved in, the Pricing Certificate. The Escrow Agreement is authorized to be finalized and executed by the Pricing Officer for and on behalf of the City and as the act and deed of Council; and the Escrow Agreement as executed by the Pricing Officer shall be deemed approved by Council and constitute the Escrow Agreement approved by this Ordinance. With regard to the finalization of certain terms and provisions of the Escrow Agreement, a Pricing Officer is authorized to come to an agreement with the Escrow Agent on the following details, among other matters:

- (1) The identification of the Refunded Bonds;
- (2) The creation and funding of any Escrow Fund (as defined below); and
- (3) The Escrow Agent's compensation, administration of the Escrow Fund or Funds, and the settlement of any paying agents' charges relating to the Refunded Bonds.

Appropriate officials of the City, in cooperation with the Escrow Agent, are authorized and directed to make the necessary arrangements for the purchase of the escrowed securities referenced in the Escrow Agreement and the delivery of the escrowed securities to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "CITY OF AUSTIN, TEXAS 4.5% HOTEL OCCUPANCY TAX REVENUE REFUNDING BONDS, SERIES 2013 ESCROW FUND" (referred to

as the "Escrow Fund"), or any other designation as specified on the Pricing Certificate; all as contemplated and provided in Chapter 1207, the Ordinance, the Pricing Certificate, and the Escrow Agreement.

On or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Pricing Officer shall also cause to be deposited (and is authorized to cause to be deposited) (a) with the Escrow Agent from moneys on deposit in the debt service fund(s) maintained for the payment of the Refunded Bonds an amount which, together with the proceeds of sale, and the investment earnings thereon, will be sufficient to pay in full the Refunded Bonds (or the amount of accrued interest due on the Refunded Bonds) scheduled to mature and authorized to be redeemed on the earliest date established in the Pricing Certificate for the redemption of any of the Refunded Bonds (or the earliest date of payment, to be made from moneys in the Escrow Fund(s), as established in the Pricing Certificate, of the amount of accrued interest due on the Refunded Bond).

PART 26: REFUNDED BONDS. (a) To provide for the refunding, discharge, and retirement of the Refunded Bonds, the Refunded Bonds identified, described, and in the amounts set forth in the Pricing Certificate, are called for redemption on the first date the Refunded Bonds are subject to redemption or any other date specified by the Pricing Officer in the Pricing Certificate at the price of par plus accrued interest to the redemption date, and notice of redemption shall be given in accordance with the applicable provisions of the ordinance adopted by Council, which authorized the issuance of the Refunded Bonds. The Pricing Officer is authorized and directed to provide documentation, including a copy of this Ordinance and the Pricing Certificate, to the paying agent/registrar for the Refunded Bonds, together with a suggested form of notice of redemption to be sent to bondholders, substantially the form set forth as an exhibit to the Pricing Certificate, in accordance with the redemption provisions applicable to the Refunded Bonds.

(b) The paying agent/registrar for Refunded Bonds is directed to provide the appropriate notice of redemption as required by the ordinance authorizing the Refunded Bonds and is directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on the redemption date.

(c) The source of funds for payment of the principal of and interest on the Refunded Bonds on their respective maturity or redemption dates shall be from the funds deposited with the Escrow Agent or the paying agent/registrar for the Refunded Bonds pursuant to the provisions of Chapter 1207, this Ordinance and the Pricing Certificate.

PART 27: PROCEEDS OF SALE. Immediately following the delivery of the Bonds, proceeds of sale (less those proceeds of sale designated to pay costs of issuance, proceeds of sale designated to fund the Reserve Fund or pay any surety bond premium,

amounts to pay any municipal bond insurance premium and any accrued interest received from the Purchasers of the Bonds) shall be deposited with the Escrow Agent for application and disbursement in accordance with the provisions of the Escrow Agreement or deposited with the paying agent/registrar for the Refunded Bonds for the payment and redemption of the Refunded Bonds. The proceeds of sale of the Bonds not so deposited with the Escrow Agent (or the paying agent/registrar for the Refunded Bonds) for the refunding of the Refunded Bonds shall be disbursed for payment of costs of issuance, or deposited in the Bond Fund for the Bonds, all in accordance with written instructions from the City or its Financial Advisor. Accrued interest, if any, received from the Purchasers shall be deposited to the credit of the Bond Fund.

PART 28: CONTROL AND CUSTODY OF BONDS. The Mayor of the City shall be and is authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

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

PART 29: AMENDMENTS TO ORDINANCE NO. 20080724-101 AND ORDINANCE NO. 20120301-060.

Council finds that there exists an ambiguity in the ordinances authorizing the issuance of the Prior Lien Bonds relating to the application of the Pledged Hotel Occupancy Tax Revenues and the Special Hotel Occupancy Tax Revenues and Council desires to amend Ordinance No. 20080724-101 and Ordinance No. 20120301-060 to clarify that the Special Hotel Occupancy Tax Revenues will be applied to the payment of the Debt Service Requirements and the reserve fund requirements applicable to the reserve fund associated with the Prior Lien Bonds before the application of the Pledged Hotel Occupancy Tax Revenues to the payment of the Debt Service Requirements and the reserve fund requirements applicable to the Prior Lien Bonds. If all the Debt Service Requirements for the Prior Lien Bonds and the reserve fund requirements applicable to the Prior Lien Bonds are satisfied with funds received from the Special Hotel Occupancy

Tax Revenues, no deposits need be made to the funds or accounts associated with the Prior Lien Bonds from funds derived from the Pledged Hotel Occupancy Tax Revenues.

Part 5.04 of Ordinance No. 20080724-101 is amended to read as follows:

“PART 5.04. Flow of Funds.

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

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

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

Third, to transfer to the Bond Fund all amounts necessary to provide for the payment of Parity Obligations, to the extent that the revenues from the Special Hotel Occupancy Tax are insufficient to meet the Debt Service Fund requirements of the related ordinances.

Fourth, to transfer to the Reserve Fund the amounts required pursuant to Part 5.06 of this Ordinance, to the extent that the revenues from the Special Hotel Occupancy Tax are insufficient to meet the Debt Service Reserve Fund requirements of the related ordinances.

Fifth, to transfer all amounts required to be deposited to the special funds and accounts created for the payment and security of the Junior Subordinate Lien Bonds.

Sixth, to the payment of all Junior Obligations secured hereunder on a pari passu basis.

Seventh, for any lawful purpose under the Tax Act.

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

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

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

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

Fourth, to transfer to the Reserve Fund the amounts required pursuant to Part 5.06 of this Ordinance.

Fifth, to transfer all amounts required to be deposited to the special funds and accounts created for the payment and security of the Junior Subordinate Lien Bonds.

Sixth, to the payment of all Junior Obligations secured hereunder on a pari passu basis.

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

Section 14 of Ordinance No. 20120301-060 is amended to read as follows:

“SECTION 14:. FLOW OF FUNDS.

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

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

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

Third, to transfer to the Bond Fund all amounts necessary to provide for the payment of Parity Obligations, to the extent that the revenues from the Special Hotel Occupancy Tax are insufficient to meet the Debt Service Fund requirements of such related ordinances.

Fourth, to transfer to the Reserve Fund the amounts required pursuant to Section 16 of this Ordinance, to the extent that the revenues from the Special Hotel Occupancy Tax are insufficient to meet the Debt Service Reserve Fund requirements of such related ordinances.

Fifth, to transfer all amounts required to be deposited to the special funds and accounts created for the payment and security of the Junior Subordinate Lien Bonds.

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

Seventh, for any lawful purpose under the Tax Act.

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

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

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

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

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

Fifth, to transfer all amounts required to be deposited to the special funds and accounts created for the payment and security of the Junior Subordinate Lien Bonds.

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

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

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

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

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

Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

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

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

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

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

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

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

PART 38: CANCELLATION. All Bonds surrendered for payment, redemption, transfer or exchange, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for

cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

PART 39: CONTINUING DISCLOSURE UNDERTAKING.

(a) Definitions. As used in this Part 39, the following terms have the meanings ascribed to such terms below:

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

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year (beginning with the fiscal year ending in the year stated in the Pricing Certificate), financial information and operating data with respect to the City of the general type included in the final Official Statement and which is described in the Pricing Certificate, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the Pricing Certificate, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available by the required time, the City will provide unaudited financial information of the type included in the Official Statement by the required time and audited financial statements when and if such audited financial statements become available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this 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 available to the public on the MSRB’s Internet Web site or filed with the SEC.

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the existing governing body and officials 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 a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Part by the time required by this Part.

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

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

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

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

No default by the City in observing or performing its obligations under this Part shall constitute 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.

Notwithstanding anything in this Ordinance to the contrary, the provisions of this Part may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Part, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Part may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Part, it shall include with any amended financial information or operating data next provided in accordance with subparagraph (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

PART 40: INCORPORATION OF FINDINGS AND DETERMINATIONS.
The findings and determinations of Council contained in the preamble of this Ordinance

are incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Part.

PART 41: BOND INSURANCE. To extent the Bonds are issued with municipal bond insurance, the Pricing Officer shall approve any terms, conditions and covenants with respect to the insurance in the Pricing Certificate.

PART 42: PUBLIC MEETING. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

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

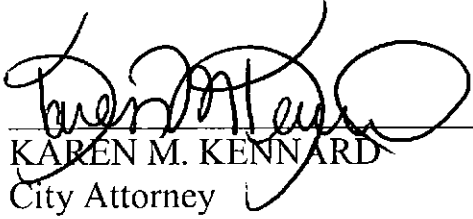
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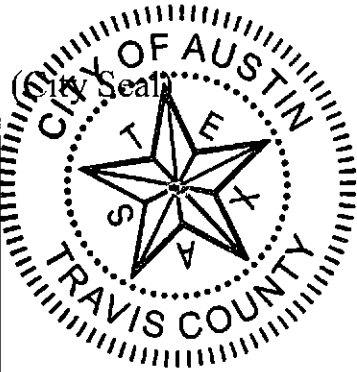
PASSED AND APPROVED

CITY OF AUSTIN, TEXAS


November 21, 2013

APPROVED:

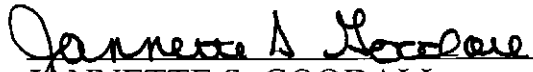

KAREN M. KENNARD
City Attorney



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LEE LEFFINGWELL
Mayor

ATTEST:


JANNETTE S. GOODALL
City Clerk