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

1 “Chapter 1204” means Chapter 1204 of the Texas Government Code.

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

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

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

5 “Chapter 1371” means Chapter 1371 of the Texas Government Code.

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

7 “Code” means the Internal Revenue Code of 1986, as amended.

8 “Council” means the City Council of the City.

9 “Defeasance Securities” means any securities permitted by Section 1207.062, Texas  
10 Government Code (or any successor statute), including (i) direct, noncallable obligations of the United  
11 States of America, including obligations that are unconditionally guaranteed by the United States of  
12 America, (ii) noncallable obligations of an agency or instrumentality of the United States of America,  
13 including obligations that are unconditionally guaranteed or insured by the agency or instrumentality  
14 and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are  
15 rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or  
16 its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or  
17 other political subdivision of a state that have been refunded and that, on the date of approval of the  
18 proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a  
19 nationally recognized investment rating firm not less than “AAA” or its equivalent.

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

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

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

27 “Escrow Agent” means Amegy Bank, any place of payment for the Refunded Obligations  
28 identified in the Escrow Agreement or any successor thereto.

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

31 “Event of Default” has the meaning described in PART 18 of this Ordinance.

32 “Expiration Date” means February 18, 2017.

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

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

3 “MSRB” means the Municipal Securities Rulemaking Board.

4 “Paying Agent/Registrar” means the bank, trust company, financial institution, or agency named  
5 in the Paying Agent/Registrar Agreement.

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

9 “Pricing Certificate” means a certificate executed by an Authorized Representative on the date  
10 of sale of any series of the Bonds containing the terms of such series authorized to be determined by the  
11 Authorized Representative pursuant to PART 4 of this Ordinance.

12 “Project” means a project for which proceeds of the Bonds are spent consistent with the  
13 purposes described in clause (a)(i) of PART 3 of this Ordinance.

14 “Purchase Agreement” means any purchase agreement between the City and the Underwriters  
15 providing for the sale of the Bonds by the City and the purchase of the Bonds by the Underwriters.

16 “Refunded Obligations” means the Refunding Candidates designated as Refunded Obligations  
17 in the Pricing Certificate.

18 “Refunding Candidates” means the outstanding obligations of the City identified in Schedule II  
19 of this Ordinance.

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

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

23 “Rule” means SEC Rule 15c2-12.

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

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

### 26 **PART 3. BONDS AUTHORIZED.**

27 The Bonds shall be issued in accordance with the Constitution, laws of the State of Texas, and  
28 the Charter of the City, in one or more series, in the aggregate principal amount not to exceed  
29 \$108,810,000, consisting of (a) an aggregate principal amount not to exceed \$51,810,000 for the  
30 purposes of (i) financing the Projects described in Schedule I and (ii) paying the costs of issuance  
31 associated with the sale of the Bonds and (b) an aggregate principal amount not to exceed \$57,000,000  
32 for the purposes of (i) refunding the Refunded Obligations and (ii) paying the costs of issuance  
33 associated with the sale of the Bonds and the refunding of the Refunded Obligations. The aggregate  
34 principal amount and the designation of Bonds issued pursuant to this Ordinance shall be set forth in  
35 the Pricing Certificate therefor.

1                   **PART 4.       SALE PARAMETERS.**

2           (a)     The Bonds shall be issued in any Authorized Denomination as fully registered bonds,  
3 without interest coupons, payable to the respective initial registered owners of the Bonds, or to the  
4 registered assignee or assignees of the Bonds, maturing not later than 40 years from their issue date,  
5 payable serially or otherwise on the dates, in the years and in the principal amounts, and dated and  
6 numbered, all as set forth in the Pricing Certificate.

7           (b)     In accordance with Chapter 1207 and Chapter 1371, Council authorizes each Authorized  
8 Representative to act on behalf of the City in selling and delivering the Bonds and carrying out the  
9 other procedures specified in this Ordinance, including determining and fixing the number of series and  
10 the designation or title by which series of Bonds sold shall be known and, with respect to any series of  
11 Bonds, the purposes and aggregate principal amount of the Bonds sold, the dated date and the date of  
12 delivery of the Bonds sold, the price at which the Bonds will be sold, the years in which the Bonds will  
13 mature, the principal amount of Bonds to mature in each of such years, that portion of the Bonds, if  
14 any, to be issued as capital appreciation bonds and the maturity amount of any Bonds issued as capital  
15 appreciation bonds, the rate or rates of interest to be borne by or accrue on each maturity, the interest  
16 payment periods and interest payment dates, the record date, the dates, prices, and terms upon and at  
17 which the Bonds shall be subject to redemption (including provisions for optional and mandatory  
18 redemption), and all other terms, details and matters relating to the Bonds and their issuance, sale and  
19 delivery and the refunding of the Refunded Obligations, including, without limitation, obtaining a  
20 municipal bond insurance policy in support of the Bonds, all of which shall be specified in the Pricing  
21 Certificate; *provided*, that (i) the price to be paid for the Bonds shall not be less than 95% of the  
22 aggregate principal amount of the Bonds sold, plus accrued interest, if any, (ii) the Bonds shall not bear  
23 interest at a rate greater than the maximum rate allowed by Chapter 1204, (iii) Bonds sold for the  
24 purpose of refunding Refunded Obligations must produce positive gross savings and present value  
25 savings, calculated in accordance with GASB Statement No. 7, of at least four and one-fourth percent  
26 (4.25%), and (iv) prior to their delivery, the Bonds shall be rated by a nationally recognized rating  
27 agency for municipal securities in one of the four highest rating categories for long-term debt  
28 instruments.

29           An Authorized Representative may elect not to refund any of the Refunding Candidates, but in  
30 no event shall Bonds be issued for the purpose of refunding Refunded Obligations if the refunding of  
31 the Refunded Obligations does not result in the minimum savings threshold established by this  
32 Ordinance. The Pricing Certificate shall specifically state both the net present value savings and the  
33 gross savings realized by the City as a result of refunding the Refunded Obligations. In addition, an  
34 Authorized Representative may approve modifications to this Ordinance to conform to the terms of the  
35 Bonds, as approved by the Authorized Representative, and execute any instruments, agreements and  
36 other documents as the Authorized Representative shall deem necessary or appropriate in connection  
37 with the issuance, sale and delivery of Bonds pursuant to this Ordinance.

38           It is in the best interests of the City for the Bonds to be sold through a negotiated sale, and  
39 Council authorizes each Authorized Representative to enter into and carry out the Purchase Agreement  
40 with the Underwriters pursuant to PART 13 of this Ordinance. Each Authorized Representative may  
41 designate underwriters for future series of the Bonds.

42           The authority of an Authorized Representative to execute any Purchase Agreement shall expire  
43 at 11:59 p.m. on the Expiration Date. Bonds sold pursuant to a Purchase Agreement executed on or  
44 before the Expiration Date may be delivered after the Expiration Date.

1 In establishing the aggregate principal amount of the Bonds of any series, the Authorized  
2 Representative shall establish an amount which shall be sufficient to provide for the purposes for which  
3 the Bonds are authorized. The Bonds of any series shall be sold at such price, with and subject to such  
4 terms, as set forth in the Pricing Certificate.

5 (c) Any finding or determination made by an Authorized Representative relating to the  
6 issuance and sale of the Bonds, the refunding of the Refunded Obligations and the execution of the  
7 Purchase Agreement shall have the same force and effect as a finding or determination made by  
8 Council.

## 9 **PART 5. REDEMPTION PROVISIONS.**

10 (a) The Bonds may be subject to redemption, at the option of the City, prior to their stated  
11 maturities to the extent and in the manner provided in the Pricing Certificate. The years of maturity of  
12 the Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the  
13 City. The Bonds or any portion redeemed within a maturity shall be selected by lot, or other customary  
14 random selection method, by the Paying Agent/Registrar; provided, that during any period in which  
15 ownership of the Bonds is determined only by a book entry at DTC, if fewer than all of the Bonds of  
16 the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such  
17 maturity and bearing such interest rate shall be selected in accordance with the arrangements between  
18 the City and DTC.

19 (b) The Bonds may be subject to mandatory sinking fund redemption prior to their stated  
20 maturities, to the extent and in the manner provided in the Pricing Certificate.

21 (c) At least 30 days before the date fixed for redemption, the City shall cause a written  
22 notice of the redemption to be deposited in the United States mail, first-class postage prepaid, addressed  
23 to each Registered Owner at the address shown on the Registration Books. By the date fixed for  
24 redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the  
25 required redemption price for the Bonds which are to be redeemed, plus accrued interest to the date  
26 fixed for redemption. If the notice of redemption is given, and if provision for payment is made, all as  
27 provided above, the Bonds, or the portions of the Bonds, which are to be redeemed, automatically shall  
28 be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their  
29 redemption, and shall not be regarded as outstanding except for the right of the Registered Owner to  
30 receive the redemption price plus accrued interest to the date fixed for redemption from the Paying  
31 Agent/Registrar out of the funds provided for payment. The Paying Agent/Registrar shall record in the  
32 Registration Books all redemptions of principal of the Bonds or any portion of the principal. If a  
33 portion of any Bond shall be redeemed, one or more substitute Bonds having the same maturity date,  
34 bearing interest at the same rate, in any Authorized Denomination, at the written request of the  
35 Registered Owner, and in an aggregate principal amount equal to the unredeemed portion of the Bonds,  
36 will be issued to the Registered Owner upon the surrender for cancellation, at the expense of the City,  
37 all as provided in this Ordinance. In addition, the City shall cause the Paying Agent/Registrar to give  
38 notice of any redemption in the manner set forth in PART 7(h). The failure to cause notice to be given,  
39 however, or any defect in the notice, shall not affect the validity or effectiveness of the redemption. If a  
40 notice of redemption is given and sufficient funds are not received for the payment of the required  
41 redemption price for the Bonds which are to be redeemed, the notice shall be of no force and effect, the  
42 City shall not redeem the Bonds, and the Paying Agent/Registrar shall give notice, in the manner in  
43 which the notice of redemption was given, that the Bonds have not been redeemed.

(d) Each redemption notice required by this Ordinance or the Pricing Certificate shall contain a description of the Bonds to be redeemed, including the complete name of the Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts of the Bonds called for redemption, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bond may be redeemed, including a contact person and telephone number. This notice may also state that the redemption is conditioned upon receipt of sufficient funds for the payment of the required redemption price for the Bonds which are to be redeemed by the date fixed for redemption. All redemption payments made by the Paying Agent/Registrar to the Registered Owners of the Bonds shall include CUSIP numbers relating to each amount paid to such Registered Owner.

## **PART 6. INTEREST.**

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

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

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

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

(c) The Paying Agent/Registrar named in the Paying Agent/Registrar Agreement shall act as the paying agent for paying the principal of, premium, if any, and interest on, the Bonds, and to act as the agent of the City to exchange or replace Bonds, all as provided in this Ordinance. The Paying

1 Agent/Registrar shall keep proper records of all payments made by the City and the Paying  
2 Agent/Registrar with respect to the Bonds, and of all exchanges and replacements, as provided in this  
3 Ordinance.

4 (d) Each Bond may be exchanged for fully registered obligations as set forth in this  
5 Ordinance. Each Bond issued and delivered pursuant to this Ordinance, to the extent of the  
6 unredeemed principal amount, may, upon surrender at the Designated Payment/Transfer Office,  
7 together with a written request duly executed by the Registered Owner or its assignee or assignees, or  
8 its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the  
9 Paying Agent/Registrar, at the option of the Registered Owner or its assignee or assignees, as  
10 appropriate, be exchanged for fully registered obligations, without interest coupons, in the form  
11 prescribed in the Form of Bond, in any Authorized Denomination (subject to the requirement stated  
12 below that each substitute Bond shall have a single stated maturity date), as requested in writing by the  
13 Registered Owner or its assignee or assignees, in an aggregate principal amount equal to the  
14 unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate  
15 Registered Owner, assignee, or assignees. If a portion of any Bond is assigned and transferred, each  
16 Bond issued in exchange shall have the same maturity date and bear interest at the same rate as the  
17 Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to  
18 distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as  
19 provided in this Ordinance, and each fully registered Bond delivered in exchange for or replacement of  
20 any Bond or portion of a Bond as permitted or required by any provision of this Ordinance shall  
21 constitute one of the Bonds for all purposes of this Ordinance, and may again be exchanged or replaced.  
22 Any Bond delivered in exchange for or replacement of another Bond before the first scheduled interest  
23 payment date on the Bonds (as stated on the face of the Bond) shall be dated the same date, but each  
24 substitute Bond delivered on or after the first scheduled interest payment date shall be dated the interest  
25 payment date preceding the date on which the substitute Bond is delivered, unless the substitute Bond is  
26 delivered on an interest payment date, in which case it shall be dated as of the date of delivery;  
27 however, if at the time of delivery of any substitute Bond the interest on the Bond for which it is being  
28 exchanged has not been paid, then the substitute Bond shall be dated the date to which interest has been  
29 paid in full. On each substitute Bond issued in exchange for or replacement of any Bond issued under  
30 this Ordinance there shall be printed on the Bond the Authentication Certificate. An authorized  
31 representative of the Paying Agent/Registrar shall, before the delivery of any substitute Bond, date the  
32 substitute Bond in the manner set forth above, and manually sign and date the Authentication  
33 Certificate, and no substitute Bond shall be considered to be issued or outstanding unless the  
34 Authentication Certificate is executed. The Paying Agent/Registrar promptly shall cancel all Bonds  
35 surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be  
36 passed or adopted by Council or any other body or person to accomplish the exchange or replacement  
37 of any Bond, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of  
38 the substitute Bonds in the manner prescribed in this Ordinance. Pursuant to Chapter 1206, the duty of  
39 exchange or replacement of any Bond is imposed on the Paying Agent/Registrar, and, upon the  
40 execution of the Authentication Certificate, the exchanged or replaced obligation shall be valid,  
41 incontestable, and enforceable in the same manner and with the same effect as the Bonds which  
42 originally were delivered pursuant to this Ordinance, approved by the Texas Attorney General, and  
43 registered by the Texas Comptroller of Public Accounts. Neither the City nor the Paying  
44 Agent/Registrar shall be required to transfer or exchange any Bond selected for redemption, in whole or  
45 in part, within 45 calendar days of the date fixed for redemption; provided, however; the limitation of  
46 transfer shall not be applicable to an exchange by the Registered Owner of the uncalled principal of a  
47 Bond.

1 (e) All Bonds issued in exchange or replacement of any other Bond or portion of a Bond (i)  
2 shall be issued in fully registered form, without interest coupons, with the principal of and interest on  
3 the Bonds to be payable only to the Registered Owners, (ii) may be redeemed prior to their scheduled  
4 maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Bonds, (v) shall have  
5 the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds  
6 shall be payable, all as provided, and in the manner required or indicated in this Ordinance and the  
7 Pricing Certificate.

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

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

## 43 **PART 8. FORM OF BONDS.**

44 The Bonds shall be signed with the manual or facsimile signatures of the Mayor and the City  
45 Clerk, and the seal of the City shall be affixed or impressed on the Bonds. The form of all Bonds,  
46 including the form of the Comptroller's Registration Certificate to accompany the Bonds on the initial



1 delivery, the form of the Authentication Certificate, and the Form of Assignment to be printed on each  
2 Bond, shall be, respectively, substantially in the form set forth in Exhibit A, with such appropriate  
3 variations, omissions, or insertions as are permitted or required by this Ordinance and the Pricing  
4 Certificate.

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

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

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

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

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

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

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

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

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

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

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

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

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

3           (a)    *Escrow Agreement.* Concurrently with the delivery of the Bonds, the Authorized  
4 Representative shall cause to be deposited with the Escrow Agent, from the proceeds from the sale of  
5 the Bonds and other available moneys of the City, an amount sufficient to provide for the refunding of  
6 the Refunded Obligations in accordance with Chapter 1207. For this purpose, Council authorizes the  
7 Authorized Representative to (i) execute the Escrow Agreement, (ii) purchase permitted investments  
8 for a defeasance escrow established to defease the Refunded Obligations, execute any and all  
9 subscriptions, purchase agreements, commitments, letters of authorization and other documents  
10 necessary to effectuate the foregoing and take any action necessary to obtain the securities to be held by  
11 the Escrow Agent in accordance with the terms of the Escrow Agreement, and (iii) direct and provide  
12 for contributions to the escrow fund as provided in the Escrow Agreement. The City Clerk is  
13 authorized to attest the Authorized Representative's execution of the Escrow Agreement. The Escrow  
14 Agent shall not act as a depository for the City.

15           (b)    *Redemption of Refunded Obligations.* Council determines that, subject to the delivery of  
16 the Bonds, the Refunded Obligations shall be called for redemption at the price(s) and on the date(s) set  
17 forth in the Pricing Certificate, all in accordance with the applicable provisions of the proceedings  
18 authorizing the issuance of the Refunded Obligations. An Authorized Representative or a designee of  
19 the Authorized Representative shall take such actions necessary to cause the required notice of  
20 redemption to be given in accordance with the terms of the proceedings for the Refunded Obligations  
21 called for redemption.

22           **PART 13.    SALE OF BONDS; OFFICIAL STATEMENT.**

23           (a)    The Bonds shall be sold to the Underwriters at the price set forth in the Pricing  
24 Certificate, and delivery of the Bonds to the Underwriters shall be made upon receipt of payment in  
25 accordance with the terms of the Purchase Agreement. An Authorized Representative is authorized and  
26 directed to execute the Pricing Certificate and the Purchase Agreement on behalf of the City, and the  
27 Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, City Clerk, and all other officials,  
28 agents and representatives of the City are authorized to execute and deliver any agreements,  
29 certificates, instruments and other documents, and do any and all things necessary or desirable to satisfy  
30 the conditions set out in the documents, to provide for the issuance and delivery of the Bonds.

31           (b)    Council ratifies, authorizes and approves, in connection with the sale of the Bonds, the  
32 preparation and distribution of the Preliminary Official Statement and a final Official Statement,  
33 substantially in the form of the Preliminary Official Statement, containing additional information and  
34 amendments as may be necessary to conform to the terms of the Bonds, this Ordinance and the  
35 Purchase Agreement, and the Preliminary Official Statement is deemed final as of its date within the  
36 meaning and for the purposes of paragraph (b)(1) of the Rule. An Authorized Representative is  
37 authorized to approve amendments and supplements to the Official Statement as either of them shall  
38 deem necessary or appropriate. The Mayor and City Clerk are authorized to execute the final Official  
39 Statement by manual, facsimile or electronic signature and/or to deliver a certificate pertaining to the  
40 final Official Statement as prescribed in the Official Statement or in the Purchase Agreement, dated as  
41 of the date of payment for and delivery of the Bonds.

42           (c)    The Mayor, Mayor Pro Tem, City Manager, City Clerk, Chief Financial Officer and all  
43 other officials, agents and representatives of the City are authorized to take actions as any officer,  
44 official, agent or representative shall approve in seeking ratings on the Bonds from one or more

1 nationally recognized statistical ratings organizations, or any confirmation of ratings issued by a rating  
2 agency, and these actions are ratified and confirmed.

3 (d) Proceeds from the sale of the Bonds shall be disbursed in the amounts and for the  
4 purposes set forth in the Pricing Certificate. An Authorized Representative may provide for the  
5 establishment of any fund, account or subaccount as deemed necessary or appropriate for the  
6 safekeeping and administration of proceeds from the sale of the Bonds pending their disbursement for  
7 authorized purposes.

#### 8 **PART 14. COVENANTS TO MAINTAIN TAX EXEMPT STATUS.**

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

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

13 “Computation Date” has the meaning stated in section 1.148-1(b) of the Regulations.

14 “Gross Proceeds” has the meaning stated in section 1.148-1(b) of the Regulations.

15 “Investment” has the meaning stated in section 1.148-1(b) of the Regulations.

16 “Issue Date” for the Bonds or other obligations of the City is the respective date on which the  
17 Bonds or other obligations of the City are delivered against payment therefor.

18 “Net Sale Proceeds” has the meaning stated in section 1.148-1(b) of the Regulations.

19 “Nonpurpose Investment” has the meaning stated in section 1.148-1(b) of the Regulations.

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

21 “Rebate Amount” has the meaning stated in section 1.148-3 of the Regulations.

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

26 “Yield of”

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

29 (ii) the Bonds shall be computed in accordance with section 1.148-4 of the  
30 Regulations.

31 (b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of or  
32 omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or  
33 improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which,  
34 if made or omitted, respectively, would cause the interest on any Bonds to become includable in the

1 gross income, as defined in section 61 of the Code, of the owner for federal income tax purposes.  
2 Unless and until the City has received a written opinion of counsel nationally recognized in the field of  
3 municipal bond law to the effect that failure to comply with such covenant will not adversely affect the  
4 exemption from federal income tax of the interest on any Bond, the City shall comply with the specific  
5 covenants in this Section.

6 (c) No Private Use or Private Payments. Except as permitted by section 141 of the Code  
7 and the regulations and rulings relating to section 141 of the Code, the City shall, at all times prior to  
8 the last stated maturity of the Bonds,

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

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

22 (d) No Private Loan. Except to the extent permitted by section 141 of the Code and the  
23 regulations and rulings relating to section 141 of the Code, the City shall not use Gross Proceeds of the  
24 Bonds to make or finance loans to any person or entity other than a state or local government. For  
25 purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity  
26 if (1) property acquired, constructed or improved with Gross Proceeds (including property financed  
27 with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the Refunded  
28 Obligations) is sold or leased to a person or entity in a transaction which creates a debt for federal  
29 income tax purposes, (2) capacity in or service from the property is committed to the person or entity  
30 under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and  
31 benefits of ownership, of Gross Proceeds or property are otherwise transferred in a transaction which is  
32 the economic equivalent of a loan.

33 (e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code  
34 and the regulations and rulings relating to section 148 of the Code, the City shall not, at any time prior  
35 to the earlier of the final stated maturity or final payment of the Bonds, directly or indirectly invest  
36 Gross Proceeds of the Bonds in any Investment (or use Gross Proceeds to replace money so invested),  
37 if as a result of the investment the Yield of all Investments allocated to Gross Proceeds whether then  
38 held or previously disposed of, exceeds the Yield on the Bonds.

39 (f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code  
40 and the regulations and rulings relating to section 149(b) of the Code, the City shall not take or omit to  
41 take any action which would cause the Bonds to be federally guaranteed within the meaning of section  
42 149(b) of the Code and the regulations and rulings relating to section 149(b) of the Code.

1 (g) Information Report. The City shall timely file with the Secretary of the Treasury the  
2 information required by section 149(e) of the Code with respect to the Bonds on the forms and at the  
3 place as the Secretary of the Treasury may prescribe.

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

6 (i) account for all Gross Proceeds (including all receipts, expenditures and  
7 investments of Gross Proceeds) on its books of account separately and apart from all other funds  
8 (and the related receipts, expenditures and investments) and shall retain all records of such  
9 accounting for at least six years after the final Computation Date. The City may, however, to  
10 the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the  
11 City, provided that the City separately accounts for each receipt and expenditure of such Gross  
12 Proceeds and the obligations acquired with these proceeds.

13 (ii) calculate the Rebate Amount with respect to the Bonds, not less frequently than  
14 each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section  
15 1.148-3 of the Regulations, and the rulings thereunder. The City shall maintain a copy of such  
16 calculations for at least six years after the final Computation Date.

17 (iii) as additional consideration for the purchase of the Bonds by the initial purchaser  
18 and the loan of the money represented by this purchase, and in order to induce such purchase by  
19 measures designed to ensure the excludability of the interest from the gross income of the  
20 owners for federal income tax purposes, pay to the United States the amount described in  
21 paragraph (2) above at the times, in the installments, to the place, in the manner and  
22 accompanied by such forms or other information as is or may be required by section 148(f) of  
23 the Code and the regulations and rulings relating to section 148(f) of the Code, and

24 (iv) exercise reasonable diligence to assure that no errors are made in the calculations  
25 required by paragraph (2) and, if such error is made, to discover and promptly to correct such  
26 error within a reasonable amount of time, including payment to the United States of any interest  
27 and any penalty required by the Regulations.

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

35 (j) Not Hedge Bonds. The City will not invest more than 50 percent of the Proceeds of the  
36 Bonds or any series of the Refunded Obligations (or, if applicable, the obligations refunded by the  
37 Refunded Obligations (the "Original Bonds")) in Nonpurpose Investments having a guaranteed yield  
38 for four years or more. On the Issue Date of the Bonds and the Refunded Bonds (or, if applicable, the  
39 Original Bonds), the City will reasonably expect that at least 85 percent of the Net Sale Proceeds of the  
40 Bonds and each series of Refunded Obligation, or, if applicable, the Original Bonds, will or would be  
41 used to carry out the governmental purpose of such series within three years after the Issue Date of such  
42 series.

1           **PART 15.     CONTINUING DISCLOSURE OBLIGATION.**

2           (a)     *Annual Reports.*

3                     (i)     The City shall provide annually to the MSRB, (A) within six months after the  
4                     end of each fiscal year of the City, financial information and operating data with respect to the  
5                     City of the general type included in the final Official Statement authorized by PART 13 of this  
6                     Ordinance, being information of the type described in the Pricing Certificate, including financial  
7                     statements of the City if audited financial statements of the City are then available, and (B) if  
8                     not provided as part of the financial information and operating data, audited financial statements  
9                     of the City, when and if available. Any financial statements to be provided shall be (x) prepared  
10                    in accordance with the accounting principles described in the Pricing Certificate, or other  
11                    accounting principles as the City may be required to employ from time to time pursuant to state  
12                    law or regulation, and in substantially the form included in the Official Statement, and  
13                    (y) audited, if the City commissions an audit of the financial statements and the audit is  
14                    completed within the period during which they must be provided. If the audit of the financial  
15                    statements is not complete within 12 months after any fiscal year end, then the City shall file  
16                    unaudited financial statements within the 12-month period and audited financial statements for  
17                    the applicable fiscal year, when and if the audit report on the financial statements becomes  
18                    available.

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

22                   The financial information and operating data to be provided pursuant to this PART may  
23                   be set forth in full in one or more documents or may be included by specific reference to any  
24                   document (including an official statement or other offering document) available to the public on  
25                   the MSRB's website or filed with the SEC. Filings shall be made electronically, accompanied  
26                   by identifying information as prescribed by the MSRB.

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

- 30                   (i)     Principal and interest payment delinquencies;  
31                   (ii)    Non-payment related defaults, if material;  
32                   (iii)   Unscheduled draws on debt service reserves reflecting financial difficulties;  
33                   (iv)    Unscheduled draws on credit enhancements reflecting financial difficulties;  
34                   (v)     Substitution of credit or liquidity providers, or their failure to perform;  
35                   (vi)    Adverse tax opinions, the issuance by the Internal Revenue Service of proposed  
36                   or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-  
37                   TEB) or other material notices or determinations with respect to the tax status of  
38                   the Bonds, or other material events affecting the tax status of the Bonds;  
39                   (vii)   Modifications to rights of holders of the Bonds, if material;  
40                   (viii)   Bond calls, if material, and tender offers;  
41                   (ix)    Defeasances;  
42                   (x)     Release, substitution, or sale of property securing repayment of the Bonds, if  
43                   material;  
44                   (xi)    Rating changes;

- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used in clause (xii) above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving Council and 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 an electronic format prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this PART by the time required by subsection (a).

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

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 to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this PART and does not undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or to update any information provided in accordance with this PART or otherwise, except as expressly provided in this Ordinance. The City does not make any representation or warranty concerning the information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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



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

#### 19 **PART 16. DTC REGISTRATION.**

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

executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

## **PART 17. DEFEASANCE.**

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

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

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

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

1           **PART 18.     DEFAULT AND REMEDIES.**

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

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

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

10          (b)     *Remedies for Default.*

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

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

22          (c)     *Remedies Not Exclusive.*

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

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

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

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

1                   **PART 19.      OFFICIALS MAY ACT ON BEHALF OF THE CITY.**

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

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

18                   **PART 20.      RULES OF CONSTRUCTION.**

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

33                   **PART 21.      CONFLICTING ORDINANCES REPEALED.**

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

35                   **PART 22.      IMMEDIATE EFFECT.**

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

38                               [The remainder of this page is intentionally left blank.]

**PASSED AND APPROVED AND EFFECTIVE AUGUST 18, 2016.**

\_\_\_\_\_  
Steve Adler,  
Mayor,  
City of Austin, Texas

ATTEST:

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

(SEAL)

APPROVED:

\_\_\_\_\_  
Anne L. Morgan,  
City Attorney,  
City of Austin, Texas