

ORDINANCE NO. 050512-53

AN ORDINANCE authorizing the issuance of "CITY OF AUSTIN, TEXAS, TOWN LAKE PARK COMMUNITY EVENTS CENTER VENUE PROJECT REFUNDING BONDS, SERIES 2005"; prescribing the terms, features and specifications of said Bonds; making provision for the payment of said Bonds; enacting other provisions incident and related to the issuance, payment, sale and delivery of such Bonds, including the approval and execution of a Paying Agent/Registrar Agreement, Bond Purchase Agreement and Special Escrow Agreement and the approval and distribution of an Official Statement; providing for the redemption of the bonds being refunded; and providing an effective date.

WHEREAS, the City Council of the City of Austin, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding, obligations totaling in principal amount \$35,140,000 (the "Refunded Bonds") more particularly described as follows: City of Austin, Texas, Town Lake Park Community Events Center Venue Project Bonds, Series 1999", dated November 15, 1999, and scheduled to mature on November 15 in each of the years 2010 through 2025 and 2029; and

WHEREAS, pursuant to the provisions of V.T.C.A., Government Code, Chapter 1207, as amended, the City Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with the place of payment for the Refunded Bonds, or other authorized depository, and such deposit, when made in accordance with said statute, and ordinance authorizing the issuance of the Refunded Bonds, shall constitute the making of firm banking and financial arrangements for their discharge and final payment; and

WHEREAS, the City Council hereby finds and determines that refunding bonds should be issued at this time to refund the Refunded Bonds, and such refunding will result in the City saving approximately \$3,757,472.87 in debt service payments on such indebtedness and further provide present value savings of approximately \$3,094,059.02; now, therefore,

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

SECTION 1: Authorization - Designation - Principal Amount - Purpose - Date. Special motor vehicle rental revenue bonds of the City, payable solely from the sources and secured in the manner hereinafter provided, shall be and are hereby authorized to be issued in the aggregate principal amount of \$36,720,000, to be designated and bear the title "CITY OF AUSTIN, TEXAS, TOWN LAKE PARK COMMUNITY EVENTS CENTER VENUE PROJECT REFUNDING BONDS, SERIES 2005" (hereinafter referred to as the "Bonds"), for the purpose of refunding certain outstanding bonds of the City (defined in the preamble hereof as the "Refunded Bonds") and to pay costs of issuance, in accordance with authority conferred by and in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1207, as amended.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Bond Date - Interest Rates. The Bonds are issuable in fully registered form only, shall be dated May 1, 2005, shall be in denominations of \$5,000 or any integral multiple thereof within a maturity and shall mature on November 15 in each of the years and in principal

amounts (the "Stated Maturities") and bear interest at per annum rates in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate(s)</u>
2011	\$ 580,000	3.30%
2012	1,315,000	3.50%
2013	1,370,000	4.00%
2014	1,435,000	5.00%
2015	1,510,000	5.00%
2016	1,590,000	5.00%
2017	1,660,000	4.00%
2018	1,725,000	4.00%
2019	1,805,000	5.00%
2020	1,890,000	5.00%
2021	1,990,000	5.00%
2022	2,085,000	5.00%
2023	2,190,000	5.00%
2024	2,300,000	5.00%
2025	2,410,000	5.00%
2029	10,865,000	5.00%

The Bonds shall accrue interest on the unpaid principal amounts from the Bond Date at the rate(s) per annum shown above (calculated on the basis of a 360-day year of twelve 30-day months), and such interest shall be payable on May 15 and November 15 in each year, commencing November 15, 2005.

SECTION 3: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar and the payment thereof 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 JPMorgan Chase Bank, National Association, Dallas, Texas, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The Security Register shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as Exhibit A and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Clerk of the City are hereby authorized to execute and deliver such Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar.

Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices in Dallas, Texas (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 such 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 Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more Stated Maturities on a scheduled payment date, which non-payment shall continue for thirty (30) days thereafter, a new record date for such interest payment for such Stated Maturity or Maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption. (a) Optional Redemption. The Bonds having Stated Maturities on and after November 15, 2016, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/ Registrar), on November 15, 2015, or on any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(b) Mandatory Redemption. The Bonds having Stated Maturities of November 15, 2029 ("Term Bonds") shall be subject to mandatory redemption prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2026	\$2,530,000
November 15, 2027	\$2,650,000
November 15, 2028	\$2,775,000

Approximately forty-five (45) days prior to each mandatory redemption date, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds to be redeemed on the next following November 15 from moneys set aside for that purpose in the Debt Service Account (as hereinafter defined). Any Term Bonds not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Term Bonds which, at least 50 days prior to a 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 thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph (a) of this Section and not theretofore credited against a mandatory redemption requirement.

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

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

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

the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

SECTION 5: 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 and pursuant to the provisions of this Ordinance. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

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

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

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

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

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to Section 30 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for

redemption of such Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 6: Book-Entry Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3, 4 and 5 hereof relating to the payment, redemption and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company (DTC), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations, by and between the City and DTC (the "Depository Agreement").

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders to cause Bonds to be printed in definitive form and provide for Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

SECTION 7: Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Clerk. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in V.T.C.A., Government Code, Chapter 1201.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 8: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the total principal amount shown in Section 1 hereof with principal installments to become due and payable as provided in Section 2 hereof and

numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor 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 identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms. (a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including legends reflecting the purchase of insurance for payment of the Bonds and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

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

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
TOWN LAKE PARK COMMUNITY EVENTS CENTER
VENUE PROJECT REFUNDING BONDS,
SERIES 2005

Bond Date:
May 1, 2005

Interest Rate:

Stated Maturity:

CUSIP No.

Registered Owner:

Principal Amount:

The City of Austin (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Travis, 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 hereinafter identified, 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 Bond Date at the per annum rate of interest specified above; such interest being payable on May 15 and November 15 of each year, commencing November 15, 2005. 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 hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register on the Record Date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. 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 \$36,720,000 (herein referred to as the "Bonds") for the purpose of refunding certain outstanding obligations of the City (identified in the Ordinance hereinafter referenced and referred to as the "Refunded Bonds") and to pay costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1207, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance"). Capitalized terms used herein have the same meanings assigned in the Ordinance.

The Bonds maturing on November 15, 2029 (the "Term Bonds") are subject to mandatory redemption in part prior to maturity with funds on deposit in the Town Lake Park Community Events Center Venue Project Bond Debt Service Account established and maintained for the payment thereof in the Ordinance at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2026	\$2,530,000
November 15, 2027	\$2,650,000
November 15, 2028	\$2,775,000

The particular Term Bonds 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

required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Term Bonds which, at least 50 days prior to a 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 thereof, 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 theretofore credited against a mandatory redemption requirement.

The Bonds maturing on and after November 15, 2016 may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on November 15, 2015, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

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

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

The Bonds are special obligations of the City and, together with the outstanding Previously Issued Bonds, are payable solely from and equally and ratably secured by a lien on and pledge of the Pledged Revenues, including, but not limited to, the receipts from the collection of a Special Motor Vehicle Rental Tax. 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.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues pledged to the payment of the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional

revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein 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 therein.

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

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

It is hereby certified, recited, represented and covenanted that the City is a duly 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 duly 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 duly executed under the official seal of the City as of the Bond Date.

CITY OF AUSTIN, TEXAS

Mayor

COUNTERSIGNED:

City Clerk

(SEAL)

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS)

) REGISTER NO. _____

THE STATE OF TEXAS)

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly 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)

*NOTE TO PRINTER: Do not print on Definitive Bonds

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly 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 offices of the Paying Agent/Registrar in Dallas, Texas Is the "Designated Payment/Transfer Office" for this Bond.

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION, Dallas, Texas,
as Paying Agent/Registrar

Registration Date: _____

By _____

Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby 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 thereunder, and hereby
irrevocably constitutes and appoints _____

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

DATED: _____

Signature guaranteed: _____

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

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

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

REGISTERED
NO. T-1

REGISTERED
\$36,720,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
TOWN LAKE PARK COMMUNITY EVENTS CENTER
VENUE PROJECT REFUNDING BONDS, SERIES 2005

Bond Date:
May 1, 2005

Registered Owner:

Principal Amount: THIRTY SIX MILLION SEVEN HUNDRED TWENTY THOUSAND DOLLARS

The City of Austin (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Travis, 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 hereinafter identified, the Principal Amount stated above on November 15 in each of the years and in principal installments in accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE(S)</u>
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(Information to be inserted from schedule in Section 2 hereof).

(or so much thereof as shall not have been prepaid prior to maturity), and to pay interest on the unpaid principal amounts hereof from the Bond Date at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on May 15 and November 15 of each year, commencing November 15, 2005. Principal installments of this Bond are payable in the year of maturity or on a prepayment date to the registered owner hereof, by JPMorgan Chase Bank, National Association (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States mail, first class postage prepaid, to the address of registered owner recorded in the Security Register on the Record Date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner or holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10: Definitions. Unless otherwise expressly provided or unless the context otherwise requires, in addition to those terms defined in the preamble to this Ordinance the terms defined in this Section for all purposes of this Ordinance shall have the respective meanings specified:

"Act" - V.T.C.A., Local Government Code, Chapter 334.

"Additional Bonds" - the additional parity revenue bonds permitted to be issued by the City pursuant to Section 23 of this Ordinance.

"Bond Insurance Policy" - the municipal bond new issue insurance policy of the Bond Insurer which guarantees payment of principal of and interest on the Bonds.

"Bond Insurer" - Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"Bond Year" - 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" - the "CITY OF AUSTIN, TEXAS TOWN LAKE PARK COMMUNITY EVENTS CENTER VENUE PROJECT REFUNDING BONDS, SERIES 2005", dated May 1, 2005, authorized by this Ordinance.

"City" - the City of Austin, Texas, and, where appropriate, the City Council thereof, or any successor thereto.

"Debt Service Account" - the Account so designated in Section 14 which heretofore has been established by the City and which shall be maintained in accordance with Section 16 of this Ordinance.

"Debt Service Requirements" - for any particular Bond Year, 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 such Bond Year.

"Debt Service Reserve Account" - the Account so designated in Section 14 which heretofore has been established by the City and which shall be maintained in accordance with Section 17 of this Ordinance.

"Events Center Revenues" - all income and revenues derived directly or indirectly by the City from the operation and use of and otherwise pertaining to the Town Lake Community Events Center, or any part thereof, whether resulting from extensions, enlargements, repairs, betterments or other improvements to the Town Lake Community Events Center, or otherwise, including all rentals, rates, fees and other charges for the use of the Town Lake Community Events Center, or for any service rendered by the City in the operation thereof, but expressly excluding: (i) any monies received as grants, appropriations, or gifts, the use of which is limited by the grantor or donor; (ii) insurance proceeds other than loss of use or business interruption insurance proceeds; and (iii) sales and other taxes collected by the Town Lake Community Events Center on behalf of the State of Texas and any other taxing entities.

"Fiscal Year" - the City's fiscal year as from time to time designated by the City, which is currently October 1 to September 30.

"Government Obligations" - (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 and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and 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.

"Legal Holiday" - a day on which a Paying Agent/Registrar for the Bonds is authorized by law to close.

"Operation and Maintenance Expenses" - all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Parking Garage and Town Lake Community Events Center, including, without limitation, those reasonably allocated City overhead expenses relating to their administration, operation and maintenance; insurance and fidelity bond premiums; payments to pension and other funds and to any self-insurance fund; any general and excise taxes or other governmental charges imposed by entities other than the City; costs of contractual and professional services, labor, materials and supplies for current operations, including the costs of such direct City services as are reasonably necessary for the operation of the Parking Garage or Town Lake Community Events Center; utility costs; and all other administrative, general and commercial expenses, but excluding: (i) any allowance for depreciation; (ii) costs of capital improvements; and (iii) liabilities based upon the City's negligence or other ground not based on contract.

"Operating Account" - the Account so designated in Section 14 which heretofore has been established by the City and which shall be maintained in accordance with Section 19 of this Ordinance.

"Operating Reserve" - the six month reserve amount to be accumulated and maintained in the Operating Account in accordance with Section 19 of this Ordinance.

"Ordinance" - this Ordinance No. 050512-53 and all amendments hereof and supplements hereto.

"Outstanding" - when used with reference to any Bonds means, as of a particular date, all Bonds theretofore and thereupon delivered except: (i) any such Bond paid, discharged or canceled by or on behalf of the City at or before said date; (ii) any such Bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; and (iii) any such Bond in lieu of or in substitution for which

another Bond shall have been delivered pursuant to the ordinance authorizing the issuance of such Bonds.

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

"Parking Garage Account" - the Account so designated in Section 14 which heretofore has been established by the City and which shall be maintained pursuant to Section 15 of this Ordinance.

"Parking Revenues" - all income and revenues derived directly or indirectly by the City from the operation and ownership of the Parking Garage, or any part thereof, including all rentals, rates, fees and other charges for the use of the Parking Garage, or for any service rendered by the City in the operation thereof, but expressly excluding: (i) any monies received as grants, appropriations, or gifts, the use of which is limited by the grantor or donor; (ii) insurance proceeds other than loss of use or business interruption insurance proceeds; and (iii) sales and other taxes collected by the Parking Garage on behalf of the State of Texas and any other taxing entities.

"Parking Garage" - the multi-story parking garage facility constructed adjacent to, in the vicinity of, or as a part of the Town Lake Community Events Center for approximately 1200 automobiles.

"Parity Revenue Bonds" - the Previously Issued Bonds, the Bonds and Additional Bonds permitted to be issued by the City pursuant to this Ordinance.

"Pledged Revenues" - collectively, (i) the revenues received from the Special Motor Vehicle Rental Tax deposited to the credit of the Venue Project Fund, (ii) Parking Revenues deposited to the credit of the Venue Project Fund, (iii) Events Center Revenues deposited to the credit of the Venue Project Fund, (iv) interest and other income realized from the investment of amounts on deposit in the funds and accounts referenced in this Ordinance to the extent such interest and other income are required to be transferred or credited to the Venue Project Fund, and (v) any additional revenue, receipts or income hereafter pledged to the Bonds in accordance with Section 11 of this Ordinance.

"Previously Issued Bonds" - the "CITY OF AUSTIN, TEXAS TOWN LAKE PARK COMMUNITY EVENTS CENTER VENUE PROJECT BONDS, SERIES 1999", dated November 15, 1999, originally issued in the aggregate principal amount of \$40,000,000, and currently outstanding in the aggregate principal amount of \$39,150,000.

"Repair and Replacement Account" - the Account so designated in Section 14 which heretofore has been established by the City and which shall be maintained in accordance with Section 18 of this Ordinance.

"Reserve Fund Requirement" - the amount required to be maintained in the Debt Service Reserve Account. Such amount shall be the lesser of (i) 10% of the principal amount or (ii) the maximum annual Debt Service Requirement scheduled to occur in the then current and each future Fiscal Year for all Parity Revenue Bonds then 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 the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder. Upon issuance of the Bonds, the Reserve Fund Requirement shall initially be \$3,041,900.00.

"Special Motor Vehicle Rental Tax" - the 5% motor vehicle rental tax approved at the election held November 3, 1998 to finance the Town Lake Park Community Events Center Venue Project and imposed by the City pursuant to Ordinance No. 981210-A, adopted by the City Council of the City on December 10, 1998, on the gross rental receipts from the rental in the City of a motor vehicle, as authorized by subchapter E of Chapter 334 of the Local Government Code and the aforesaid election.

"Subordinate Lien Bonds" - each series of bonds, notes or other obligations permitted to be issued by the City pursuant to Section 25 of this Ordinance as Subordinate Lien Bonds secured in whole or in part by liens on the Parking Revenues and Town Lake Community Events Center Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Revenue Bonds.

"Surety Bond" - any surety bond, insurance policy, letter of credit or other guaranty issued to the City for the benefit of the Holders of the Parity Revenue Bonds to satisfy any part of the Reserve Fund Requirement as provided in Section 17 of this Ordinance.

"Town Lake Community Events Center" - the multi-purpose events building located at the corner of Barton Springs Road and South First Street and comprised of approximately 125,000 square feet, to be available and used for local public events including concerts, sales events; trade show, and public meetings, and the support areas for building operations, lobbies, concessions, restrooms and mechanical and electrical equipment, and any additions or improvements to such building.

"Town Lake Park Community Events Center Venue Project" - the capital improvement project described generally of consisting of constructing a new town lake park community events center, including parkland development and constructing parking facilities, incidental concessions compatible with the use of the facility, and related infrastructure and being a venue project within the meaning of the Act approved at an election held in the City on November 3, 1998, and designated by Resolution No. 980902-017.

"Venue Project Fund" - the Fund so designated created and established pursuant to Ordinance No. 981210-A, adopted by the City Council on December 10, 1998, providing for the levy, assessment and collection of the Special Motor Vehicle Rental Tax.

SECTION 11: Pledge and Source of Payment. The Bonds shall constitute special obligations of the City payable solely from and, together with the Previously Issued Bonds, shall be equally and ratably secured by a first lien on the Pledged Revenues. Such Pledged Revenues or other lawfully available funds of the City shall, in the manner herein provided, be set aside for and pledged to the payment of the Parity Revenue Bonds, and all expenses of providing for their full and timely payment in accordance with their terms, in the Debt Service Account and the Debt Service Reserve Account as hereinafter provided. The City hereby grants a first lien on the Pledged Revenues and, subject to the provisions of this Ordinance, further grants a first lien on the Venue Project Fund, the Debt Service Account and the Debt Service Reserve Account to secure the payment of principal of and premium, if any, and interest on the Parity Revenue Bonds. All Parity Revenue Bonds shall be in all respects on a parity with and of equal dignity with one another, and the first lien on the Pledged Revenues shall be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Pledged Revenues, the filing of this Ordinance or any other act; all as provided in V.T.C.A., Government Code, Chapter 1208. The owners of the Bonds shall never have the right to demand payment of the principal of, interest on or any redemption premium on the Parity Revenue Bonds out of any funds raised or to be raised by taxation, other than the Pledged Revenues.

V.T.C.A., Government Code, Chapter 1208 applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under this Section 11, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Section 11 is to be subject to the filing requirements of V.T.C.A., Business & Commerce Code, Chapter 9, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of V.T.C.A., Business & Commerce Code, Chapter 9, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 12: Levy of Special Motor Vehicle Rental Tax. The City has imposed, and while any Bonds remain Outstanding the City hereby imposes and covenants that it shall continue to impose, a Special Motor Vehicle Rental Tax of 5% on the gross rental receipts from the rental in the City of a motor vehicle to finance the costs of the Town Lake Park Community Events Center Venue Project, all as authorized by V.T.C.A., Local Government Code, Chapter 334, particularly Subchapter E, and an election held in the City on November 3, 1998. The City further covenants that it shall enforce the provisions of this Ordinance and Ordinance No. 981210-A, relating to imposition, collection, and expenditure of the Special Motor Vehicle Rental Tax.

SECTION 13: Annual Budget/Rates and Fees. While the Bonds are Outstanding, the City agrees that prior to the commencement of each Fiscal Year an annual budget for the Parking Garage and Town Lake Community Events Center shall be adopted and approved which identifies and provides (i) the amount of Special Motor Vehicle Rental Tax Revenues, Parking Revenues and Events Center Revenues allocated and budgeted to pay the Operation and Maintenance Expenses of the Parking Garage and Town Lake Community Events Center for said Fiscal Year and (ii) the anticipated Operation and Maintenance Expenses of the Parking Garage and Town Lake Community Events Center, and to the extent such annual budget contemplates and provides for Parking Garage Revenues and Events Center Revenues to pay or cover such Operation and Maintenance Expenses, the City shall assess and collect for the

use of such Parking Garage and Town Lake Community Events Center a fee or charge sufficient to produce the revenues so allocated and budgeted for such purposes.

SECTION 14: Special Funds. The City hereby confirms the establishment of the Venue Project Fund for the Town Lake Park Community Events Center Venue Project in accordance with Section 334.042 of the Act and pursuant to Ordinance No. 981210-A and such Fund shall be maintained at an official depository of the City. The following sub-accounts have been established and shall be maintained on the books of the City while any of the Parity Revenue Bonds remain Outstanding, to wit:

(i) Town Lake Park Community Events Center Venue Project Special Motor Vehicle Rental Tax Account ("Tax Account");

(ii) Town Lake Park Community Events Center Parking Garage Account ("Parking Garage Account");

(iii) Town Lake Park Community Events Center Venue Gross Revenue Account ("Events Center Revenue Account");

(iv) Town Lake Park Community Events Center Venue Project Bond Debt Service Account ("Debt Service Account");

(v) Town Lake Park Community Events Center Venue Project Bond Debt Service Reserve Account ("Debt Service Reserve Account");

(vi) Town Lake Park Community Events Center Venue Project Repair and Replacement Account ("Repair and Replacement Account"); and

(vii) Town Lake Park Community Events Center Venue Project Operating Account ("Operating Account").

SECTION 15: Flow of Funds. The City covenants and agrees all receipts and revenues collected and received by the City from the Special Motor Vehicle Rental Tax, the Parking Revenues and the Events Center Revenues shall be deposited to the credit of the Venue Project Fund and more particularly to the credit of the Tax Account, the Parking Garage Account and Events Center Revenue Account, respectively.

(a) **Tax Account.** While the Parity Revenue Bonds remain Outstanding, moneys from time to time credited to the Tax Account shall be applied in the following order of priority:

First. to the payment of the amounts to be deposited to the credit of the Debt Service Account required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Second. to the payment of the amounts to be deposited to the credit of the Debt Service Reserve Account required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Third. to the payment of the amounts to be deposited to the credit of the Repair and Replacement Account required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Fourth. to pay amounts to be deposited to the credit of the Operating Account, including the establishment and maintenance of an operating reserve to operate and maintain the Town Lake Community Events Center and Parking Garage, as required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Fifth. for any lawful purpose under the Act and as authorized by the election held November 3, 1998.

(b) Parking Garage Account/Events Center Account. The City covenants and agrees all receipts and revenues collected and received by the City from the Parking Revenues and the Events Center Revenues shall be deposited to the credit of the Venue Project Fund and more particularly to the credit of the Parking Garage Account and Events Center Revenue Account, respectively. While the Parity Revenue Bonds remain Outstanding, moneys from time to time credited to the Parking Garage Account and Events Center Revenue Account shall be applied in the following order of priority:

First. to the payment of the amounts to be deposited to the credit of the Debt Service Account required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Second. to the payment of the amounts to be deposited to the credit of the Debt Service Reserve Account required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Third. to the payment of the amounts to be deposited to the credit of any special fund or account maintained for the payment of Subordinate Lien Bonds in the manner and to the extent required by the ordinance(s) authorizing their issuance.

Fourth. to the payment of the amounts to be deposited to the credit of the Repair and Replacement Account required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Fifth. to pay amounts to be deposited to the credit of the Operating Account, including the establishment and maintenance of an operating reserve to operate and maintain the Town Lake Community Events Center and Parking Garage, as required by any ordinance authorizing the issuance of Parity Revenue Bonds.

Sixth. for any lawful purpose under the Act and as authorized by the election held November 3, 1998.

SECTION 16: Debt Service Account. Moneys deposited to the credit of the Debt Service Account shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Parity Revenue Bonds issued as term bonds in the open market to be credited against any mandatory redemption requirements), interest and redemption premiums on the Parity Revenue Bonds, plus all Paying Agent/Registrar charges and other costs and expenses relating to such payment, including those described above. On or before each principal and/or interest payment date for the Parity Revenue Bonds, the City shall transfer from the Debt Service Account to the appropriate Paying Agent/Registrar amounts equal to the

principal, interest and redemption premiums payable on the Parity Revenue Bonds on such date.

In addition to the deposits to the Debt Service Account for the payment of the Previously Issued Bonds, the City covenants and agrees that prior to each interest payment date, stated maturity date and mandatory redemption date for the Bonds there shall be deposited into the Debt Service Account from the Pledged Revenues an amount equal to one hundred percentum (100%) of the amount required to fully pay the amount then due and payable on the Bonds, and such deposits to pay the Bonds at maturity or redemption, as the case may be, and accrued interest thereon shall be made in substantially equal quarterly installments on or before each February 15, May 15, August 15 and November 15 (the "Transfer Dates") in each year, 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 Debt Service Account 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 Bonds in accordance with their terms, including without limitation, all fees charged or incurred by the Paying Agent/Registrar and for trustee services rendered in connection with the Bonds.

SECTION 17: Debt Service Reserve Account. (a) General Provisions. The City hereby covenants and agrees the Reserve Fund Requirement shall be initially funded in full on the date of the delivery of the Bonds with a Surety Bond issued by the Surety Bond Issuer as provided herein.

While the coverage afforded by a Surety Bond totals not less than the Reserve Fund Requirement, no deposits need be made to the credit of the Debt Service Reserve Account from the Pledged Revenues. Should the Debt Service Reserve Account at any time contain less than the Reserve Fund Requirement, the City covenants and agrees to cause quarterly deposits to be made to the Debt Service Reserve Account on or before the Transfer Dates (beginning with the Transfer Date next following the date the deficiency in the Reserve Fund Requirement occurred) from Pledged Revenues in an amount equal to 1/20th of the Reserve Fund Requirement until the total Reserve Fund Requirement has been fully restored; provided, however, should the City be obligated to repay or reimburse the Surety Bond Issuer to replenish and restore the full amount of coverage provided by the Surety Bond, the City covenants and agrees to cause deposits to be made to the Debt Service Reserve Account from Pledged Revenues to fully restore the coverage afforded by the Surety Bond at the times, in the manner and in the amounts specified in the Reserve Fund Policy Agreement noted below. The City further covenants and agrees that, subject only to the deposits to be made to the Debt Service Account, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Reserve Fund Requirement and to cure any deficiency in such amount as required by the terms of this Ordinance.

The amounts deposited to the credit of the Debt Service Reserve Account shall be used solely for the payment of (i) the principal of and interest on the Parity Revenue Bonds when (whether at maturity, upon a redemption date or any interest payment date) other funds available for such purposes are insufficient, (ii) the amounts required to restore or replenish in full the coverage afforded by a Surety Bond representing all or a portion of the Reserve Fund Requirement.

(b) Surety Bond Provisions. As noted above, the Reserve Fund Requirement is to be funded in full with a Surety Bond issued by Financial Guaranty Insurance Company (hereinafter referred to as "the Surety Bond Issuer"). In accordance with Surety Bond Issuer's terms for the issuance of such Surety Bond, it is hereby expressly provided that notwithstanding any other provision of this Ordinance, the Paying Agent/Registrar shall ascertain the necessity for a claim upon the Surety Bond and to provide notice to the Surety Bond Issuer in accordance with the terms of the Surety Bond at least two business days prior to each interest payment.

Furthermore, the "Debt Service Reserve Fund Policy Agreement" (the "Reserve Fund Policy Agreement") by and between the City and the Surety Bond Issuer, attached hereto as Exhibit B and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Reserve Fund Policy Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to comply with Texas law, is hereby authorized to be executed by an authorized official of City for and on behalf of the City and as the act and deed of this Council; and such Reserve Fund Policy Agreement as executed by said official shall be deemed approved by the City Council and constitute the Reserve Fund Policy Agreement herein approved. Unless otherwise provided herein, the terms capitalized in this Section relating to the Surety Bond and the Reserve Fund Policy Agreement shall have the meanings specified in Reserve Fund Policy Agreement. Notwithstanding any provision herein to the contrary, should there be a conflict between the provisions of this Section and the provisions of the Reserve Fund Policy Agreement with respect to the obligation of the City to restore or replenish the full amount of coverage provided by the Surety Bond, the provisions of the Reserve Fund Policy Agreement shall control with respect to such matters.

SECTION 18: Repair and Replacement Account. For purposes of accumulating and maintaining funds as a reserve for the payment of repair, replacement and maintenance costs of the Parking Garage and Town Lake Community Events Center, the City agrees to accumulate and maintain in the Repair and Replacement Account an amount equal to \$1,000,000 (the "Repair and Replacement Reserve") and all funds deposited therein shall be used solely for the payment of (i) costs and expenses which under generally accepted accounting principals are capital costs as opposed to Operation and Maintenance Expenses of the Parking Garage and Town Lake Community Events Center when other funds available for such purposes are insufficient, or (ii) to pay principal of and interest on Parity Revenue Bonds when funds deposited to the credit of the Debt Service Account and Debt Service Reserve Account are insufficient for such purpose.

In accordance with the provisions of the ordinance authorizing the issuance of the Previously Issued Bonds, there is currently on deposit in the Repair and Replacement Account an amount equal to \$1,000,000 and, therefore, no additional deposits are currently required to be made to such Account.

When and so long as the cash and investments in the Repair and Replacement Account total not less than the Repair and Replacement Reserve, no deposits from the Pledged Revenues need be made to the credit of the Repair and Replacement Account; but, if and when such Account at any time contains less than the Repair and Replacement Reserve, the City covenants and agrees to cause deposits to be made on each Transfer Date to the Repair and Replacement Account on each Transfer Date following the date the deficiency in the Repair and Replacement Reserve occurred by reason of a draw on such Account or as a result of a reduction in the market value of investments held for said Account from the Pledged Revenues in an amount equal to 1/20th of the Repair and Replacement Reserve until such total amount

required to be maintained in such Account has been fully restored. During such time as the Repair and Replacement Account contains the total Repair and Replacement Reserve, the City may, at its option, withdraw all surplus in such Account resulting from investments held for such Account and deposit such investment earnings to the credit of the Operating Account.

SECTION 19: Operating Account. On each Transfer Date, there shall be transferred from the Tax Account, Parking Garage Account and Events Center Revenue Account (to the extent amounts are available therein and after making all required transfers to the Accounts having a priority ahead of the Operating Account) an amount equal to one-fourth (1/4th) of the amounts allocated and budgeted to pay or cover such budgeted Operating and Maintenance Expenses of the Parking Garage and Town Lake Community Events Center for such Fiscal Year. In the preparation of the City's annual budget, the City's Chief Financial Officer (or other officer of the City having primary responsibility for the financial affairs of the City) shall at the time the recommended budget for the Parking Garage and Town Lake Community Events Center required by Section 13 is first submitted to the City for consideration and approval identify the amount of Pledged Revenues allocated and budgeted to pay and cover Operation and Maintenance Expenses for the Parking Garage and Town Lake Community Events Center or the amount allocated and budgeted therefor in the then current Fiscal Year. Amounts from time to time credited to the Operating Account may be used at any time to pay for any Operation and Maintenance Expenses.

In addition to the amounts to be deposited into the Operating Account to provide for the payment of current Operating and Maintenance Expenses of the Parking Garage and Town Lake Community Events Center as provided above, there shall also be accumulated and maintained in the Operating Fund an Operating Reserve in an amount equal six months of Operation and Maintenance Expenses for the Parking Garage and Town Lake Community Events Center (the "Operating Reserve"). The City covenants and agrees that on the Transfer Date occurring in November of each year, after making all required transfers at such time to the accounts having a priority ahead of any transfer to the Operating Account, an amount equal to one-twelfth (1/12th) of the Maintenance and Operation Expenses of the Parking Garage and Town Lake Community Events Center incurred for the most recent completed fiscal year and according to the books and records of the City maintained with respect to the operation and maintenance of such facilities until there has been accumulated in the Operating Account an Operating Reserve.

SECTION 20: Deficiencies in Funds or Accounts. If on any Transfer Date there shall not be transferred into any fund or account maintained pursuant to this Ordinance the full amounts required herein, amounts equivalent to such deficiency shall be set apart and transferred to such fund or account from the first available and unallocated moneys in the Tax Account, the Parking Garage Account or Events Center Revenue Account, as the City shall determine, and such transfer shall be in addition to the amounts otherwise required to be transferred to such fund or account on any succeeding Transfer Date or Dates.

SECTION 21: Investment of Funds; Transfer of Investment Income. (a) Money in all funds or accounts shall, at the option of the City, be invested in the manner provided by Texas law; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. Moneys in such funds may be subjected to further investment restrictions imposed from time to time by ordinances authorizing the issuance of Additional Bonds or Subordinate Lien Bonds. All such investments shall be valued no less frequently than the last business day of the City's Fiscal Year at market value, except that any direct obligations of the United States of America -

State and Local Government Series shall be continuously valued at their par value or principal face amount. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the City, in common investments or in a common pool of such investments maintained by the City at an official depository of the City or in any fund or investment vehicle permitted by Texas law, which shall not be deemed to be a loss of the segregation of such money or funds provided that safekeeping receipts, certificates of participation or other documents clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such funds are held by or on behalf of each such fund. If and to the extent necessary, such investments or participations therein shall be promptly sold to prevent any default.

(b) All interest and income derived from deposits and investments credited to any funds and accounts may be transferred to the Events Center Revenue Account, except as provided in (c) below; provided that at any time when the Debt Service Reserve Account has on deposit an amount less than the Reserve Fund Requirement, all interest and income on such fund shall remain therein.

(c) Notwithstanding anything to the contrary contained herein, any interest and income derived from deposits and investments of any amounts credited to any fund or account may be transferred into any rebate account or subaccount and (2) paid to the federal government if in the opinion of nationally recognized bond counsel such payment is required to comply with any covenant contained herein or required in order to prevent interest on any Parity Revenue Bonds or Subordinate Lien Bonds from being includable within the gross income of the owners thereof for federal income tax purposes.

SECTION 22: Security for Uninvested Funds. While any Bonds remain Outstanding, all uninvested moneys on deposit in, or credited to, the above described funds and accounts shall be secured by the pledge of security, as provided by Texas law.

SECTION 23: Additional Parity Revenue Bonds. Save and except for refunding bonds issued to refund all or part of the Bonds in accordance with Section 24 below, the City covenants that no additional bonds will be issued by the City payable from and secured by a parity lien on and pledge of the Pledged Revenues.

SECTION 24: Refunding Bonds. The City expressly reserves the right to issue refunding bonds to refund the Bonds or refunding bonds previously issued to refund the Bonds; provided the maximum annual and the average annual Debt Service Requirements for all Parity Revenue Bonds to be Outstanding in any Fiscal Year after the issuance of such refunding bonds will not exceed (1) the maximum annual for all Parity Revenue Bonds Outstanding in any Fiscal Year prior to the issuance of Additional Bonds and (2) the average annual Debt Service Requirement for all Parity Revenue Bonds Outstanding at the end of the last completed Fiscal Year prior to the issuance of such Additional Bonds.

SECTION 25: Subordinate Lien Bonds. The City reserves the right to issue or incur, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by a lien on and pledge of the Parking Revenues and Events Center Revenues junior and subordinate to the lien on and pledge of such Pledged Revenues securing payment of the Parity Revenue Bonds.

SECTION 26: Punctual Payment of Bonds. The City covenants it will punctually pay or cause to be paid the interest and any premium on and principal of all Bonds according to the

terms thereof 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 Parity Revenue Bonds.

SECTION 27: Pledge and Encumbrance of 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 Revenue Bonds and has lawfully exercised such power under the Constitution and laws of the State of Texas. The City further covenants and represents that, other than to the payment of the Parity Revenue Bonds, the Pledged Revenues are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the City, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Parity Revenue Bonds.

SECTION 28: Bondholders Remedies. This Ordinance shall constitute a contract between the City and the Owners of the Bonds from time to time Outstanding and this Ordinance shall be and remain in full force and effect until the Bonds and the interest and any premium thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein. 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, the Owner or Owners of any of the Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, It is expressly provided that any Owner of any of the Bonds 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 the Owners of the Bonds shall never have the right to demand payment of the principal of, interest on or any redemption premium on the Bonds out of any funds raised or to be raised by taxation, other than the Special Motor Vehicle Rental Tax.

Notwithstanding the above and foregoing, the City agrees and covenants that (i) in determining whether a payment default has occurred or whether a payment on the Bonds has been made under this Ordinance, no effect shall be given to payments made under the Bond Insurance Policy, (ii) the Bond Insurer shall receive immediate notice of any payment default and notice of any other default known to the Paying Agent/Registrar or the City within 30 days of such entity's knowledge thereof, and (iii) for all purposes of this Section, except the giving of notice of default to Holders, the Bond Insurer shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy. Furthermore, should the City fail to make the deposits to the Debt Service Reserve Account to restore in full the coverage afforded by the Surety Bond in accordance with the Reserve Fund Policy Agreement, the Bond Insurer shall be entitled to exercise any and all remedies available at law or under this Ordinance other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect the Holders.

SECTION 29: 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 thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall, upon the request of the City, be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, 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.

In the event of an advance refunding of the Bonds under this Section, the City agrees and covenants to cause to be delivered to the Bond Insurer a verification report of an independent nationally recognized certified public accountant.

SECTION 30: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

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

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

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

SECTION 31: Amendment of Ordinance. (a) Without Consent. The City may, without the consent of or notice to any of the Owners of the Bonds, amend this Ordinance for any one or more of the following purposes:

(1) to cure any ambiguity, defect, omission or inconsistent provision in this Ordinance or in the Bonds; or to comply with any applicable provision of law or regulation of federal agencies; provided, however, that such action shall not adversely affect the interests of the Owners 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 Owners of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners 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 hereof relating to the issuance of Subordinate Lien Bonds, provided such amendment does not cause any reduction in any rating assigned to the Bonds by any major municipal securities evaluation service then rating the Bonds; and

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

(b) Amendments Requiring Consent. 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 (a) above, only with the consent given in accordance with (c) below of the Bond Insurer and the Owner or Owners of not less than 50% of the aggregate unpaid principal amount of the Parity Revenue Bonds then Outstanding and affected by such amendment, modification, addition, or elimination; provided, however, that nothing in this Section shall permit (1) an extension of the maturity of the principal of or interest on any Bond issued hereunder, or (2) a reduction in the principal amount of any Bond or the rate of interest on any Bond, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such amendment.

(c) Consent of Owners. Any consent required by Section 28 hereof by the Bond Insurer or any Owner shall be in writing, may be in any number of concurrent writings of similar tenor, and may be signed by such Bond Insurer or Owner or his duly authorized attorney. Proof of the

execution of any such consent or of the writing appointing any such attorney and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City with regard to any action taken, suffered or omitted to be taken by the City under such instrument, namely:

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

(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 at the date thereof such Bond was registered in the name of such party in the Security Register.

In lieu of the foregoing the City may accept such other proofs of the foregoing as it shall deem appropriate.

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

Notice of any amendment requiring the consent of the Bond Insurer and all Holders of the Bonds shall be furnished to any rating agency rating the Bonds at least 15 days prior to the execution or adoption of such amendment. Additionally, the Bond Insurer shall be furnished a full transcript of all proceedings relating to the execution of any amendment or supplement to this Ordinance.

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

SECTION 32: Tax Exemption. (a) Definitions. When used in this Section, the following terms shall have the following meanings:

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

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

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

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

"Investment" has the meaning set forth in Section 1.148-l(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 Section 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds.

"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.

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.

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

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

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Bonds), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or

improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

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

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

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

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

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

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

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

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

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

(3) As additional consideration for the purchase of the Bonds by the Underwriters 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 Debt Service Account or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

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

(j) Elections. The City hereby directs and authorizes the City Manager and Chief Financial Officer, 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) Qualified Advance Refunding. The Bonds are issued to refund the Refunded Bonds, and the Bonds will be issued more than 90 days before the redemption of the Refunded Bonds. The City represents as follows:

(1) The Bonds are the first advance refunding of the Refunded Bonds, within the meaning of section 149(d)(3) of the Code.

(2) The Refunded Bonds are being called for redemption, and will be redeemed not later than the earliest date on which such bonds may be redeemed.

(3) The initial temporary period under section 148(c) of the Code will end: (i) with respect to the proceeds of the Bonds not later than 30 days after the date of issue of such Bonds; and (ii) with respect to proceeds of the Refunded Bonds on the Closing Date if not ended prior thereto.

(4) On and after the date of issue of the Bonds, no proceeds of the Refunded Bonds will be invested in Nonpurpose Investments having a Yield in excess of the Yield on such Refunded Bonds.

(5) The Bonds are being issued for the purposes stated in the preamble of this Ordinance. There is a present value savings associated with the refunding. In the issuance of the Bonds the City has neither: (i) overburdened the tax exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than reasonably necessary to accomplish the governmental purposes for which the Bonds were issued; (ii) employed on "abusive arbitrage device" within the meaning of Section 1.148-10(a) of the Regulations; nor (iii) employed a "device" to obtain a material financial advantage based on arbitrage, within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates and reduced debt service payments in early years.

SECTION 33: Sale of Bonds - Official Statement Approval. The Bonds authorized by this Ordinance are hereby sold by the City to Siebert Brandford Shank & Co., LLC, Apex Pryor Securities, First Southwest Company, JPMorgan Securities, Inc., Lehman Brothers, Morgan Keegan & Company, Inc., Morgan Stanley & Co., Inc., Ramirez & Co., Inc. and UBS Financial Services Inc. (herein referred to as the "Underwriters") in accordance with the Bond Purchase Agreement, dated May 15, 2005, in substantially the form attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes. The Mayor is hereby authorized and directed to execute said Bond Purchase Agreement for and on behalf of the City and as the act and deed of this Council, and in regard to the approval and execution of the Bond Purchase Agreement, the Council hereby finds, determines and declares that the representations, warranties and agreements of the City contained in the Bond Purchase Agreement are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement, dated April 14, 2005, in the offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects, and the City Council hereby finds that the information and data contained in said Preliminary Official Statement pertaining to the City and its financial affairs is true and correct in all material respects and no material facts have been omitted therefrom which are necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, City Manager, Chief Financial Officer or City Treasurer, one or more of said officials), shall be and is hereby in all respects approved and the Underwriters are hereby authorized to use and distribute said final Official Statement, dated May 15, 2005, in the offering, sale and delivery of the Bonds to the public.

In connection with the issuance of the Bonds, this Council hereby finds, determines and declares that the conditions set forth in the ordinance authorizing the Refunded Bonds pertaining to the issuance of Additional Bonds have been satisfied.

SECTION 34: Control and Custody of Bonds. The Mayor of the City shall be and is hereby 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 Underwriters.

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

SECTION 35: Special Escrow Agreement Approval and Execution. The "Special Escrow Agreement" (the "Agreement") by and between the City and Deutsche Bank Trust Company Americas, New York, New York (the "Escrow Agent"), attached hereto as Exhibit D and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor and City Clerk for and on behalf of the City and as the act and deed of this City Council; and such Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Agreement herein approved.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Federal Securities referenced in the Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Underwriters for deposit to the credit of the "SPECIAL 2005 CITY OF AUSTIN, TEXAS, TOWN LAKE VENUE PROJECT REFUNDING BOND ESCROW FUND" (the "Escrow Fund"); all as contemplated and provided in V.T.C.A., Government Code, Chapter 1207, as amended, this Ordinance and the Agreement.

SECTION 36: Proceeds of Sale. Immediately following the delivery of the Bonds, proceeds of sale in the sum of (i) \$37,752,017.15 shall be deposited to the credit of the Escrow Fund and (ii) the \$112,371.93 shall be deposited to the credit of the Interest and Sinking Fund. The balance of the proceeds of sale of the Bonds shall be expended to pay costs of issuance and municipal bond insurance premium and any excess amount budgeted for such purpose shall be deposited to the credit of the Debt Service Account.

SECTION 37: Redemption of Refunded Bonds. (a) The bonds of that series known as "City of Austin, Texas, Town Lake Park Community Events Center Venue Project Bonds, Series 1999", dated November 15, 1999, maturing in the years 2010 through 2025 and 2029, and aggregating in principal amount \$35,140,000, shall be redeemed and the same are hereby called for redemption on November 15, 2009, at the price of par and accrued interest to the date of redemption. The City Clerk is hereby authorized and directed to file a copy of this Ordinance, together with a suggested form of notice of redemption to be sent to bondholders, with UMB Bank, N.A. (the successor to State Street Bank and Trust Company of Missouri, N.A., the paying agent for such bonds), in accordance with the redemption provisions applicable to such bonds; such suggested form of notice of redemption being attached hereto as Exhibit E and incorporated herein by reference as a part of this Ordinance for all purposes.

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

SECTION 38: Legal Opinion. The obligation of the Underwriters to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworski L.L.P., Attorneys, Dallas, Texas, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with the Depository Trust Company.

SECTION 39: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 40: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 41: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby

repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 42: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 43: 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 hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 44: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 45: Notices to Holders-Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of each Holder as it appears in the Security Register.

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

SECTION 46: Cancellation. All Bonds surrendered for payment, redemption, transfer or exchange, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 47: Continuing Disclosure Undertaking. (a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MAC" means the Municipal Advisory Council of Texas.

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

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

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(b) Annual Reports. The City shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2005) financial information and operating data with respect to the Special Motor Vehicle Rental Tax included in the final Official Statement approved by Section 33 of this Ordinance, being the information described in Exhibit F hereto. Financial statements to be provided shall be (1) prepared in accordance with the generally accepted accounting practices and principles and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the City shall provide unaudited financial statements for the applicable fiscal year to each NRMSIR and any SID with the financial information and operating data and will file the annual audit report when and if the same becomes available.

If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

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

(c) Material Event Notices. The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
 2. Non-payment related defaults;
 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 5. Substitution of credit or liquidity providers, or their failure to perform;
 6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 7. Modifications to rights of holders of the Bonds;
 8. Bond calls;
 9. Defeasances;
 10. Release, substitution, or sale of property securing repayment of the Bonds;
- and
11. Rating changes.

The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section. Any filing under this Section may be made solely by transmitting such filing to the MAC as provided at

<http://www.disclosureusa.org>, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

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

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

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

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

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

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

the provisions of this Section, it shall include with any amended financial information or operating data filed with each NRMSIR and SID pursuant to subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 48: Covenants With Respect to Insurance. The Bonds have been offered and sold with the principal of and interest thereon being insured by the Bond Insurer. In accordance with the terms and conditions applicable to insurance provided by the Bond Insurer, the City covenants and agrees as follows:

(a) The Bond Insurer shall be provided with the following information:

(i) notice of any draw upon or deficiency due to market fluctuation in the amount, if any, on deposit in the Debt Service Reserve Account;

(ii) notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, or of any advance refunding of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iii) notice of any material events pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934; and

(iv) such additional information as the Bond Insurer may reasonably request from time to time.

(b) If, on the third day preceding any interest payment date for the Bonds there is not on deposit with the Paying Agent/Registrar sufficient moneys available to pay all principal of and interest on the Bonds due on such date, the Paying Agent/Registrar shall immediately notify the Bond Insurer and U. S. Bank Trust, National Association., New York, New York, or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the City has not provided the amount of such deficiency, the Paying Agent/Registrar shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Bonds maintained by the Paying Agent/ Registrar. In addition, (A) the Paying Agent/Registrar shall provide the Bond Insurer with a list of the Holders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Holders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Bonds surrendered to the Fiscal Agent by the Holders entitled to receive full or partial principal payments from the Bond Insurer; and (B) the Paying Agent/Registrar shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify Holders entitled to receive the payment of principal of and interest on the Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (c) below, in the event that any Holder is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Bond Insurer and (4) that, except as provided in paragraph (c) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Bond for payment first to the Paying Agent/Registrar,

which shall note on such Bond the portion of principal paid by the Paying Agent/Registrar, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Bond Insurance Policy.

(c) In the event that the Paying Agent/Registrar has notice that any payment of principal of or interest on a Bond has been recovered from a Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent/Registrar shall, at the time it provides notice to the Bond Insurer, notify all Holders that in the event that any Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Paying Agent/Registrar shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent/Registrar and subsequently recovered from the Holders, and the dates on which such payments were made.

(d) The Bond Insurer shall, to the extent it makes payments of principal of and interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Paying Agent/Registrar shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Paying Agent/Registrar upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Bonds and (2) in the case of subrogation as to claims for past due principal, the Paying Agent/Registrar shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent/Registrar upon receipt of proof of the payment of principal thereof to the Holders of such Bonds. Notwithstanding anything in this Ordinance or the Bonds to the contrary, the Paying Agent/Registrar shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

(e) The notice addresses for the Bond Insurer and the Fiscal Agent are as follows:

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
Attention: Risk Management

U. S. Bank Trust, National Association
100 Wall Street, 19th Floor
New York, New York 10005
Attention: Corporate Trust Department

(f) The Bond Insurer shall be included as a part in interest and as a party entitled to (1) notify the City, the Paying Agent/Registrar, or any applicable receiver of the occurrence of an event of default and (2) request the receiver to intervene in judicial proceedings that affect the Bonds or the security therefor. The Paying Agent/Registrar or receiver shall be required to accept notice of default from the Bond Insurer.

(g) Notwithstanding any provision of this Ordinance to the contrary, investments of amounts credited to any Fund or Account designated or established in this Ordinance shall be limited to those types of obligations authorized (i) by the laws of the State of Texas for the investment of public funds (including V.T.C.A., Government Code, Chapter 2256, as amended) and (ii) also identified in Exhibit G attached hereto and incorporated herein by reference as a part of this Section for all purposes. Such investments shall be valued by the City or other fiduciary as frequently as deemed necessary by the Bond Insurer, but not less often than annually, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any Fund or Account resulting from decline in market value shall be restored no later than the succeeding valuation date. Investments purchased with funds on deposit in the debt service reserve fund which are not payable on demand shall have a term to maturity of not greater than five years.

(h) No resignation or removal of the Paying Agent/Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent/Registrar. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent/Registrar and the appointment of any successor thereto.

(i) The City shall pay or reimburse the Bond Insurer for any and all changes, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with the following: (1) the administration, enforcement, defense or preservation of any rights or security hereunder or under any other transaction document; (2) the pursuit of any remedies hereunder, under any other transaction document, or otherwise afforded by law or equity; (3) any amendment, waiver, or other action with respect to or related to this Ordinance or any other transaction document whether or not executed or completed; (4) the violation by the City of any law, rule or regulation or any judgment, order or decree applicable to it; (5) any advances or payments made by the Bond Insurer to cure defaults of the City under the transaction documents, or (6) any litigation or other dispute in connection with this Ordinance, any other transaction document, or the transactions contemplated hereby or thereby, other than amounts resulting from the failure of the Bond Insurer to honor its payment obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect to this Ordinance or any other transaction document. The obligations of the City to the Bond Insurer shall survive discharge and termination of this Ordinance.

(j) The Reserve Fund Surety Guidelines attached hereto as Exhibit H are hereby incorporated herein by reference as a part of this Section for all purposes (such Exhibit H being a restatement of the attachment to the Bond Insurer's commitment for the debt service reserve fund policy).

SECTION 49: Incorporation of Findings and Determinations. The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 50: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by V.T.C.A., Government Code, Chapter 551, as amended.


SECTION 51: Effective Date. This Ordinance is hereby passed one reading as authorized by V.T.C.A., Government Code, Section 1201.028 and shall be effective immediately upon its passage and adoption.

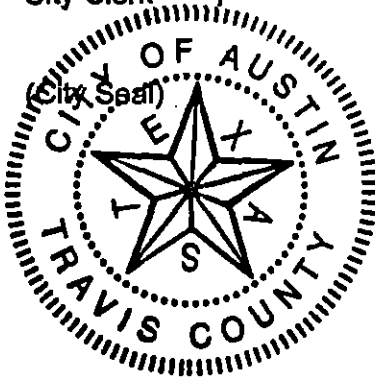
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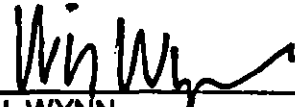
PASSED AND ADOPTED, this May 12, 2005.

CITY OF AUSTIN, TEXAS


ATTEST:


SHIRLEY A. BROWN
City Clerk




WILL WYNN
Mayor

APPROVED:


DAVID ALLAN SMITH
City Attorney

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of May 12, 2005 (this "Agreement"), by and between the City of Austin, Texas (the "Issuer"), and JPMorgan Chase Bank, National Association Dallas, Texas, a banking corporation organized and existing under the laws of the United States of America, or its successors (the "Bank"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the execution and delivery of its "City of Austin, Texas, Town Lake Park Community Events Center Venue Project Refunding Bonds, Series 2005" (the "Securities"), dated May 1, 2005, which Securities are scheduled to be delivered to the Initial purchaser on or about May 24, 2005; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Bond Resolution" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Bond Resolution".

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

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

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

ARTICLE TWO DEFINITIONS

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

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

"Bank Office" means the designated office of the Bank as indicated in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond Resolution" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary or any other officer of the Issuer and delivered to the Bank.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30th.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the Mayor, City Clerk, City Manager, Assistant City Manager, Chief Financial Officer, Deputy Chief Financial Officer, or City Treasurer, any one or more of said officials, and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

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

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolution).

"Redemption Date" when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Resolution.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust

matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Bond Resolution the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

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

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following addresses: P. O. Box 2320, Dallas, Texas 75221-2320 or 2001 Bryan Street, 9th Floor, Dallas, Texas 75201, Attention: Operations.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date. All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the fiduciary account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities at the dates specified in the Bond Resolution.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

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

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

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Certificates. The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

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

Section 4.05 Return of Cancelled Certificates. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Bond Resolution, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

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

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

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

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or

In the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

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

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

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

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

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

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping and disbursement of moneys received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

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

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Security shall

thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DT Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on page 9.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08 Entire Agreement. This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

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

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

Section 6.11 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

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

JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION,
Dallas, Texas

[SEAL]

Attest:

BY _____
Title:

Address: 2001 Bryan Street, 8th Floor
Dallas, Texas 75201

Title:

CITY OF AUSTIN, TEXAS

(CITY SEAL)

Attest:

BY _____
Mayor

Address: P. O. Box 1088
Austin, Texas 78767

City Clerk

Exhibit B
RESERVE FUND POLICY AGREEMENT

Exhibit C
BOND PURCHASE AGREEMENT

Final

CITY OF AUSTIN, TEXAS

\$36,720,000

Town Lake Park Community Events Center
Venue Project Refunding Bonds, Series 2005

BOND PURCHASE AGREEMENT

May 12, 2005

Mayor and City Council
City of Austin, Texas
P.O. Box 1088
Austin, Texas 78701

Ladies and Gentlemen:

The undersigned, Siebert Brandford Shank & Co., LLC (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "*Underwriters*") and not acting as a fiduciary or agent for the City of Austin, Texas (the "*Issuer*"), offers to enter into the following agreement (this "*Agreement*") with the Issuer which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central Daylight Time, on May 12, 2005, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Bond Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. *Purchase and Sale of the Bonds.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$36,720,000 Town Lake Park Community Events Center Venue Project Refunding Bonds, Series 2005 (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as fiduciaries of the Issuer, but rather are acting solely in their capacity as underwriters for their own accounts. The Representative has been duly authorized to execute this Agreement and to act hereunder.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the bond ordinance adopted by the Issuer on May 12, 2005 (the "*Bond Ordinance*").

The purchase price for the Bonds shall be \$38,289,309.59 (representing the par amount of the Bonds, plus a net reoffering premium of \$1,772,600.10, and less an underwriting discount of \$203,290.51) plus accrued interest on the Bonds, calculated on the basis of a 360-day year of twelve 30-day months, from the dated date of the Bonds to the date of the Closing (as hereinafter defined).

Delivered to the Issuer herewith is the Representative's good faith corporate check payable to the order of the Issuer in the amount of \$386,950 (the "*Check*"). In the event you accept this offer, the Check shall be held uncashed by you until the time of Closing, at which time the Check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, the Check shall be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, the Check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the Check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

2. ***Public Offering.*** The Underwriters agree to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the inside cover page of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the inside cover page of the Official Statement. On or before the Closing, the Representative shall execute and deliver an issue price certificate prepared by Bond Counsel (as hereinafter defined) verifying the initial offering prices to the public at which a substantial amount of each stated maturity of the Bonds was sold to the public.

3. ***The Official Statement.***

(a) The Issuer previously has delivered copies of the Preliminary Official Statement dated May 5, 2005 (the "*Preliminary Official Statement*") to the Underwriters. The Issuer will prepare a final Official Statement relating to the Bonds, which will be (i) dated the date of this Bond Purchase Agreement, (ii) complete within the meaning of

Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "*Rule*"), and (iii) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof. Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "*Official Statement*". Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities of the Preliminary Official Statement as the Representative deems necessary to satisfy the obligations of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

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

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but in any event, not later than within seven (7) business days after the Issuer's acceptance of this Agreement) copies of the Official Statement which are complete as of the date of their delivery to the Underwriters in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (being the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository but in no case less than twenty-five (25) days after the "end of the underwriting period"), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as the Representative may from time to time request), and if, in the judgment of the Representative, reasonably exercised, such fact or event requires preparation and publication of a supplement or amendment to the Official

Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Representative hereby agrees to file the Official Statement with a nationally recognized municipal securities information repository. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

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

(a) The Issuer is a duly organized municipal corporation and a political subdivision duly created and validly existing under the Constitution, the laws of the State of Texas and its home rule charter, and has full legal right, power and authority pursuant to the Constitution and laws of the State of Texas, including particularly Chapter 1207, Texas Government Code, as amended (the "Act"), and at the date of the Closing will have full legal right, power and authority, to (i) enter into, execute and deliver this Agreement, the Bond Ordinance, the escrow agreement described in the Bond Ordinance (the "Escrow Agreement") and the Continuing Disclosure Undertaking as defined in Section 6(j)(3) hereof and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Bond Ordinance, the Escrow Agreement, the Continuing Disclosure Undertaking and the other documents referred to in this clause are hereinafter referred to as the "*Issuer Documents*"), (ii) sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act, Chapter 1207 and the Issuer Documents as they pertain to such transactions;

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

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

(d) On the date hereof and during the period that the Official Statement is subject to amendment or supplement pursuant to Section 3(d) hereof, the Issuer is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree that would have a material adverse effect upon the operations or financial condition of the Issuer; or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Bond Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law or administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Ordinance;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained or will be obtained prior to Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Bond Ordinance conform to the descriptions thereof contained in the Official Statement under the caption "DESCRIPTION OF THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the captions "PLAN OF FINANCING" and "SOURCES AND USES OF FUNDS"; and the Continuing Disclosure Undertaking conforms to the description thereof contained in the Official Statement under the caption "GENERAL - Continuing Disclosure of Information";

(g) On the date hereof and during the period that the Official Statement is subject to amendment or supplement pursuant to Section 3(d) hereof, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of revenues pledged to payment of the principal of and interest on the Bonds pursuant to the Bond Ordinance or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

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

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

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

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

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

(m) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth, and there has been no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior written approval of the Representative;

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

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

By delivering the Official Statement to the Representative, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. Closing.

(a) At 10:00 a.m. Central Daylight Time, on May 24, 2005, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the

terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, by wire transfer payable in immediately available funds to the order of the Issuer as indicated by JPMorgan Chase Bank, N.A., Dallas, Texas (the "*Registrar*"). Payment for the Bonds as aforesaid shall be made at the offices of the Registrar or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds shall be made through The Depository Trust Company, New York, New York ("*DTC*"). The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Ordinance, and shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection.

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

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

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

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds shall be deposited and applied as described in the Official Statement and in the Bond Ordinance; and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

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

(e) At or prior to the Closing, the Bond Ordinance and the Escrow Agreement shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the definitive Bonds;

(f) At or prior to the Closing, the municipal bond insurance policy shall have been duly executed, issued and delivered by Financial Guaranty Insurance Company (the "Insurer");

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

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

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

(j) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) Copies of the Bond Ordinance, certified as having been duly adopted and in full force and effect, with such supplements or amendments as may have been agreed to by the Representative and the Escrow Agreement having been duly executed on behalf of the Issuer and the Escrow Agent, Deutsche Bank Trust Company Americas, New York, New York;

(3) The undertaking of the Issuer which satisfies the requirements of Section (b)(5) of the Rule (the "*Continuing Disclosure Undertaking*");

(4) The approving opinion of Fulbright & Jaworski L.L.P., Dallas, Texas ("*Bond Counsel*"), with respect to the Bonds, in substantially the form attached to the Official Statement;

(5) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriters substantially to the effect that:

(i) the Bond Ordinance has been duly adopted and is in full force and effect;

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

(iii) the statements and information contained in the Official Statement under the captions "PLAN OF FINANCING", "DESCRIPTION OF THE BONDS" (except for information under the subsections captioned "Book-Entry-Only System" and "Owners' Remedies"), "SECURITY FOR THE BONDS", "TAX EXEMPTION", "GENERAL—Continuing Disclosure of Information" (except for information under the subsection captioned "*Compliance With Prior Undertakings*") and "GENERAL— Certain Legal Matters" relating to the Bonds and the legal issues contained under such captions and subsections is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance;

(6) An opinion, dated as of the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(i) the Bonds are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Bond Ordinance need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system in each case as to which no view need be expressed);

(7) A certificate, dated as of the date of the Closing, of an appropriate official of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (ii) no litigation, proceeding or challenge against the Issuer concerning the Pledged Revenues is pending or, to the best of his or her knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the

right of the officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting the Pledged Revenues, including payments on the Bonds, pursuant to the Bond Ordinance, and other income or the collection of the revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) all official action relating to the Official Statement, the Bonds and Issuer Documents has been duly taken by the Issuer, is in full force and effect and has not been modified, amended, supplemented or repealed; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of the Closing, and the information relating to the Issuer contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2004, the latest date as of which audited financial information is available;

(8) A certificate, dated as of the date of the Closing, of an appropriate official of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(9) The approving opinion of the Attorney General of the State of Texas and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds;

(10) Any other certificates and opinions required by the Bond Ordinance for the issuance thereunder of the Bonds;

(11) Evidence satisfactory to the Representative of the evidence of ratings assigned to the Bonds of "Aaa" by Moody's Investors Service, Inc. ("*Moody's*") and "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies,

Inc. ("S&P") as a result of the issuance of the municipal bond insurance policy by the Insurer, and that all such ratings are in effect as of the date of the Closing;

(12) Copies of the municipal bond insurance policy and the reserve fund surety policy issued by the Insurer, together with a opinion of counsel to the Insurer in form and substance satisfactory to the Representative.

(13) A copy of a special report by The Arbitrage Group, Inc., independent certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Bonds and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the Refunded Bonds and (ii) the computation of the yield with respect to the Bonds; and

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

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative. The Representative acknowledges having received, prior to the execution of this Agreement, a copy of the Bond Ordinance, which contains the Continuing Disclosure Undertaking.

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

7. **Termination.** The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Representative, reasonably exercised, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for

consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

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

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

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the Pledged Revenues to pay principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

(i) the United States shall have either become engaged in hostilities that did not exist prior to the date hereof or issued a declaration of war or a national emergency or there shall have occurred a new material outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable judgment of the Underwriters, would materially or adversely affect the ability of the Underwriters to market the Bonds;

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

(k) there shall have occurred any downgrading, or any notice shall have been given of any intended or potential downgrading in the rating accorded any of the Issuer's obligations (including the rating to be accorded the Bonds);

(l) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; and

(m) the debt ceiling of the United States is such that the federal securities required to fund the escrow fund, as described in the Escrow Agreements, are not available for delivery on the date of the delivery of the Bonds.

8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other attorneys, engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for bond ratings; (v) the fees for the bond insurance for the Bonds; (vi) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vii) the fees and expenses of the Registrar, the Escrow Agent and other paying agent, if any, for the Refunded Bonds, and the Verification Agent; (viii) advertising expenses (except any advertising expenses

of the Underwriters as set forth below); (ix) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers of the Issuer; (x) the Attorney General's review fee; and (xi) any other expenses mutually agreed to by the Issuer and the Underwriters to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

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

(c) If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, the Issuer will immediately return the Check to the Representative and there shall be no further obligation of the Issuer to the Underwriters.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the City of Austin, P.O. Box 1088, Austin, Texas 78701, Attention: City Manager, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Siebert Brandford Shank & Co., L.L.C., 1999 Harrison Street, Suite 2720, Oakland, California 94612, Attention: Harold Durk.

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

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

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

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

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

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

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

[Execution Page Follows.]

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

SIEBERT BRANDFORD SHANK & CO., L.L.C.,
Representative of the Underwriters identified on
Schedule I hereto

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED to as of the date hereof:

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

SCHEDULE I

List of Underwriters

Siebert Brandford Shank & Co., L.L.C.
440 Louisiana, Suite 1520
Houston, Texas 77002

Apex Pryor Securities
333 Clay Street, Suite 1310
Houston, Texas 77002

First Southwest Company
300 West 6th Street, Suite 1940
Austin, Texas 78701

Morgan Stanley
6300 Bridge Point Parkway, Suite 125
Austin, Texas 78730

JP Morgan Securities Inc.
707 Lavaca, 2nd Floor
Austin, Texas 78701

Lehman Brothers
399 Park Avenue, 16th Floor
New York, New York 10022

Morgan Keegan & Company, Inc.
5956 Sherry Lane, Suite 1900
Dallas, Texas 75225

Ramirez & Co. Inc.
106 S. St. Mary's, Suite 230
San Antonio, Texas 78207

UBS Financial Services Inc.
1285 Avenue of the Americas, 15th Floor
New York, New York 10019

SCHEDULE II

\$36,720,000 City of Austin, Texas Town Lake Park Community Events Center Venue Project Refunding Bonds, Series 2005

<u>Maturity</u> <u>(November 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or Yield^(b)</u>	<u>Maturity</u> <u>(November 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or Yield^(b)</u>
2011	\$ 580,000	3.300%	3.400%	2021 ^(a)	\$1,990,000	5.000%	4.230%
2012	1,315,000	3.500%	3.540%	2022 ^(a)	2,085,000	5.000%	4.270%
2013	1,370,000	4.000%	3.660%	2023 ^(a)	2,190,000	5.000%	4.310%
2014	1,435,000	5.000%	3.780%	2024 ^(a)	2,300,000	5.000%	4.350%
2015	1,510,000	5.000%	3.880%	2025 ^(a)	2,410,000	5.000%	4.380%
2016 ^(a)	1,590,000	5.000%	3.940%				
2017 ^(a)	1,660,000	4.000%	4.125%				
2018 ^(a)	1,725,000	4.000%	4.180%				
2019 ^(a)	1,805,000	5.000%	4.130%				
2020 ^(a)	1,890,000	5.000%	4.180%				

\$10,865,000 5.000% Term Bonds Due November 15, 2029, Price 104.393%^{(a)(c)}

(Plus accrued interest from May 1, 2005)

^(a) **Optional Redemption** . . . The Bonds having stated maturities on and after November 15, 2016, are subject to optional redemption prior to maturity, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity by lot by the Paying Agent/Registrar), on November 15, 2015, and on any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

^(b) The initial offering prices or yields are furnished by the Underwriters and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at anytime.

^(c) The Term Bonds maturing November 15, 2029 are subject to mandatory redemption as described in the Bond Ordinance.

SPECIAL ESCROW AGREEMENT

THIS SPECIAL ESCROW AGREEMENT (the "Agreement"), dated and made effective as of May 12, 2005, made by and between the City of Austin, Texas, a duly incorporated municipal corporation principally located in Travis County, Texas (the "City") acting by and through the City Manager and City Clerk, and Deutsche Bank Trust Company Americas, New York, New York (the "Bank"), a banking corporation organized and existing under the laws of the State of New York and authorized to do business in the State of Texas, or its successors or assigns hereunder,

WITNESSETH:

WHEREAS, the City has determined to provide for the final payment and discharge of outstanding revenue bonds totaling in original principal amount \$35,140,000 (hereinafter collectively referred to as the "Refunded Obligations") more particularly described as follows: City of Austin, Texas, Town Lake Park Community Events Center Venue Project Bonds, Series 1999, dated November 15, 1999, and scheduled to mature on November 15 in each of the years 2010 through 2025 and 2029; and

WHEREAS, in accordance with the provisions of V.T.C.A., Government Code, Chapter 1207, as amended (the "Act") and the ordinance authorizing the issuance of the Refunded Obligations, the City is authorized to sell refunding bonds and deposit the proceeds of such refunding bonds with the place of payment for such obligations, or other authorized depository, in an amount sufficient to provide for the full payment thereof and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposit may be invested only in direct obligations the principal of and interest on are unconditionally guaranteed by the United States of America, that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of such obligations; and

WHEREAS, such deposit, if made on or before the payment date for such obligations, shall constitute the making of firm banking and financial arrangements for their discharge and final payment and such obligations shall cease to be outstanding obligations of the City for all purposes except for being paid from the deposit of funds placed in escrow; and

WHEREAS, the Refunded Obligations are scheduled to mature and interest thereon is payable on the dates and in the manner set forth in Exhibit A attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on the 12th day of May, 2005, pursuant to an ordinance (the "Ordinance") finally passed and adopted by the City Council, authorized the issuance of bonds known as "City of Austin, Texas, Town Lake Park Community Events Center Venue Project Refunding Bonds, Series 2005" (the "Bonds") being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale, together with other available funds of the City, are to be deposited with the Bank and used in part to purchase non-callable direct obligations of the United States of America (the "Federal Securities") listed

and identified in Exhibit B attached hereto and incorporated by reference as a part of this Agreement for all purposes; and

WHEREAS, the Federal Securities, together with the beginning cash balance in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of monies sufficient to pay in full the aggregate amount of the Refunded Obligations in accordance with the terms of the ordinances pertaining to Issuance of the Refunded Obligations and as set forth in Exhibit A attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Federal Securities listed in Exhibit B and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Bank is a banking corporation organized and existing under the laws of the State of New York, possessing trust powers and is fully qualified and empowered to enter into this Agreement and the Bank does not act as a depository of the City; and

WHEREAS, in Section 35 of the Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Bank, as the case may be, shall take all action necessary to pay the full aggregate amount of the Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinance pertaining to the Refunded Obligations, the Act, the Ordinance, and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the Refunded Obligations as provided in Exhibit A attached hereto, the City and the Bank hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Refunded Ordinances. Receipt of a copy of the ordinance authorizing the Issuance of the Refunded Obligations and the Bond Ordinance are hereby acknowledged by the Bank. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Bank a special segregated and irrevocable trust fund designated "SPECIAL 2005 CITY OF AUSTIN, TEXAS, TOWN LAKE PARK COMMUNITY EVENTS CENTER VENUE PROJECT REFUNDING BONDS ESCROW FUND" (hereinafter called the "Escrow Fund") for the payment of the Refunded Obligations, and the City agrees and covenants to cause to be deposited with the Bank the following:

\$37,752,017.00 for the purchase of the Federal Securities identified in Exhibit B to be held for the account of the Escrow Fund;

\$ 0.15 for deposit in the Escrow Fund as a beginning cash balance.

The Bank hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Federal Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided for in this Agreement.

SECTION 3: Escrow Fund Sufficiency-Warranty. The City hereby represents that the cash and Federal Securities specified in Section 2 hereof, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay in full and in a timely manner the Refunded Obligations as shown in Exhibit A, and such Refunded Obligations shall be paid at the times and in the amounts set forth and identified in Exhibit A attached hereto.

SECTION 4: Pledge of Escrow. The Bank agrees that all cash and Federal Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations in the amounts and timely manner shown in Exhibit A, and such funds initially deposited and to be received from maturing principal and interest on the Federal Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency-City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in Exhibit A attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Bank to the City by the fastest means possible, but the Bank shall in no manner be responsible for the City's failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Bank shall hold said Federal Securities and moneys in the Escrow Fund at all times as a special and separate trust fund, wholly segregated from other moneys and securities on deposit with the Bank; shall never commingle said Federal Securities and moneys with other moneys or securities of the Bank; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Bank to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Federal Securities, shall always be maintained on deposit in the Escrow Fund by the Bank, as escrow agent; and a special account evidencing such facts shall at all times be maintained on the books of the Bank.

SECTION 7: Escrow Fund Collections/Payments. The Bank shall collect and receive the principal of and interest on the Federal Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date for the Refunded Obligations shown in Exhibit A attached hereto, the Bank, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amounts required to pay the accrued interest due and payable on said payment date on the Refunded Obligations and the principal of the Refunded Obligations due and payable on said payment date and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amount. The paying agent for the Refunded Obligations is UMB Bank, N.A., Kansas City, Missouri.

SECTION 8: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and an express lien shall exist on all moneys and Federal Securities in the Escrow Fund as security for the payment of the Refunded Obligations until such funds are paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Obligations, all funds and the Federal Securities received by the Bank for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Obligations shall be entitled to a preferred claim and shall have a first lien upon such funds and Federal Securities enjoyed by a trust beneficiary. The funds and Federal Securities received by the Bank under this Agreement shall not be considered as a banking deposit by the City and the Bank and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Federal Securities shall not be subject to checks or drafts drawn by the City.

SECTION 9: Absence of Bank Claim/Lien on Escrow Fund. The Bank shall have no lien whatsoever upon any of the moneys or Federal Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 10: Substitution of Investments/Reinvestments. (a) The Bank shall be authorized to accept initially and temporarily cash and/or substituted Federal Securities pending the delivery of the Federal Securities identified in the Exhibit B attached hereto, or shall be authorized to redeem the Federal Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in noncallable direct obligations of the United States of America provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Obligations appearing in Exhibit A and the Bank receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Federal Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Federal Securities and the reinvestment of such funds in one or more substituted securities (which shall be noncallable direct obligations of the United States of America), together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient, without reinvestment, to pay, as the same become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Federal Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Refunded Obligations to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation and (b) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Bonds.

(b) If on the dates and in the amounts shown in Exhibit C attached hereto there exists cash in the Escrow Fund, the Bank and the City agree at least fifteen (15) days prior to such date, to subscribe for the purchase of United States Treasury Securities - State and Local Government Series (SLGS) bearing zero interest (0%) and on such date, in the amount and scheduled to mature as provided in Exhibit C and subscription forms prepared therefor as may

be then required by the United States Department of the Treasury; provided that the then existing rules and regulations and policy of United States Department of the Treasury permit and authorize such investments. Should the policy, rules and regulations of the United States Department of Treasury not permit or authorize the purchase of such SLGS at such time or times, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the dates and in the amount such moneys would have been expended had such SLGS been acquired and matured.

SECTION 11: Restriction on Escrow Fund Investments – Reinvestments. Except as provided in Section 10 hereof, moneys in the Escrow Fund will be invested only in the Federal Securities listed in Exhibit B, and neither the City nor the Bank shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

SECTION 12: Excess Funds. If at any time through redemption or cancellation of the Refunded Obligations there exists or will exist excesses of interest on or maturing principal of the Federal Securities in excess of the amounts necessary hereunder for the Refunded Obligations, the Bank may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Bank the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon, and other available monies then held in the Escrow Fund, will be sufficient to pay, as the same become due and without reinvestment, in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Obligations to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations or the Bonds.

SECTION 13: Collateralization. The Bank shall continuously secure the monies in the Escrow Fund not invested in Federal Securities by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said uninvested monies to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 14: Absence of Bank's Liability for Investments. The Bank shall not be liable or responsible for any loss resulting from any investment made in the Federal Securities or substitute securities as provided in Section 10 hereof.

SECTION 15: Bank's Compensation – Escrow Administration/Settlement of Paying Agent's Charges. The City agrees to pay the Bank for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of \$1,200.00 and, except for reimbursement of costs and expenses incurred by the Bank

pursuant to Sections 3 and 19 hereof, the Bank hereby agrees said amount is full and complete payment for the administration of this Agreement.

The Bank acknowledges that on the effective date of this Agreement, the sum of \$_____, which represents the total charges due the paying agent for the Refunded Obligations, and the Bank and the City acknowledge and agree that such amount is and represents the total amount of compensation due UMB Bank, N.A. for services rendered as paying agent for the Refunded Obligations. Furthermore, the Bank agrees to transmit to such paying agent for the Refunded Obligations the amount included in such deposit for paying agent services to be rendered for the Refunded Obligations in accordance with the City's Instructions.

SECTION 16: Escrow Agent's Duties/Responsibilities/Liability. The Bank shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Bank shall be entitled to rely upon a certificate signed on behalf of the City by its Mayor or City Manager of the City as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the City Clerk under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

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

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts.

The Bank shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Obligations at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bank not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Obligations have concurred in any such direction, Refunded Obligations owned by any obligor upon the Refunded Obligations, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Bank shall be protected in relying on any such direction only Refunded Obligations which the Bank knows are so owned shall be so disregarded.

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

SECTION 17: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 18: Interpleader. In the event conflicting demands or notices are made upon the Bank growing out of or relating to this Agreement or the Bank in good faith is in doubt as to what action should be taken hereunder, the Bank shall have the right at its election to:

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

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

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

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

SECTION 19: . Accounting – Annual Report. Promptly after September 30 of each year, commencing with the year 2005, so long as the Escrow Fund is maintained under this Agreement, the Bank shall forward by letter to the City, to the attention of the City Treasurer, or other designated official of the City, a statement in detail of the Federal Securities and monies held, and the current income and maturities thereof, and the withdrawals of money from the Escrow Fund for the preceding 12 month period ending September 30th of each year.

SECTION 20: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF AUSTIN:

P. O. Box 1088
Austin, Texas 78767

124 W. Eighth Street
Austin, Texas 78701

Attention: City Treasurer

DEUTSCHE BANK TRUST COMPANY AMERICAS

60 Wall Street
27th Floor, MS NYC60-2715
New York, New York 1005

Attention: Trust & Securities Services (Municipal Group)

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

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

SECTION 21: Performance. Whenever under the terms of this Agreement the performance date of any provision hereof, including the payment dates for the Refunded Obligations shown in Exhibit A, shall be a Sunday or a legal holiday or a day when the Bank is authorized by law to close, then the performance thereof need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 22: Warranty of Parties re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken.

SECTION 23: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement. In the event any covenant or agreement contained in this Agreement is declared to be severable from the other provisions of this Agreement, written notice of such event shall immediately be given to each national rating service (Moody's Investors Service, Inc., Standard & Poor's Corporation or Fitch Investors Service) which has rated the Refunded Obligations on the basis of this Agreement.

SECTION 24: Termination. This Agreement shall terminate when the Refunded Obligations have been paid in full in accordance with the provisions of this Agreement. If any Refunded Obligation is not paid when due because of failure to satisfy a condition for payment such as surrender and presentation to the paying agent, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of such Refunded Obligations shall be held by the Bank for such purpose in accordance with Section 7 hereof. Any moneys or Federal Securities held in the Escrow Fund at termination and not needed for the payment of the Refunded Obligations shall be paid or transferred to the City.

SECTION 25: Successors/Assigns. (a) Should the Bank not be able to legally serve or perform the duties and obligations under this Agreement, or should the Bank be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Bank's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Bank, and upon being notified of such appointment, the Bank shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within ninety (90) days from the date the City discovers, or is notified of, the event or circumstance causing the Bank's inability or disqualification to serve hereunder, the Bank, or a bondholder of the Refunded Obligations, may apply to a court of competent jurisdiction to appoint a successor or assigns of the Bank and such court, upon determining the Bank is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsibilities for the Refunded Obligations.

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

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

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

confirming to such successor Bank all such rights, powers and duties. The term "Bank" as used herein shall be the Bank and its legal assigns and successor hereunder.

SECTION 26: Limitation re: Bank's Duties, Responsibilities and Liabilities to Third Parties. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement on behalf of the City. The Bank is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duty of the Bank hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 27: Escrow Agreement – Amendment/Modification. This Agreement shall be binding upon the City and the Bank and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Bank and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Obligations or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Bank may, without the consent of either the holders of the Refunded Obligations, amend or modify the terms and provisions of this Agreement to cure any ambiguity, formal defect or omission in this Agreement. If the parties hereto agree to any amendment or modification to this Agreement, prior written notice of such amendment or proposed modification, together with the legal documents amending or modifying this Agreement, shall be furnished to each national rating service (Moody's Investors Service, Inc., Standard & Poor's Corporation or Fitch Investors Inc.) which has rated the Refunded Obligations on the basis of this Agreement, prior to such amendment or modification being executed.

SECTION 28: Bank Not a Depository. The Bank and the City each hereby acknowledge and certify that the Bank does not act as a depository of the City.

SECTION 29: Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 30: Governing Law. This Agreement shall be governed by the laws of the State of Texas.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

CITY OF AUSTIN, TEXAS

Title: _____

ATTEST:

City Clerk

(City Seal)

DEUTSCHE BANK TRUST COMPANY
AMERICAS, New York, New York,
as Escrow Agent

Title: _____

ATTEST:

Authorized Signer

(Bank Seal)

Exhibit E

**NOTICE OF REDEMPTION
CITY OF AUSTIN, TEXAS
TOWN LAKE PARK COMMUNITY EVENTS CENTER
VENUE PROJECT REFUNDING BONDS, SERIES 1999
DATED NOVEMBER 15, 1999**

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on November 15 in each of the years 2010 through 2025 and 2029, and aggregating in principal amount \$35,140,000 have been called for redemption on November 15, 2009 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of</u> <u>Maturity</u>	<u>Principal Amount</u>	<u>CUSIP</u> <u>Number</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal Amount</u>	<u>CUSIP</u> <u>Number</u>
2010	\$ 955,000		2019	\$1,615,000	
2011	\$1,010,000		2020	\$1,710,000	
2012	\$1,070,000		2021	\$1,815,000	
2013	\$1,135,000		2022	\$1,920,000	
2014	\$1,205,000		2023	\$2,040,000	
2015	\$1,275,000		2024	\$2,160,000	
2016	\$1,355,000		2025	\$2,290,000	
2017	\$1,435,000				
2018	\$1,520,000		2029	\$10,630,000	

ALL SUCH BONDS shall become due and payable on November 15, 2009 and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to UMB Bank, N.A., Kansas City, Missouri (successor paying agent/registrar to State Street Bank and Trust of Missouri, N.A.), at the following address: 2401 Grand Blvd., Kansas City, Missouri 64108-2551.

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

UMB BANK, N.A.
Address: 2401 Grand Blvd.
Kansas City, MO 64108.

Exhibit F

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 47 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect the Special Motor Vehicle Rental Tax for years collected on a rolling five fiscal year basis,

The City annual audit report, which covers receipts and disbursements from the Venue Project Fund

Exhibit G
INVESTMENTS

PERMITTED INVESTMENTS

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("U.S. Government Securities").
2. Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:
 - (a) Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
 - (b) Federal Housing Administration – debentures
 - (c) General Services Administration – participation certificates
 - (d) Government National Mortgage Association ("GNMAs") – guaranteed mortgage-backed securities and guaranteed participation certificates
 - (e) Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
 - (f) U.S. Department of Housing & Urban Development – local authority bonds
 - (g) U.S. Maritime Administration – guaranteed Title XI financings
 - (h) Washington Metropolitan Area Transit Authority – guaranteed transit bonds
3. Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:
 - (a) Federal National Mortgage Association ("FNMA's") – senior debt obligations rated Aaa by Moody's Investors Service ("Moody's") and AAA by Standard & Poor's Ratings Services ("S&P")
 - (b) Federal Home Loan Mortgage Corporation ("FHLMCs") – participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P
 - (c) Federal Home Loan Banks – consolidated debt obligations
 - (d) Student Loan Marketing Association – debt obligations
 - (e) Resolution Funding Corporation – debt obligations
4. Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.
5. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.

* The following are explicitly excluded from the securities enumerated in 2 and 3:

- (i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- (iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (iv) Collateralized Mortgage-Backed Obligations ("CMOs").

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund.
7. Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).
8. Investments in money-market funds rated AAAm or AAAm-G by S&P.
9. State-sponsored investment pools rated AA- or better by S&P.
10. Repurchase agreements that meet the following criteria:
 - (a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.
 - (b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P.
 - (c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.
 - (d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's or FHLMC's. The repurchase agreement shall require (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.
 - (e) The repurchase securities shall be delivered free and clear of any lien to the bond trustee (herein, the "Trustee") or to an independent third party acting solely as agent ("Agent") for the Trustee, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received

written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

- (f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.
- (g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.
- (h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless Financial Guaranty directs otherwise:
 - (i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
 - (ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 10(d) above; or
 - (iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

11. Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

- (a) A master agreement or specific written investment agreement governs the transaction.
- (b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P.
- (c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in 11(f) below.
- (d) The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.
- (e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within ten

(10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty to the Issuer.

- (f) The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:
 - (i) U.S. Government Securities at 104% of principal plus accrued interest; or
 - (ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.
- (g) The investment agreement shall require the Trustee or Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:
 - (i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;
 - (ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
 - (iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.
- (h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.
- (i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 11(f) above, the Trustee and Financial Guaranty shall receive an opinion of counsel as to the perfection of the security interest in the collateral.
- (j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:
 - (i) In the event of a deficiency in the debt service account;
 - (ii) Upon acceleration after an event of default;
 - (iii) Upon refunding of the bonds in whole or in part;
 - (iv) Reduction of the debt service reserve requirement for the bonds; or
 - (v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the issuer's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the bonds and to make deposits to the debt service reserve fund.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities:

- (i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
- (ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
- (iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- (iv) Failure by the provider to make a payment or observe any covenant under the agreement;
- (v) The guaranty (if any) is terminated, repudiated or challenged; or
- (vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

- (i) "Cure periods" for payment default shall not exceed two (2) business days;
- (ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or Financial Guaranty;
- (iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of Financial Guaranty;
- (iv) If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.
- (v) The provider shall be required to immediately notify Financial Guaranty and the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider's ratings;
- (vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim;
- (vii) The agreement shall require the provider to submit information reasonably requested by Financial Guaranty, including balance invested with the provider, type and market value of collateral and other pertinent information.

12. Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

- (a) A specific written investment agreement governs the transaction.

- (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P.
 - (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.
 - (d) Permitted securities shall include the investments listed in 1, 2 and 3 above.
 - (e) The forward delivery agreement shall include the following provisions:
 - (i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.
 - (ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.
 - (iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.
 - (iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and otherwise acceptable to Financial Guaranty.
 - (v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of Financial Guaranty.
13. Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of Financial Guaranty.
14. Maturity of investments shall be governed by the following:
- (a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

- (b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.
- (c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

EXHIBIT H
RESERVE FUND SURETY GUIDELINES

RESERVE FUND SURETY GUIDELINES

The Issuer may satisfy the requirement (the "Reserve Fund Requirement") to deposit a specified amount in the debt service reserve fund (the "Reserve Fund") by the deposit of a surety bond, insurance policy or letter of credit as set forth below. The following requirements shall be incorporated in the authorizing document for the Bonds (the "Authorizing Document") in the event the Reserve Fund Requirement is fulfilled by a deposit of a credit instrument (other than a credit instrument issued by Financial Guaranty) in lieu of cash:

1. A surety bond or insurance policy issued to the entity serving as trustee or paying agent (the "Fiduciary"), as agent of the bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa" by S&P or Moody's, respectively.
2. A surety bond or insurance policy issued to the Fiduciary, as agent of the bondholders, by an entity other than a municipal bond insurer may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the form and substance of such instrument and the issuer thereof shall be approved by Financial Guaranty.
3. An unconditional irrevocable letter of credit issued to the Fiduciary, as agent of the bondholders, by a bank may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the issuer thereof is rated at least "AA" by S&P. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the Issuer and the Fiduciary, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.
4. If such notice indicates that the expiration date shall not be extended, the Issuer shall deposit in the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Fund together with any other qualifying credit instruments, to equal the Reserve Fund Requirement on all outstanding Bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Reserve Fund credit instrument is replaced by a Reserve Fund credit instrument meeting the requirements in any of 1-3 above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Authorizing Document shall, in turn, direct the Fiduciary to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Fund is fully funded in its required amount.
5. The use of any Reserve Fund credit instrument pursuant to this Paragraph shall be subject to receipt of an opinion of counsel acceptable to Financial Guaranty and in form and substance satisfactory to Financial Guaranty as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to Financial Guaranty. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to Financial Guaranty and in form and substance satisfactory to Financial Guaranty to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with

avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the issuer of the bonds (or any other account party under the letter of credit).

6. The obligation to reimburse the issuer of a Reserve Fund credit instrument for any fees, expenses, claims or draws upon such Reserve Fund credit instrument shall be subordinate to the payment of debt service on the bonds. The right of the issuer of a Reserve Fund credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Reserve Fund, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Reserve Fund. The Reserve Fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund credit instrument to reimbursement will be further subordinated to cash replenishment of the Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Fund credit instrument and the amount then available for further draws or claims. If (a) the issuer of a Reserve Fund credit instrument becomes insolvent or (b) the issuer of a Reserve Fund credit instrument defaults in its payment obligations thereunder or (c) the claims-paying ability of the issuer of the insurance policy or surety bond falls below a S&P "AAA" or a Moody's "Aaa" or (d) the rating of the issuer of the letter of credit falls below a S&P "AA", the obligation to reimburse the issuer of the Reserve Fund credit instrument shall be subordinate to the cash replenishment of the Reserve Fund.
7. If (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated or (b) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or (c) the rating of the issuer of the letter of credit falls below a S&P "AA", the Issuer shall either (i) deposit into the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Fund to equal the Reserve Fund Requirement on all outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of 1-3 above within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (b) the rating of the issuer of the letter of credit falls below "A" or (c) the issuer of the Reserve Fund credit instrument defaults in its payment obligations or (d) the issuer of the Reserve Fund credit instrument becomes insolvent, the Issuer shall either (i) deposit into the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Fund to equal to Reserve Fund Requirement on all outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of 1-3 above within six months of such occurrence.
8. Where applicable, the amount available for draws or claims under the Reserve Fund credit instrument may be reduced by the amount of cash or permitted investments deposited in the Reserve Fund pursuant to either clause (i) of the preceding subparagraph 7.
9. If the Issuer chooses the above described alternatives to a cash-funded Reserve Fund, any amounts owed by the Issuer to the issuer of such credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Authorizing Document for any purpose, e.g., rate covenant or additional bonds test.
10. The Authorizing Document shall require the Fiduciary to ascertain the necessity for a claim or draw upon the Reserve Fund credit instrument and to provide notice to the issuer of the Reserve

Fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Fund credit instrument) prior to each interest payment date.

11. Cash on deposit in the Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Fund credit instrument. If and to the extent that more than one Reserve Fund credit instrument is deposited in the Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.