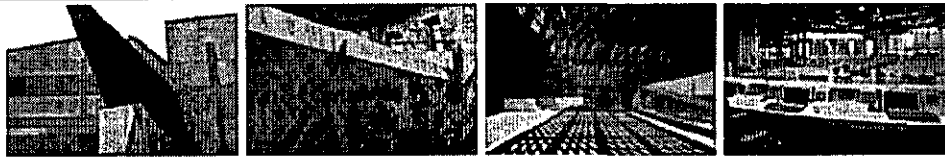


A U S T I N C I T Y C O U N C I L

AGENDA



Thursday, August 24, 2006

Back Print

Discussion and Possible Action on Bond Sales RECOMMENDATION FOR COUNCIL ACTION

ITEM No. 67

Subject: Approve a resolution authorizing the Mueller Local Government Corporation ("Corporation") to issue \$12,000,000 in Mueller Local Government Corporation Contract Revenue Bonds, Series 2006, and authorizing execution of all related documents including a grant agreement between the City of Austin and the Corporation

Amount and Source of Funding: \$422,598 in the estimated first year debt service requirement and \$400 annual administration fee for the paying agent/registrar for the proposed bond sale will be funded through a Grant from the City to the Corporation, pursuant to the terms of the Grant Agreement.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required

Additional Backup Material

(click to open)

- ☐ [Mueller Revenue Bonds Trust Indenture](#)
- ☐ [Mueller LGC grant agreement](#)
- ☐ [Resolution](#)
- ☐ [MLGC Resolution Issuing Bonds](#)

For More Information:

Prior Council Action: On June 12, 2003, Council approved a Reimbursement Resolution related to this bond issuance. On April 27, 2006 Council approved a 20-year economic development and grant agreement with Mueller Local Government Corporation related to this bond issuance.

In this action, the City Council will approve a resolution authorizing the Corporation to issue Mueller Local Government Corporation Contract Revenue Bonds, Series 2006, in the amount of \$12,000,000. The City has determined that it would be in the best interest of the City and the general public to redevelop property within the City formerly known as the Robert Mueller Municipal Airport ("Mueller"). To facilitate the redevelopment of Mueller, the City entered into a Master Development Agreement with Catellus Austin, LLC, under the Master Development Agreement and the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs," either directly or through the Corporation. Of the \$12,000,000 in Contract Revenue Bonds to be issued, \$7,250,000 is being issued to provide funding for the City to be reimbursed for costs related to the Master Development agreement, as approved in a reimbursement resolution that Council has already approved.

Electronic bids will be accepted beginning at 9:00 a.m. Central Daylight Time, and ending at 9:30 a.m. Central Daylight Time, on Thursday, August 24, 2006. Bids will be verified by the City's Financial Advisor, Public Financial Management, Inc.

This item has been posted to occur not later than 2:00 p.m. to permit the City Council to take action prior to the close of financial markets on August 24.

1 INDENTURE OF TRUST

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9 By and Between

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12 MUELLER LOCAL GOVERNMENT CORPORATION
13 (the "Corporation")

14 and

15
16 DEUTSCHE BANK TRUST COMPANY AMERICAS
17 as trustee
18 (the "Trustee")

19
20 DATED AS OF AUGUST 1, 2006
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32 SECURING

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34 MUELLER LOCAL GOVERNMENT CORPORATION
35 CONTRACT REVENUE BONDS
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WHEREAS, the City of Austin, Texas (the "City") has determined that it would be in the best interest of the City and the general public to redevelop property within the City formerly known as the Robert Mueller Municipal Airport ("Mueller"); and

WHEREAS, under the Master Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs" either directly or through the auspices of a local government corporation to be created by the City and

WHEREAS, by Resolution No. 041202-60, adopted on December 2, 2004, the City authorized the creation of the Mueller Local Government Corporation (the "Corporation") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions to promote the common good and the general welfare of the City, including, without limitation, the development of the geographic area of the City included or to be included in TIRZ Sixteen and neighboring areas in furtherance of the promotion of economic development; and

WHEREAS, the Corporation intends to incur Contract Revenue Bonds (as herein defined) to

1 be issued by the Corporation in one or more Series (as herein defined); and

2 WHEREAS, pursuant to the terms of a Grant Agreement between the City and the
3 Corporation (the "Grant Agreement") the City has agreed, subject to the terms of the Grant
4 Agreement, to make Grant Payments (as herein defined) to the Corporation to provide funds that
5 may be used by the Corporation for the payment of debt service on Contract Revenue Bonds issued
6 by the Corporation to finance "Public Finance Reimbursable Project Costs" in accordance with the
7 Master Development Agreement, in furtherance of the economic development objectives of the
8 Chapter 380 Program; and
9

10 WHEREAS, in order to further secure the Contract Revenue Bonds, the Corporation has
11 determined to enter into this Indenture with the Trustee for the purpose of assigning and pledging to
12 the Trustee the Grant Payments, for the purpose of establishing the Pledged Revenue Fund, the
13 Public Finance Fund, and the Debt Service Fund pursuant hereto and thereby providing the Pledged
14 Revenues (as herein defined) to be held by the Trustee to secure the payment of principal of and
15 interest on all Contract Revenue Bonds from time to time issued or incurred by the Corporation.
16

17 NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the
18 trusts hereby created, the purchase and acceptance of the Contract Revenue Bonds by the Owners
19 thereof, and other good and valuable consideration, the receipt and sufficiency of which is hereby
20 acknowledged, the Corporation and the Trustee do hereby mutually covenant and agree, for the equal
21 and proportionate benefit of the respective Owners, from time to time of the Contract Revenue
22 Bonds, as follows:
23

24 [END OF RECITALS]
25
26
27



ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below or in the Bond Resolutions for all purposes of this Indenture:

"Accounting Principles" shall mean the accounting principles described in the notes to the Audit as such principles may be changed from time to time to comply with State laws or regulations.

"Act" shall mean Chapter 431, Texas Transportation Code.

"Additional Parity Bonds" shall mean the additional parity Contract Revenue Bonds permitted to be issued by the Corporation pursuant to Section 3.02 of this Indenture.

"Annual Debt Service" shall mean for any annual period (any Fiscal Year or any other twelve (12) consecutive calendar month period), while Bonds are Outstanding, an amount equal to the sum of (i) all interest on such Bonds which is due during such period, plus (ii) that portion of the Principal Installment or Installments of such Bonds which is due during such period, as limited and calculated in the following manner:

(a) Except as modified below, (i) for any twelve (12) consecutive calendar month period other than the calendar year, whether or not such period constitutes the Corporation's current Fiscal Year or any future Corporation Fiscal Year, the aggregate amount of interest on and Principal Installment of the Bonds which was paid or redeemed or is scheduled to accrue and be paid or redeemed during such twelve (12) consecutive month period; and (ii) for any Fiscal Year while the Corporation's Fiscal Year is the same as the calendar year, the aggregate amount of interest on and Principal Installment of the Bonds which was paid or redeemed or is scheduled to accrue and be paid or redeemed after a Principal Installment Payment Date within such Fiscal Year and on or before the next following Principal Installment Payment Date; and

(b) As to any annual period prior to the date of any calculation, such requirements shall be calculated solely on the basis of Bonds which were Outstanding as of the first (1st) day of such period; and as to any future year such requirements shall be calculated solely on the basis of Bonds Outstanding as of the date of calculation; and

(c) Notwithstanding the foregoing, all amounts which have been or are expected to be realized as interest and investment earnings on amounts on deposit in the Debt Service Fund (other than those amounts which are to be deposited into the Rebate Fund pursuant to Section 4.05 of this Indenture) and which are used or scheduled to be used to pay interest on or Principal Installments of Bonds during any annual period, shall be deemed to reduce the

1 Annual Debt Service for any such annual period to the extent of such deposits; and the
2 amount of such deposits shall be excluded from and shall not constitute Annual Debt Service
3 for any such annual period.
4

5 "Authorized Representative" shall mean the President or any Vice President of the
6 Corporation, the Treasurer of the Corporation, or any other person designated to perform a specified
7 act, to sign a specified document or to act generally on behalf of the Corporation by a written
8 instrument furnished to the Trustee.
9

10 "Average Annual Debt Service" shall mean the total Debt Service (as of the date of the
11 calculation) divided by the remaining number of years until the final maturity of the Bonds. The
12 Average Annual Debt Service calculated under this Indenture shall remain in effect until the next
13 date when such calculation is required under this Indenture. For the purposes of calculating the
14 Average Annual Debt Service, any fractional year shall be included in the calculation as a full year.
15

16 "Board" shall mean the Board of Directors of the Corporation.
17

18 "Bond Counsel" shall mean such nationally recognized firm expert in matters relating to
19 public finance law and the federal income tax laws relating to the issuance of municipal bonds
20 engaged by the Corporation.
21

22 "Bond Resolutions" shall mean the resolutions from time to time adopted by the Corporation
23 authorizing the Contract Revenue Bonds.
24

25 "Bonds" or "Contract Revenue Bonds" shall mean one or more Series of bonds issued by the
26 Corporation pursuant to this Indenture and the Bond Resolutions.
27

28 "Business Day" shall mean any day which is not a Saturday, Sunday, a day on which banking
29 institutions in the city where the Designated Payment/Transfer Office (as defined in a Bond
30 Resolution) of the Paying Agent/Registrar is located are authorized by law or executive order to
31 close, or a legal holiday.
32

33 "Certificate of Appropriation" shall have the meaning given said term in Section 6.14 of this
34 Indenture.
35

36 "Chapter 380 Program" shall have the meaning given said term in the preamble to this
37 Indenture.
38

39 "City" shall mean the City of Austin, Texas.
40

41 "Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable
42 provisions of any future federal income tax laws.
43

1 "Corporation" shall mean the Mueller Local Government Corporation.

2
3 "Costs of Issuance" shall mean all charges, costs and expenses of the Corporation incurred in
4 connection with the authorization, issuance, sale and delivery of Contract Revenue Bonds including,
5 but not limited to, legal fees, financial advisory fees, bond insurance premiums, fiscal or escrow
6 agent fees, printing fees, accounting fees, consultant fees, verification fees, travel expenses, rating
7 agency fees, fees of the Trustee and its counsel and Attorney General fees.

8
9 "Debt Service" shall mean the Principal Installments and interest on the Bonds.

10
11 "Debt Service Fund" shall mean the fund so designated and created pursuant to Article IV of
12 this Indenture.

13
14 "Eligible Investments" shall mean any investments which the City is permitted to make under
15 the laws of the State of Texas, including the Public Funds Investment Act, Chapter 2256, Texas
16 Government Code, as described in the City's investment policy approved by the City Council.

17
18 "Event of Nonappropriation" shall mean the failure of the City to deliver a Certificate of
19 Appropriation in accordance with the provisions of Section 6.14 of this Indenture.

20
21 "Event of Default" shall mean any Event of Default described in Section 6.01 of this
22 Indenture.

23
24 "Exempt Securities" shall mean bonds or other evidences of obligations, the interest on which
25 is exempt from federal income taxation under Section 103(a) of the Code.

26
27 "Fair Market Value" shall mean as of any particular date:

28
29 (a) as to Eligible Investments the bid and asked prices of which are published on a
30 regular basis in a financial journal or publication of general circulation in the United States of
31 America, the bid price for such Eligible Investments so published on, or most recently prior
32 to, the date of valuation by the Trustee, or, in the alternative, the bid price for such Eligible
33 Investments as provided by a pricing service selected by the Trustee, or

34
35 (b) as to Eligible Investments the bid and asked prices of which are not published on
36 a regular basis in a financial journal or publication of general circulation in the United States
37 of America, the average bid price on such Eligible Investments at the date of valuation by the
38 Trustee, as reported to the Trustee by any two nationally recognized dealers (in the opinion of
39 the Trustee) in such Eligible Investments.

40
41 "Fiscal Year" shall mean the twelve (12) month period commencing on October 1 of a
42 calendar year and ending September 30 of the next succeeding calendar year, or such other
43 consecutive twelve (12) month period as determined by the Corporation.

1
2 "Fund" shall mean any one or more, as the case may be, of the separate special Funds created
3 and established or required to be maintained pursuant to this Indenture.
4

5 "Grant Agreement" shall have the meaning given said term in the preamble to this Indenture.
6

7 "Grant Payments" shall mean payments granted to the Corporation by the City pursuant to the
8 Chapter 380 Program in accordance with the terms and provisions of the Grant Agreement.
9

10 "Interest Account" shall mean the account so designated and created within the Debt Service
11 Fund pursuant to Article IV of this Indenture.
12

13 "Interest Payment Date" shall mean March 1 and September 1 in such years as shall be
14 determined in accordance with the terms of the Bond Resolution governing the issuance of the Series
15 of Bonds.
16

17 "Mandatory Redemption Installment" shall mean, as of any particular date of calculation and
18 with respect to any Series of Bonds, the amount of money to be applied to the mandatory redemption
19 (including any mandatory redemption premium, if any) of Bonds in any Fiscal Year prior to maturity
20 pursuant to this Indenture or any Bond Resolution, as such Mandatory Redemption Installment shall
21 have been previously reduced by the principal amount of any Bonds of such Series of the maturity
22 with respect to which such Mandatory Redemption Installment is payable which are purchased or
23 redeemed by the Trustee in accordance with the provisions of this Indenture or of any Bond
24 Resolution, other than a Mandatory Redemption Installment redemption or purchase.
25

26 "Master Development Agreement" shall have the meaning given said term in the preamble to
27 this Indenture.
28

29 "Maximum Annual Debt Service" shall mean the greatest amount of the Annual Debt Service
30 calculated for any future Fiscal Year, taking into account any Mandatory Redemption Installments
31 scheduled to be payable on any Series of Bonds.
32

33 "Other Revenues" shall mean any monies deposited to the credit of the Pledged Revenue
34 Fund that are designated by the Corporation to be pledged as a Pledged Revenue.
35

36 "Outstanding" when used with reference to Bonds, shall mean, as of a particular date, all
37 Bonds theretofore and thereupon delivered except: (a) any Bond cancelled by or on behalf of the
38 Corporation or delivered to the Registrar for cancellation at or before said date, (b) any Bond
39 defeased or no longer considered Outstanding pursuant to the provisions of the Resolution or
40 otherwise defeased as permitted by applicable law, and (c) any such Bond in lieu of or in substitution
41 for which another Bond shall have been delivered pursuant to the Resolution.
42

1 "Owner" or "Registered Owner", when used with respect to any Bond shall mean the person
2 or entity in whose name such Bond is registered in the Register. Any reference to a particular
3 percentage or proportion of the Owners shall mean the Owners at a particular time of the specified
4 percentage or proportion in aggregate principal amount of all Bonds then Outstanding under the
5 Resolution.

6
7 "Parity Bonds" shall mean the Bonds and each Series of Additional Parity Bonds from time to
8 time hereafter issued, but only to the extent such Parity Bonds remain Outstanding.

9
10 "Paying Agent/Registrar" shall mean the bank or trust company so designated in the Bond
11 Resolutions.

12
13 "Pledged Revenue Fund" shall mean the fund so designated and created pursuant to Article
14 IV of this Indenture.

15
16 "Pledged Revenues" shall have the meaning assigned to that term in Article II of this
17 Indenture.

18
19 "Principal Account" shall mean the account so designated and created within the Debt
20 Service Fund pursuant to Article IV of this Indenture.

21
22 "Principal Installment" shall mean, as of any particular date of computation, an amount of
23 money equal to the aggregate of (a) the principal amount of Outstanding Bonds of a Series which
24 mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds
25 of such Series which would at or before said future date be retired as a result of Mandatory
26 Redemption Installments applied in accordance with this Indenture plus (b) the amount of any
27 Mandatory Redemption Installment payable on said future date for the retirement of any Outstanding
28 Bonds of said Series.

29
30 "Principal Installment Payment Date", when used in connection with any Bond, shall mean
31 September 1 in each year such Bonds are scheduled to mature, as determined in accordance with the
32 terms of the Bond Resolution governing the issuance of the Series of such Bonds.

33
34 "Project Costs" shall mean the Public Finance Reimbursable Project Costs as defined in the
35 Master Agreement, and as further described in a Bond Resolution.

36
37 "Public Finance Fund" shall mean the fund so designated and created pursuant to Article IV
38 of this Indenture.

39
40 "Rebate Fund" shall mean the fund so designated and created pursuant to Article IV of this
41 Indenture.

42
43 "Register" or "Bond Register" shall mean the books of registration kept by the Registrar in
44 which are maintained the names and addresses of, and the principal amounts of the Bonds registered
45 to, each Owner.

1
2 "Regulations" shall mean the Income Tax Regulations promulgated under the Code.
3

4 "Series" shall mean all of the Bonds authenticated and delivered on issuance and pursuant to
5 this Indenture or any Bond Resolution authorizing the issuance of such Bonds as a separate series of
6 Bonds or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such
7 Bonds.
8

9 "State" shall mean the State of Texas.
10

11 "Subordinate Lien Obligations" shall mean any bonds, notes or other obligations, including
12 contractual obligations incurred by the Corporation, secured in whole or in part by liens on the
13 Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment
14 of the Contract Revenue Bonds.
15

16 "TIRZ Sixteen" shall mean Tax Increment Financing Reinvestment Zone Number Sixteen,
17 City of Austin, Texas.
18

19 "Transfer Date" shall mean February 15, 2007, and each August 15 and February 15
20 thereafter for so long as this Indenture is in effect.
21

22 "Trustee" shall mean Deutsche Bank Trust Company Americas, and its successors in that
23 capacity.
24

25 Section 1.02. Recitals, Table of Contents, Titles and Headings. The terms and phrases used
26 in the recitals of this Indenture have been included for convenience of reference only and the
27 meaning, construction and interpretation of such words and phrases for purposes of this Indenture
28 shall be determined solely by reference to Section 1.01 hereof. The table of contents, titles and
29 headings of the articles and sections of this Indenture have been inserted for convenience of
30 reference only and are not to be considered a part hereof and shall not in any way modify or restrict
31 any of the terms or provisions hereof and shall never be considered or given any effect in construing
32 this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.
33

34 Section 1.03. Interpretation. Unless the context requires otherwise, words of the masculine
35 gender shall be construed to include correlative words of the feminine and neuter genders and vice
36 versa, and words of the singular number shall be construed to include correlative words of the plural
37 number and vice versa. References to any named person means that party and its successors and
38 assigns. References to any constitutional, statutory or regulatory provision means such provision as
39 it exists on the date of this Indenture and any future amendments thereto or successor provisions
40 thereof. This Indenture and all the terms and provisions hereof shall be liberally construed to
41 effectuate the purposes set forth herein and to sustain the validity of this Indenture and the Contract
42 Revenue Bonds.
43

44 [END OF ARTICLE I]

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ARTICLE II

GRANTING CLAUSES

Section 2.01. Granting Clauses. In order to secure the payment of the principal of, redemption premium, if any, and interest on all Contract Revenue Bonds as the same are issued and become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Contract Revenue Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation does hereby GRANT, BARGAIN, CONVEY, ASSIGN and PLEDGE to the Trustee and its successors in trust hereunder, subject to the provisions of this Indenture, all of the Corporation's right, title and interest in and to the following described properties and interests, direct or indirect, whether now owned or hereafter acquired (collectively, the "Pledged Revenues" or the "Trust Estate"):

() All of the Corporation's right, title and interest under the Grant Agreement, including the right, title and interest of the Corporation to the Grant Payments the Corporation is entitled to receive thereunder.

() Other Revenues.

() All moneys deposited or required to be deposited in the Pledged Revenue Fund, the Debt Service Fund and the Public Finance Fund held by the Trustee pursuant to the provisions of this Indenture and all interest earnings and investment income therefrom, other than any amount required to be rebated to the United States under Section 148(f) of the Code and deposited to Rebate Fund pursuant to Section 4.05.

() Any and all property of every kind and nature (including without limitation, cash, obligations or securities) which may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted, or delivered to or deposited with, the Trustee as additional security hereunder by the Corporation, or anyone on behalf of the Corporation, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which property the Trustee is authorized to receive, hold and apply according to the terms hereof.

TO HAVE AND TO HOLD all the same, with all rights and privileges appurtenant thereto, unto the Trustee and its successors in trust forever.

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Owners from time to time of the Contract Revenue Bonds secured and to be secured hereunder, or any of them, without preference, priority or distinction as to lien or otherwise of any Contract Revenue Bond over any other Contract Revenue Bond, except as

1 otherwise expressly provided in this Indenture.

2 PROVIDED, HOWEVER, that if the Corporation, its successors or assigns, shall well and
3 truly pay, or cause to be paid, the principal of the Contract Revenue Bonds and the interest and
4 redemption premium, if any, due or to become due thereon, at the times and in the manner provided
5 in the Contract Revenue Bonds and in the Bond Resolutions, according to the true intent and
6 meaning thereof, and shall cause the payments to be made into the Funds maintained hereunder in
7 the amounts required by this Indenture and the Bond Resolutions, or shall provide, as permitted
8 hereby, for the payment thereof by depositing with the Trustee or Paying Agent/Registrar the entire
9 amount due or to become due thereon, or an amount sufficient to provide for the payment thereof,
10 and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in
11 accordance with the terms and provisions hereof, then this Indenture and the rights and liens hereby
12 granted shall cease, terminate and be void; otherwise this Indenture is to be and shall remain in full
13 force and effect.
14
15

[END OF ARTICLE II]

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ARTICLE III

AUTHORIZATION OF CONTRACT REVENUE BONDS; GENERAL
TERMS AND PROVISIONS OF CONTRACT REVENUE BONDS;
ADDITIONAL PARITY OBLIGATIONS AND SUBORDINATE LIEN OBLIGATIONS

Section 3.01. Authorization of Contract Revenue Bonds. (a) The Contract Revenue Bonds may be authorized from time to time by the Corporation pursuant to Bond Resolutions duly adopted by the Board, which Bond Resolutions shall specify or provide for the dates, denominations, principal amounts, interest rates, maturities, redemption provisions, forms of bonds, manner of payment, provision for execution and authentication, application of proceeds and all other terms and provisions of the Contract Revenue Bonds not otherwise provided herein.

(b) At or prior to the issuance of each series of Contract Revenue Bonds pursuant to any Bond Resolution, the Corporation shall provide to the Trustee the following:

- ii a certified copy of the Bond Resolution;
- iii the approving opinion of the Corporation's Bond Counsel with respect to such Series of Contract Revenue Bonds to the effect (i) that the Bonds are valid and binding obligations of the Corporation except to the extent that their enforceability may be limited by applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and except that such enforceability is subject to general principles of equity and the exercise of judicial discretion (regardless of whether such enforceability is considered in a proceeding in law or at equity); and (ii) that the Bonds are issued pursuant to the terms of this Indenture;
- iv if such Series of Contract Revenue Bonds are being issued to refund any previously issued Contract Revenue Bonds, the identity, redemption date and redemption price of the Contract Revenue Bonds to be refunded; and
- v a Debt Service schedule with regard to such Series of Contract Revenue Bonds and all Contract Revenue Bonds that will then be Outstanding after the issuance of such series of Contract Revenue Bonds and refunding of any Contract Revenue Bonds being refunded thereby.

Section 3.02. Additional Parity Bonds. The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued or incurred Contract Revenue Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds, and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

- (a) The Additional Parity Bonds mature on, and interest is payable on, the Principal

1 Installment Payment Dates and Interest Payment Dates, respectively; and
2

3 (b) The Corporation is not in material default with the terms of the Indenture, any Bond
4 Resolution, the Grant Agreement or any other agreement to which it is a party and has so certified.
5

6 The foregoing notwithstanding, the aggregate principal amount of Contract Revenue Bonds that may
7 be issued that are secured by a first lien on and pledge of the Trust Estate shall not exceed
8 \$15,000,000.
9

10 Section 3.03. Subordinate Lien Obligations. The Corporation reserves the right to issue, for
11 any lawful purpose, Subordinate Lien Obligations secured in whole or in part by liens on the Pledged
12 Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the
13 Contract Revenue Bonds. Such Subordinate Lien Obligations may be further secured by any other
14 source of payment lawfully available for such purposes.
15

16 Section 3.04. Declaration. It is hereby expressly declared that all revenues, receipts, moneys
17 and other properties hereby pledged are to be dealt with and disposed of under, upon and subject to
18 the terms, conditions, covenants, agreements, uses and purposes set forth in this Indenture.
19

20 [END OF ARTICLE III]

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ARTICLE IV

FUNDS AND INVESTMENTS

Section 4.01. Creation of Funds. There are hereby created the following Funds:

- (A) Pledged Revenue Fund;
- (B) Debt Service Fund;
- (C) Public Finance Fund; and
- (D) Rebate Fund.

Each Fund shall be maintained by the Trustee, separate and apart from all other funds of the Corporation. The Pledged Revenue Fund, the Debt Service Fund and the Public Finance Fund shall constitute trust funds which shall be held in trust by the Trustee solely for the benefit of the Owners of the Contract Revenue Bonds. The Trustee, at its discretion or upon the written direction of the Corporation, may establish accounts within any Fund to enable the more efficient management of the monies on deposit in any such Fund.

Section 4.02. Pledged Revenue Fund. There is hereby created and established with the Trustee a fund to be designated the "Pledged Revenue Fund". Immediately upon receipt thereof, the Corporation shall deposit into the Pledged Revenue Fund all Grant Payments and any Other Revenues. Money in the Pledged Revenue Fund shall be held in trust by the Trustee and, upon receipt of written instructions from an Authorized Representative, shall be applied on each Transfer Date in the following manner and order of priority:

- (A) First, to the Interest Account amounts necessary to make the amounts on deposit therein equal to the interest due on the Contract Revenue Bonds on the next succeeding Interest Payment Date;
- (B) Second, to the Principal Account amounts necessary to make the amounts on deposit therein equal to one-half of the Principal Installments, and premium, if any, due on the Bonds on the next succeeding Principal Installment Payment Date;
- (C) Third, to the payment of the fees and expenses of the Trustee and Paying Agent/Registrar due and owing, for the next six (6) month period;
- (D) Fourth, to any fund or account created for the benefit of any Subordinate Lien Obligations issued or incurred by the Corporation; provided that immediately prior to any such transfers the deposits required by Sections 4.02(A) through (C) above have been made or provided for; and

1 (E) Fifth, as directed by the Corporation, for any lawful purpose as may be
2 approved by the City for the payment of Project Costs; provided that immediately prior to
3 any such transfers the deposits required by Sections 4.02(A) through (D) above have been
4 made or provided for.
5

6 The written directions provided by the Corporation shall be delivered to the Trustee on or before
7 each Business Day next preceding a Transfer Date. The Trustee is hereby authorized to rely upon
8 such written directions delivered to it by the Corporation.
9

10 Section 4.03. Debt Service Fund. There is hereby created and established with the Trustee a
11 fund to be designated the "Debt Service Fund". Within the Debt Service Fund, there are hereby
12 created and established accounts to be designated the "Interest Account" and the "Principal
13 Account". Money in the Debt Service Fund shall be held in trust by the Trustee. The Corporation
14 shall deposit or cause to be deposited into the Debt Service Fund accrued interest on the Contract
15 Revenue Bonds, moneys designated by the Corporation as capitalized interest on the Contract
16 Revenue Bonds, transfers from the Pledged Revenue Fund as provided in Section 4.02, and, to the
17 extent necessary, other Pledged Revenues in such amounts and at such times to provide that amounts
18 necessary to pay interest and Principal Installments due on the Contract Revenue Bonds in the then
19 current Fiscal Year. The Trustee shall transfer on each Interest Payment Date and each Principal
20 Installment Payment Date to the Paying Agent/Registrar such amounts in the Principal Account and
21 the Interest Account to pay, respectively, Principal Installments and interest on the Contract Revenue
22 Bonds as the same becomes due. The Trustee shall make all such transfers such that the Corporation
23 shall be in compliance with the Principal and Interest Guidelines in the Operational Arrangement of
24 The Depository Trust Company, as amended from time to time.
25

26 Section 4.04. Public Finance Fund. There is hereby created and established with the Trustee
27 a fund to be designated the "Public Finance Fund". The Trustee, at the direction of the Corporation,
28 may establish and create within the Public Finance Fund such number of accounts and subaccounts
29 as the Corporation deems appropriate.
30

31 The Public Finance Fund and any accounts or subaccounts thereof shall initially be funded as
32 provided in the Bond Resolutions. The money and securities in the Public Finance Fund shall be held
33 in trust by the Trustee and applied as provided herein, and until such application, the money and
34 securities in such fund shall be subject to a lien and charge in favor of the Owners of the Bonds.
35

36 (A) The Trustee is hereby authorized and directed to make disbursements from the
37 Public Finance Fund and to issue its checks therefor or otherwise pay upon receipt of a
38 requisition in accordance with Section 4.04(B). The Trustee shall keep and maintain
39 adequate records pertaining to the Public Finance Fund and all disbursements therefrom.
40

41 (B) The Trustee shall use money in the Public Finance Fund solely to pay or
42 reimburse the Corporation for Project Costs including Costs of Issuance and the repayment
43 of any advances, loans, notes or other obligations used to finance Project Costs. Before any
44 payment shall be made from the Public Finance Fund, there shall be filed with the Trustee a

1 completed requisition, in the form attached hereto as Exhibit A, signed by an Authorized
2 Representative of the Corporation. Upon receipt of such requisition, the Trustee shall make
3 payment from the Public Finance Fund in accordance with such requisition.
4

5 Section 4.05. Rebate Fund.
6

7 (A) Any provision hereof to the contrary notwithstanding, amounts credited to the
8 Rebate Fund shall be free and clear of any lien created by this Indenture. The Trustee shall
9 transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount
10 directed by the Corporation to be transferred thereto.
11

12 (B) Within five (5) days after each transfer of funds to the Rebate Fund necessary
13 to meet the requirements of Article VIII of the Bond Resolution or this Section, the Trustee
14 shall withdraw from the Rebate Fund and pay to the United States the balance of the Rebate
15 Fund. All payments to the United States pursuant to this Section shall be (i) made by the
16 Trustee for the account and in the name of the Corporation, (ii) paid by check mailed by
17 registered mail (return receipt requested), addressed to the Internal Revenue Service Center,
18 Philadelphia, Pennsylvania 19255 (or such other Service Center as may be designated by the
19 Internal Revenue Service from time to time), and (iii) accompanied by the relevant Internal
20 Revenue Service Form 8038-T provided by the Corporation.
21

22 (C) The Trustee shall preserve copies (either in original form or by image) of all
23 statements and forms received from the Corporation pursuant to this Indenture and all
24 records maintained by it of transactions in the Rebate Fund and shall deliver such materials at
25 the request of the Corporation within sixty (60) days following the discharge of the last of the
26 Bonds.
27

28 (D) The Trustee may in good faith conclusively rely on the instructions of the
29 Corporation with regard to any actions to be taken by it pursuant to this Section and shall
30 have no liability for any consequences of any failure of the Corporation to supply accurate or
31 sufficient instructions.
32

33 (E) If at any time during the term of this Indenture the Trustee or the Corporation
34 desires to take any action that would otherwise be prohibited by the terms of this Section,
35 such person will be permitted to take such action only if it shall first obtain and provide to
36 the other person named herein an opinion of Bond Counsel (acceptable to both the Trustee
37 and the Corporation) to the effect that such action will not adversely affect the exclusion of
38 interest on the Bonds from gross income of the holders thereof for federal income tax
39 purposes and shall be in compliance with the laws of the State of Texas and the terms of this
40 Indenture.
41

42 (F) If the Trustee shall declare the principal of the Bonds and the interest accrued
43 thereon immediately due and payable as the result of an Event of Default specified in this

1 Indenture, or if the Bonds are optionally or mandatorily prepaid or redeemed prior to maturity
2 as a whole in accordance with their terms, any amount remaining in any Fund shall be
3 transferred to the Rebate Fund to the extent that the amount therein is less than the projected
4 Rebate Amount computed by the as required in this Section as of the date of such
5 acceleration or redemption, and the balance of such amount shall be used immediately by the
6 Trustee for the purpose of paying principal of, redemption premium, if any, and interest on
7 the Bonds when due.
8

9 The provisions of Section 4.05 shall apply to those Bonds identified in the Bond Resolution
10 authorizing the issuance of such Bonds as being obligations described in Section 103(a) of the Code.
11

12 Section 4.06. Investments; Earnings. Monies deposited into the Pledged Revenue Fund, the
13 Debt Service Fund, and the Public Finance Fund shall be invested and reinvested in Eligible
14 Investments as directed in writing to the Trustee by the Corporation; provided that all such Eligible
15 Investments shall be directed by the Corporation in such manner that the money required to be
16 expended from any Fund will be available at the proper time or times.
17

18 (A) All investments and any profits realized from or interest accruing on such
19 investments shall belong to the Fund from which the monies for such investments were taken
20 (except as otherwise expressly provided in this Indenture). All losses on investments shall be
21 charged against the Fund to which such investments are credited. The Trustee shall have the
22 right to have sold in the open market a sufficient amount of any such investments at any time
23 that a Fund does not have sufficient uninvested funds on hand to meet the obligations
24 payable out of such Fund. The Trustee shall not be liable or responsible for any loss
25 resulting from any such investment or resulting from the sale of any such investment as
26 herein authorized. The Trustee shall not be responsible for determining whether any Eligible
27 Investments are legal investments under the laws of the State.
28

29 (B) At the direction of the Corporation, a portion of the investment income from
30 any Fund may be paid directly to the Rebate Fund, free and clear of the lien and pledge of
31 this Indenture, without regard to the provisions of Section 4.02, for payment to the United
32 States pursuant to Section 4.05 in order to maintain the tax-exempt status of the Bonds.
33

34 (C) The Trustee may make any investment through its own investment
35 department. As amounts invested are needed for disbursement from any Funds, the Trustee
36 shall cause a sufficient amount of the investments credited to that Fund to be redeemed or
37 sold and converted into cash to the credit of that Fund. Securities transaction charges
38 incident to any purchase, sale, or redemption of Eligible Investments shall be charged to the
39 Corporation.
40

41 (D) The Corporation by its execution of this Indenture covenants to restrict the
42 investment of money in the Funds created under this Indenture in such manner and to such
43 extent, if any, as may be necessary, after taking into account reasonable expectations at the
44 time the Bonds are delivered to their original purchaser, so that the Bonds will not constitute

1 arbitrage bonds under the Code and applicable Regulations, and the Trustee hereby agrees to
2 comply with the Corporation's instructions with respect to the investment of money in the
3 Funds created under this Indenture.
4
5

6 (E) The Corporation has covenanted to provide the Trustee with written
7 instructions to assure that any amounts that, in accordance with the Code and applicable
8 regulations, are required to be invested at a restricted yield will be invested either (i) in
9 Exempt Securities or (ii) at a yield that is not materially higher than the yield on the Bonds,
10 determined in accordance with the Code and applicable Regulations, unless in the opinion of
11 Bond Counsel, investment of such at a higher rate will not adversely affect the exclusion
12 from gross income of interest on the Contract Revenue Bonds for federal income tax
13 purposes. For the purpose of applying this Section, amounts on deposit in each Fund shall be
14 accounted for on a first in, first out basis. The Trustee, at the Corporation's direction, is
15 authorized to yield restrict any investment in accordance with Article VIII of the Bond
16 Resolutions.
17

18 (F) For the purpose of determining the amount on deposit to the credit of any such
19 Fund, obligations in which money in such Fund shall have been invested shall be valued at
20 the Fair Market Value. The Trustee shall provide a valuation of the Eligible Investments in
21 the Funds established under this Indenture as of the last Business Day of each month and at
22 the time or times withdrawals are made therefrom. If the Corporation shall fail to so direct
23 investments, the Trustee shall invest the affected moneys in a money market mutual fund
24 managed by the Trustee whose underlying assets meet the requirements of Chapter 2256,
25 Texas Government Code, and which is rated in the highest rating category issued by a
26 nationally recognized municipal securities rating agency.
27

28 [END OF ARTICLE IV]

ARTICLE V

COVENANTS OF THE CORPORATION

Section 5.01. Payment of Contract Revenue Bonds. The Corporation covenants to promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on the Contract Revenue Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Contract Revenue Bonds and the Bond Resolutions; to pay when due all fees, charges and other amounts due to the Trustee and the Paying Agent/Registrar for the discharge of their duties hereunder; and to faithfully keep and perform all of its covenants, undertakings and agreements contained in this Indenture, the Grant Agreement, the Bond Resolutions and the Contract Revenue Bonds.

Section 5.02. Recordation and Execution of Security Instruments. (a) Chapter 1208, Texas Government Code, applies to the issuance of the Contract Revenue Bonds and the pledge of the Pledged Revenues granted by the Corporation under Section 2.01 of this Indenture, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while any Contract Revenue Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Corporation under Section 2.01 of this Indenture is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Contract Revenue Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur. This Indenture constitutes a "security agreement", as such term is defined in Chapter 1208, Texas Government Code.

(b) Should Texas law be amended in the manner described in subsection (a) above, the Corporation covenants to cause this Indenture, any supplemental indentures, and all other security instruments, financing statements and supplements thereto that may be necessary, to be filed, recorded, and refiled, in such manner, at such times and in such places as may be required by law in order to fully preserve and protect the rights and security of the Owners of the Contract Revenue Bonds and to perfect and preserve the lien of this Indenture. Without limiting the generality of the foregoing, the Corporation shall execute and deliver such additional instruments and perform such additional acts as may be necessary and proper after the execution of this Indenture and to transfer to any successor Trustee or Trustees the assets, powers, instruments and funds held in trust hereunder and to confirm the lien of this Indenture with respect to any Bond, and shall take all action that may at any time be necessary, in the opinion of the Trustee, to secure the interests of the Owners of the Bonds.

Section 5.03. Title; Encumbrances of Pledged Revenues. The Corporation covenants that it has good and indefeasible title to the Grant Payments, subject to the assignments and pledges contained herein. So long as any Contract Revenue Bonds remain Outstanding, except as permitted by Sections 3.02 and 3.03 of this Indenture, the Corporation covenants not to sell, transfer, assign, pledge, encumber, mortgage or otherwise dispose of, directly or indirectly, by merger or otherwise,

1 or cause or suffer same, or create or allow to accrue or exist any lien upon, all or any part of its
2 interest in the Pledged Revenues or any portion thereof, except for the lien of this Indenture.
3

4 Section 5.04. Pledged Revenues Not Encumbered. The Pledged Revenues are not in any
5 manner pledged to the payment of any debt or obligation of the Corporation other than the Contract
6 Revenue Bonds. The Corporation covenants that it will not in any manner pledge or further
7 encumber the Pledged Revenues unless such pledge or encumbrance is junior and subordinate to the
8 lien and pledge hereunder securing the Contract Revenue Bonds.
9

10 Section 5.05. Amendment of Grant Agreement. The Corporation covenants not to cause any
11 amendment of the Grant Agreement that will in any manner impair the rights of the Owners of the
12 Contract Revenue Bonds.
13

14 [END OF ARTICLE V]

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ARTICLE VI

DEFAULT AND REMEDIES

Section 6.01. Events of Default. An Event of Default hereunder shall consist of any of the following acts or occurrences:

(A) failure to pay when due Principal Installments or interest on any Contract Revenue Bond; or

(B) failure to deposit to the Debt Service Fund money sufficient for the payment of any Principal Installments or interest payable on the Contract Revenue Bonds by no later than the date when such Principal Installment or interest becomes due and payable; or

(C) an Event of Nonappropriation shall have occurred and is continuing; or

(D) failure by the Corporation to observe or perform any other covenant, agreement or obligation on its part, to be observed or performed contained in this Indenture or in the Contract Revenue Bonds, which failure shall have continued for a period of thirty (30) days after written notice, either by registered or certified mail, to the Corporation specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25 percent (25%) in aggregate principal amount of the Contract Revenue Bonds then outstanding.

Section 6.02. Notices. In order to provide the Corporation with information with respect to its obligations under this Indenture, the Trustee shall provide the Corporation notice of transfers to the Rebate Fund pursuant to Section 4.05.

Section 6.03. Notice of Default. The Trustee shall also be required to give immediate notice to the Corporation of the occurrence of any Event of Default hereunder of which it has actual knowledge.

Section 6.04. Remedies in General. If an Event of Default hereunder shall occur and be continuing, then, in addition to all of the other rights and remedies granted to the Trustee hereunder, the Trustee in its discretion, subject to the provisions of this Indenture, may proceed to protect and enforce its rights and the rights of the Owners of Contract Revenue Bonds by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture, the Bond Resolutions or the Contract Revenue Bonds or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Owners of the Contract Revenue Bonds,

1 including, without limitation, the right to seek a writ of mandamus issued by a court of competent
2 jurisdiction compelling the members of the Board or other officers of the Corporation or the City to
3 observe and perform such covenant, obligations or conditions of this Indenture or the Grant
4 Agreement.

5
6 Section 6.05. Appointment of Receivers. If an Event of Default hereunder shall occur and be
7 continuing, and upon filing of a bill in equity or commencement of other judicial proceedings to
8 enforce the rights of the Trustee and the Owners hereunder, the Trustee shall be entitled as a matter
9 of right, and to the extent permitted by law, to the appointment of a receiver or receivers of the
10 Pledged Revenues and the income, rents, profits and use thereof pending such proceedings, with
11 such powers as the court making such appointment shall confer.

12
13 Section 6.06. Trustee May Act Without Possession of Contract Revenue Bonds. All rights
14 of action under this Indenture or under any Contract Revenue Bonds may be enforced by the Trustee
15 without possession of any of the Contract Revenue Bonds or the production thereof on any trial or
16 other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be
17 brought in its name, as Trustee for the ratable benefit of the Owners of the Contract Revenue Bonds,
18 subject to the provisions of this Indenture.

19
20 Section 6.07. Trustee as Attorney in Fact. The Trustee is hereby appointed (and the Owners
21 of the Contract Revenue Bonds, by taking and owning same from time to time, shall be deemed to
22 have so appointed the Trustee) the true and lawful attorney in fact of the Owners of the Contract
23 Revenue Bonds, to make or file, in the names of the Owners of the Contract Revenue Bonds, or in
24 behalf of all Owners of the Contract Revenue Bonds as a class, any proof of debt, amendment to
25 proof of debt, petition or other document, and to do and perform any and all acts and things for and
26 in the name of the Owners of the Contract Revenue Bonds as a class as may be necessary or
27 advisable, in the judgment of the Trustee, in order to have the claims of the Owners of the Contract
28 Revenue Bonds against the Corporation approved in any equity receivership, insolvency, liquidation,
29 bankruptcy, reorganization or other proceedings to which the Corporation shall be a party and to
30 receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is
31 hereby authorized by each of the Owners to make such payments to the Trustee, and, in the event that
32 the Trustee shall consent to the making of such payments directly to the Owners, to pay to the
33 Trustee any amount due for compensation and expenses of the Trustee, including counsel fees,
34 incurred up to the date of such distribution, and the Trustee shall have full power of substitution and
35 delegation in respect of any such powers.

36
37 Section 6.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the
38 Trustee is intended to be exclusive of any other available remedy or remedies, but each and every
39 such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or
40 under the Contract Revenue Bonds, or now or hereafter existing at law or in equity or by statute.
41 Anything to the contrary herein notwithstanding, acceleration shall not be a remedy if an Event of
42 Default occurs and is continuing. No delay or omission to exercise any right or power accruing upon
43 any default shall impair any such right or power or shall be construed to be a waiver of any such

1 default or acquiescence therein, and every such right and power may be exercised from time to time
2 and as often as may be deemed expedient.

3
4 Section 6.09. Limitation on Suits. All rights of action in respect of this Indenture shall be
5 exercised only by the Trustee, and no Owner of any Bond secured hereunder shall have any right to
6 institute any suit, action or proceeding at law or in equity for the appointment of a receiver or for any
7 other remedy hereunder or by reason hereof, unless and until the Trustee shall have received written
8 request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of
9 the Contract Revenue Bonds then Outstanding and shall have been furnished reasonable indemnity
10 and shall have refused or neglected for ten (10) days thereafter to institute such suit, action or
11 proceedings. The making of such request and the furnishing of such indemnity shall in each and
12 every case be conditions precedent to the execution and enforcement by any Owner of any Bond of
13 the powers and remedies given to the Trustee hereunder and to the institution and maintenance by
14 any such Owner of any action or cause of action for the appointment of a receiver, or for any other
15 remedy hereunder, but the Trustee may, in its discretion, and when duly requested in writing by the
16 Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Contract
17 Revenue Bonds then Outstanding and when furnished indemnity satisfactory to protect it against
18 expenses, charges and liability shall, forthwith, take such appropriate action by judicial proceedings
19 or otherwise in respect of any existing default on the part of the Corporation as the Trustee may
20 deem expedient in the interest of the Owners of the Contract Revenue Bonds.

21
22 Nothing contained in this Article, however, shall affect or impair the right of any Owner,
23 which shall be absolute and unconditional, to enforce the payment of the Principal Installments and
24 interest on the Contract Revenue Bonds of such Owner, but only out of the moneys for such payment
25 as herein provided, or the obligation of the Corporation, which shall also be absolute and
26 unconditional, to make payment of the Principal Installments and interest on the Contract Revenue
27 Bonds issued hereunder, but only out of the funds provided herein for such payment, to the
28 respective Owners thereof at the time and place stated in the Contract Revenue Bonds.

29
30 Section 6.10. Right of Owners of the Contract Revenue Bonds to Direct Proceedings.
31 Notwithstanding any provision of this Indenture to the contrary, the Owners of a majority of the
32 aggregate principal amount of the Contract Revenue Bonds then Outstanding shall have the right, at
33 any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct
34 the time, method and place of conducting all proceedings to be taken in connection with the
35 enforcement of the terms and conditions of this Indenture or for any remedy available to the Trustee
36 or exercising any trust or power conferred on the Trustee or any other proceedings hereunder;
37 provided, however, that such direction shall not be contrary to law or the provisions of this
38 Indenture, and the Trustee shall have the right to decline to follow any such direction if the Trustee in
39 good faith shall determine that the proceeding so directed would involve it in personal liability or
40 would be unjustly prejudicial to the Owners of the Contract Revenue Bonds not consenting. The
41 Trustee may take any other action which is not inconsistent with the provisions of this Indenture or
42 with any direction under this Section. Anything to the contrary herein notwithstanding, acceleration
43 shall not be a remedy available to the Owners.

1
2 Section 6.11. Restoration of Rights and Remedies. If the Trustee or any Owner of a Bond
3 has instituted any proceeding to enforce any right or remedy under this Indenture and such
4 proceeding has been discontinued or abandoned for any reason, or has been determined adversely to
5 the Trustee or to such Owner of a Bond, then and in every such case the Corporation, the Trustee and
6 the Owners of the Contract Revenue Bonds shall, subject to any determination in such proceeding,
7 be restored severally and respectively to their former positions hereunder, and thereafter all rights
8 and remedies of the Trustee and the Owners of the Contract Revenue Bonds shall continue as though
9 no such proceeding had been instituted.

10
11 Section 6.12. Waiver of Stay or Extension Laws. To the extent that it may lawfully do so,
12 the Corporation covenants that it will not at any time insist upon, plead or in any manner whatsoever
13 claim or take the benefit or advantage of any stay or extension law whenever or wherever enacted,
14 which may affect the covenants or the performance of this Indenture. The Corporation also
15 covenants that it will not otherwise hinder, delay or impede the execution of any power herein
16 granted to the Trustee.

17
18 Section 6.13. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any
19 Owner of any Bond to exercise any right or remedy accruing upon any Event of Default hereunder
20 shall impair any such right or remedy or constitute a waiver of any such Event of Default or an
21 acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the
22 Owners may be exercised from time to time, and as often as may be deemed expedient, by the
23 Trustee or by the Owners of the Contract Revenue Bonds, as the case may be.

24
25 Section 6.14. Notices of Appropriation and Nonappropriation.

26
27 (a) The City is required, in accordance with the terms of the Grant Agreement, on or before
28 the last day of each Fiscal Year, to deliver to the Corporation and the Trustee written certification of
29 its appropriation of moneys in its budget sufficient to fund Grant Payments to be made by the City to
30 the Corporation under the terms of the Grant Agreement during the succeeding Fiscal Year (a
31 "Certificate of Appropriation").

32
33 (b) The Corporation shall additionally require the City to provide the Corporation and the
34 Trustee with written notice within 72 hours of the action taken by the City that constitutes failure by
35 the City to appropriate funds sufficient to pay the Grant Payments in the next succeeding Fiscal Year.

36
37 (c) In the event that the Trustee does not receive the Certificate of Appropriation from the
38 City within the time period required in Section 6.14(a) hereof, the Trustee shall promptly give
39 written notice thereof to the City and the Corporation. Thereafter, if the City fails to deliver the
40 Certificate of Appropriation within ten calendar days of its receipt of the foregoing notice from the
41 Trustee, the Trustee shall promptly give written notice to the Bondholders of its failure to timely
42 receive the Certificate of Appropriation. The Trustee shall also give prompt written notification to
43 the Bondholders of its receipt of a notice from the City pursuant to Section 6.14(b) hereof.

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[END OF ARTICLE VI]

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ARTICLE VII

DISCHARGE

Section 7.01. Discharge and Release of Lien. When all Contract Revenue Bonds have been paid in full as to principal and as to interest and premium, if any, or when all Contract Revenue Bonds have become due and payable, whether at maturity or by prior redemption or otherwise, and the Corporation shall have provided for the payment of the whole amount due or to become due on all Contract Revenue Bonds then outstanding, including all interest which has accrued thereon or which may accrue to the date of maturity or redemption by depositing with the Trustee or the Paying Agent/Registrar, for payment of such outstanding Contract Revenue Bonds and the interest thereon and any premium which may be due thereon, the entire amount due or to become due thereon, or amounts and investments sufficient to provide for such payment as provided in the Bond Resolutions, and the Corporation shall also have paid or caused to be paid all sums payable hereunder by the Corporation, including the compensation due or to become due the Trustee, then the Trustee shall, upon receipt of a letter of instructions from the Corporation requesting the same, discharge and release the lien of this Indenture and execute and deliver to the Corporation such releases or other instruments as shall be required to release the lien hereof.

[END OF ARTICLE VII]

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ARTICLE VIII

THE TRUSTEE

Section 8.01. Acceptance of Trusts. The Trustee, for itself and its successors, hereby accepts the trusts under this Indenture, but only upon the following terms and conditions set forth in this Article.

() The Trustee may execute any of the trusts or powers hereof and perform any duties required of it, by or through attorneys or agents selected by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys and agents as may reasonably be required and employed in connection with the trusts hereof, and the Trustee shall not be responsible for the acts or negligence of such attorneys, agents or counsel, if selected with reasonable care.

() The Trustee shall not be responsible for any recitals herein, in the Bond Resolutions or in the Contract Revenue Bonds. The Trustee may require of the Corporation full information and advice as to the performance of the covenants, conditions and agreements contained in this Indenture. The recitals and statements of fact and warranties contained in this Indenture, the Bond Resolutions and in the Contract Revenue Bonds shall be taken as statements by the Corporation and shall not be considered as made by or as imposing any obligation or liability upon the Trustee.

() Except as otherwise provided in this Indenture, the Trustee shall not be bound to recognize any person as an Owner of any Bond or to take action at such person's request, unless such person's name appears as the Registered Owner of such Bond in the Register.

() Prior to an Event of Default hereunder, and after the curing of any such Event of Default, (i) the Trustee shall not be liable for the performance of any duties, except such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and (ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon the truth, completeness and accuracy of the letters of instruction, statements, certificates, opinions, certified resolutions and other certified showings conforming to the requirements of this Indenture. The Trustee, upon receipt of documents furnished to it by or on behalf of the Corporation pursuant to this Indenture, shall examine same to determine whether or not such documents conform to the requirements of this Indenture. In case of an Event of Default which has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

1 () Except as otherwise expressly provided by the provisions of this Indenture,
2 the Trustee shall not be obligated and may not be required to give or furnish any notice,
3 demand, report, request, reply, statement, advice or opinion to any Owner of any Bond or to
4 the Corporation or any other person, and the Trustee shall not incur any liability for its failure
5 or refusal to give or furnish same unless obligated or required to do so by express provision
6 hereof.
7

8 () Nothing herein contained shall relieve the Trustee from liability for its own
9 negligent action or failure to act or its own willful misconduct, except that the Trustee shall
10 not incur any liability (i) for any error of judgment made in good faith by a responsible
11 officer or responsible officers thereof, unless it shall be proved that it was negligent in
12 ascertaining the pertinent facts, or (ii) in respect of any action taken or omitted to be taken by
13 it in good faith in accordance with the direction of the Owners of the percentage of the
14 Contract Revenue Bonds specified herein relating to the time, method and place of
15 conducting any proceeding for any remedy available to the Trustee or exercising any trust or
16 power conferred upon the Trustee under this Indenture.
17

18 () None of the provisions contained in this Indenture shall require the Trustee to
19 advance, expend or risk its own funds or to otherwise incur financial liability in the
20 performance of any of its duties or in the exercise of any of its rights or powers, if there is
21 reasonable ground for believing that the repayment of such funds or liability is not reasonably
22 assured to it by the security afforded to it by the terms of this Indenture.
23

24 () Except for information provided by the Trustee concerning the Trustee, the
25 Trustee shall have no responsibility with respect to any information in any offering
26 memorandum or other disclosure material distributed with respect to the Contract Revenue
27 Bonds, and the Trustee shall have no responsibility for compliance with securities laws in
28 connection with the issuance and sale of the Contract Revenue Bonds.
29

30 () In the event the Trustee shall receive inconsistent or conflicting requests and
31 indemnity from two or more groups of Owners, each representing less than a majority of the
32 aggregate principal amount of the Contract Revenue Bonds then Outstanding, the Trustee, in
33 its sole discretion, may determine what action, if any, shall be taken.
34

35 () Except as otherwise especially provided by the provisions of this Indenture,
36 the Trustee shall not be obligated and may not be required to give or furnish any notice,
37 demand, report, request, reply, statement, advice or opinion to any Owner of any Contract
38 Revenue Bond or to the Corporation or any other person, and the Trustee shall not incur any
39 liability for its failure or refusal to give or furnish same unless obligated or required to do so
40 by express provisions hereof.
41

42 () The Trustee shall not be required to give any bond or surety with respect to

1 the performance of its duties or the exercise of its powers under this Indenture.

2
3 () Until termination of this Indenture, to the extent required by law, the
4 Corporation shall file continuation statements as required to continue in effect the Uniform
5 Commercial Code financing statement filed with the Secretary of State of the State of Texas
6 listing the Trustee as the secured party and the Corporation as the debtor.
7

8 (m) The Trustee is under no obligation to exercise any of the rights or powers
9 vested in it by this Indenture at the request or direction of any of the Owners of the Contract
10 Revenue Bonds unless such Owners have offered to the Trustee security or indemnity
11 satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with
12 respect to the costs, expenses and liabilities which may be incurred by it in compliance with
13 such request or direction, and the provision of such indemnity shall be mandatory for any
14 remedy taken upon direction of the Owners of a majority in aggregate principal amount of
15 the Contract Revenue Bonds.
16

17 (n) The Trustee is not required to make any inquiry or investigation into the facts
18 or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice,
19 request, direction, consent, order, approval, bond, debenture or other paper or document but
20 the Trustee, in its discretion, may make such further inquiry or investigation into such facts
21 or matters as it may see fit and, if the Trustee determines to make such further inquiry or
22 investigation, it is entitled to examine the books, records and premises of the Corporation, in
23 person or by agent or attorney.
24

25 (o) The Trustee's immunities and protections from liability and its right to
26 indemnification in connection with the performance of its duties under this Indenture shall
27 extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities
28 and protections, and right to indemnification, together with the Trustee's right to
29 compensation, shall survive the Trustee's resignation or removal, the discharge of this
30 Indenture and final payment of the Contract Revenue Bonds.
31

32 (p) The permissive right of the Trustee to take the actions permitted by this
33 Indenture shall not be construed as an obligation or duty to do so.
34

35 Section 8.02. Reliance by Trustee. To the extent not prohibited by this Article, the Trustee
36 may rely, and shall be protected in acting upon, any letters of instruction, statements, certificates,
37 certified resolutions, opinions, notices, consents, orders, appraisals, reports, policies, bonds or other
38 papers or documents believed by it to be genuine and to have been signed or presented to it by the
39 proper person or persons, and the Trustee may consult with counsel and the opinion of such counsel
40 shall be full and complete authorization and protection in respect of any action taken or suffered by
41 the Trustee hereunder in good faith and in conformity with the opinion of such counsel.
42

1 Section 8.03. Certificate of the Corporation as Proof. Whenever in the administration of the
2 trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or
3 established prior to taking or suffering any action hereunder, then, in the absence of bad faith on the
4 part of the Trustee, and unless other evidence in respect thereof be herein specifically prescribed, and
5 unless an Event of Default hereunder, to the knowledge of the Trustee, shall have occurred and be
6 continuing, such matter may be deemed to be conclusively proved and established by a certificate of
7 the Corporation, executed by the President or the Vice President of the Corporation and delivered to
8 the Trustee, and such certificate shall be full warranty to the Trustee for any action taken or suffered
9 by it under the provisions of this Indenture in reliance thereon.

10
11 Section 8.04. Trustee May Own Contract Revenue Bonds. The Trustee, in its commercial
12 banking or any other capacity, may become the owner or pledgee of Contract Revenue Bonds or
13 other certificates or evidences of ownership or pledge thereof issued hereunder, with the same rights
14 it would have if it were not the Trustee. The Trustee, in its commercial banking or in any other
15 capacity, may also engage in or be interested in any financial or other transaction with the
16 Corporation and may act as depository, trustee or agent for any committee of Owners secured hereby
17 or other obligations of the Corporation as freely as if it were not Trustee. The provisions of this
18 Section shall extend to affiliates of the Trustee.

19
20 Section 8.05. Compensation of Trustee. The Corporation shall pay to the Trustee all
21 reasonable fees, charges and expenses of the Trustee (including the reasonable fees, charges and
22 expenses of its agents and counsel) for the administration and execution of the trusts hereby created
23 and the performance of its powers and duties hereunder. The Corporation further agrees that it will,
24 to the extent permitted by law, indemnify, defend and hold the Trustee harmless from and against
25 any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in
26 connection with the acceptance or administration of the office of Trustee under this Indenture,
27 including the costs of defending itself against any claim or liability in connection with the exercise or
28 performance of any of its powers or duties hereunder. The foregoing notwithstanding, should the
29 Trustee exercise any of the rights or powers vested in it by this Indenture upon receiving security or
30 indemnity satisfactory to the Trustee as provided in Section 8.01(m), the Corporation shall be under
31 no obligation to provide indemnity with respect to the particular actions taken by the Trustee for
32 which security or indemnity has been so provided in accordance with Section 8.01(m).

33
34 Section 8.06. Removal of Trustee. The Trustee may be removed at any time by an
35 instrument or concurrent instruments in writing, signed by the Owners of a majority in principal
36 amount of the Contract Revenue Bonds then Outstanding and delivered to the Trustee, with notice
37 thereof given to the Corporation.

38
39 Section 8.07. Resignation of Trustee. The Trustee may at any time resign and be discharged
40 from the trusts hereby created by giving written notice to the Corporation and by providing written
41 notice to the Owners of its intended resignation at least sixty (60) days in advance thereof. Such
42 notice shall specify the date on which such resignation shall take effect and shall be sent by first class
43 mail, postage prepaid to each Registered Owner of Tax Increment Revenue Bond. Resignation by

1 the Trustee shall not take effect unless and until a successor to such Trustee shall have been
2 appointed and shall have accepted appointment as hereinafter provided.
3

4 Section 8.08. Appointment of Successor Trustee. In case the Trustee hereunder shall resign,
5 or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall
6 otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under control
7 of any public officer or officers or a receiver appointed by a court, a successor may be appointed by
8 the Corporation, if no Event of Default has occurred or is continuing, or by the Owners of a majority
9 in principal amount of the Contract Revenue Bonds then Outstanding, by an instrument or concurrent
10 instruments in writing, signed by the Corporation or such Owners or their duly authorized
11 representatives and delivered to the Trustee, with notice thereof given to the Corporation; provided,
12 however, that in any of the events above mentioned, the Corporation may nevertheless appoint a
13 temporary Trustee to fill such vacancy until a successor shall be appointed by the Owners in the
14 manner above provided, and any such temporary Trustee so appointed by the Corporation shall
15 immediately and without further act be automatically succeeded by the successor to the Trustee
16 appointed by the Owners. The Corporation shall provide written notice to the Owners of the
17 appointment of any successor Trustee, whether temporary or permanent, in the manner provided in
18 the preceding Section of this Indenture for providing notice of the resignation of the Trustee. Any
19 successor Trustee or temporary Trustee shall be a trust company or bank in good standing located in
20 or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and
21 subject to examination by federal or state authority, having a reported capital and surplus of not less
22 than \$50,000,000.
23

24 In the event that no appointment of a successor Trustee is made by the Owners or by the
25 Corporation pursuant to the foregoing provisions of this Section and Section 8.07 at the time a
26 vacancy in the office of the Trustee shall have occurred, the Owner of any Bond issued hereunder or
27 the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a
28 successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any,
29 appoint a successor Trustee.
30

31 Section 8.09. Powers of Successor Trustee. Each successor Trustee appointed hereunder
32 shall execute, acknowledge and deliver to its predecessor and to the Corporation, an instrument in
33 writing accepting such appointment hereunder, and thereupon such successor Trustee, without any
34 further act, deed or conveyance, shall become fully vested with all the estates, properties, rights,
35 powers, trusts, duties and obligations of its predecessor, but such predecessor Trustee shall,
36 nevertheless, on the written request of the Corporation, execute and deliver an instrument
37 transferring to such successor Trustee all the estates, properties, rights, powers, trusts, duties and
38 obligations of such predecessor hereunder. Each predecessor Trustee shall immediately deliver all
39 properties, securities and moneys held by it to its successor; provided, however, that before any such
40 delivery is required or made, all proper fees, advances and expenses of the predecessor Trustee shall
41 be paid in full. Should any deed, conveyance or instrument in writing be required from the
42 Corporation by any successor Trustee for properties, rights, powers, trusts, duties and obligations
43 hereby vested or intended to be vested in the predecessor Trustee, any and all such deeds,

1 conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered
2 by the Corporation. The resignation of any Trustee, appointing a successor Trustee hereunder,
3 together with all deeds, conveyances and other instruments provided for in this Article shall, at the
4 expense of the Corporation, be properly filed or recorded and a copy thereof shall be filed with such
5 successor Trustee, together with a statement showing such filing or recordation.
6

7 Section 8.10. Merger, Conversion or Consolidation of Trustee. Notwithstanding any
8 provision hereof to the contrary, any corporation or association into which the Trustee may be
9 merged or converted, or with which it may be consolidated, or any corporation succeeding to all or
10 substantially all of the corporate trust business of the Trustee, or any corporation or association
11 resulting from any merger, conversion or consolidation to which the Trustee shall be a party, shall be
12 the successor Trustee under this Indenture without the execution or filing of any instrument or any
13 other act on the part of any of the parties hereto.
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[END OF ARTICLE VIII]

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ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Supplemental Indentures Not Requiring Consent of Owners of the Contract Revenue Bonds. The Corporation and the Trustee may, without the consent of the Owners of any of the Contract Revenue Bonds, enter into one or more supplemental indentures, which shall form a part hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Owners of the Contract Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners of the Contract Revenue Bonds or the Trustee or either of them;
- (c) to subject to the lien of this Indenture additional revenues, properties or collateral;
- (d) to modify, amend or supplement this Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Contract Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;
- (e) to obtain bond insurance for any Contract Revenue Bond; and
- (f) to permit the assumption of the Corporation's obligations hereunder by any other entity that may become the legal successor to the Corporation, or by the City;

provided, however, that no provision in such supplemental indenture shall be inconsistent with this Indenture or shall impair in any manner the rights of the Owners of the Contract Revenue Bonds.

The Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties or immunities under this Indenture.

Section 9.02. Supplemental Indentures Requiring Consent of Owners of the Contract Revenue Bonds. Except as otherwise provided in the preceding Section, any modification, change or amendment of this Indenture may be made only by a supplemental indenture adopted and executed by the Corporation and the Trustee with the consent of the Owners of not less than a majority of the aggregate principal amount of the Contract Revenue Bonds then Outstanding.

Notwithstanding the preceding paragraph of this Section, no modification, change or

1 amendment to this Indenture shall, without the consent of the Owner of each Bond so affected,
2 extend the time of payment of the Principal Installments or interest thereon, or reduce the Principal
3 Installments or premium, if any, thereon, or the rate of interest thereon, or make the Principal
4 Installments or interest thereon payable in any coin or currency other than that hereinbefore provided,
5 or deprive such Owner of the lien hereof on the revenues pledged hereunder. Moreover, without the
6 consent of the Owner of each Bond then Outstanding, no modification, change or amendment to this
7 Indenture shall permit the creation of any lien on the revenues pledged hereunder equal or prior to
8 the lien hereof, or reduce the aggregate principal amount of Contract Revenue Bonds, the Owners of
9 which are required to approve any such modification, change or amendment of this Indenture.

10
11 Section 9.03. Consents. Consents required pursuant to this Article shall be valid only if
12 given following the giving of notice by or on behalf of the Corporation requesting such consent,
13 setting forth the substance of the supplemental indenture in respect of which such consent is sought
14 and stating that copies thereof are available at the office of the Trustee for inspection to the Owners
15 of Contract Revenue Bonds whose consent is required in accordance with the provisions of this
16 Article. Such notice shall be given by sending such notice by United States mail, first class postage
17 prepaid, to the registered Owners of such Contract Revenue Bonds. Any consent or other action by
18 an Owner of any Bond in accordance with this Article shall bind every future owner of the same
19 Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof.

20
21 Section 9.04. Delivery of Counsel's Opinion with Respect to Supplemental Indentures.
22 Subject to the provisions of Section 8.01, the Trustee in executing or accepting the additional trusts
23 permitted by this Article or the modifications thereby of the trusts created by this Indenture may rely,
24 and shall be fully protected in relying, on an opinion of counsel acceptable to it stating that (a) the
25 execution of such supplemental indenture is authorized or permitted by this Indenture and (b) all
26 conditions precedent to the execution and delivery of such supplemental indenture have been
27 complied with, and an opinion of Bond Counsel that the execution and performance of such
28 supplemental indenture shall not, in and of itself, adversely affect the federal income tax status of the
29 Contract Revenue Bonds.

30
31 [END OF ARTICLE IX]

ARTICLE X

GENERAL PROVISIONS

Section 10.01. Proof of Execution of Writings and Ownership. Any instrument provided in this Indenture to be signed or executed by the Owners of all or any portion of the Contract Revenue Bonds may be in any number of writings of similar tenor and may be signed or executed by such Owners in person or by their duly authorized representatives. Proof of the execution of any such instrument, or of the writing appointing any such agent, or of the ownership of any Bond, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Corporation and the Trustee with respect to any actions taken by either under such instruments if:

(a) the fact and date of the execution by any person of any such instrument is proved by (i) a certificate of any officer of any jurisdiction who by law has power to take acknowledgments of deeds within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or (ii) an affidavit of a witness of such execution; and

(b) the ownership of any Bond registered as to both principal and interest is proved by the registration books kept by the Paying Agent/Registrar.

Section 10.02. Benefits of Indenture. The covenants, stipulations and agreements contained in this Indenture are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and the Owners of the Contract Revenue Bonds, and nothing in this Indenture expressed or implied shall be construed to confer upon or give to any other person any right, remedy or claim under or by reason of this Indenture.

Section 10.03. No Individual Liability. No covenant or agreement contained in the Contract Revenue Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member of the Board of Directors of the Corporation or the Trustee or any officer, agent, employee or representative of the Corporation or the Trustee in his individual capacity, and neither the officers, agents, employees or representatives of the Corporation or the Trustee nor any person executing the Contract Revenue Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of this Indenture, the adoption of the Bond Resolutions and the issuance of the Contract Revenue Bonds.

Section 10.04. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Indenture to be given to or filed with the Trustee or the Corporation shall be deemed to be effective for all purposes of this Indenture if and when sent by registered or certified mail, postage prepaid, to the address specified below or at such other address as may be designated in writing by the parties:

1
2 Trustee: Deutsche Bank Trust Company Americas
3 60 Wall Street, 27th Floor
4 New York, New York 10005
5 Attention: Corporate Trust & Agency Services
6 (Municipal Group)
7

8 Corporation: Mueller Local Government Corporation
9 Austin City Hall
10 301 West 2nd Street
11 Austin, Texas 78701
12 Attn: Chief Financial Officer, City of Austin, Texas
13

14 Notwithstanding the foregoing, notices to the Trustee shall be effective only upon receipt.
15

16 Section 10.05. Governing Law. This Indenture shall be governed in all respects, including
17 validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the
18 State of Texas.
19

20 Section 10.06. Severability. If any provision of this Indenture shall be invalid, illegal or
21 unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way
22 be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the
23 Contract Revenue Bonds, the Bond Resolutions or in this Indenture shall for any reason be held to be
24 usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be
25 deemed to be the covenant, stipulation, obligation or agreement of the Corporation to the full extent
26 permitted by law.
27

28 Section 10.07. Successors and Assigns. This Agreement shall be binding upon the
29 Corporation and the Trustee and their successors and assigns.
30

31 Section 10.08. Execution in Several Counterparts. This Indenture may be simultaneously
32 executed in several counterparts, all of which shall constitute one and the same instrument and each
33 of which shall be, and shall be deemed to be, an original.
34

35 [EXECUTION PAGE FOLLOWS]

1 IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Indenture to be
2 signed, sealed and attested on their behalf by their duly authorized representatives, all as of the date
3 first hereinabove written.
4

5 MUELLER LOCAL GOVERNMENT CORPORATION
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11 ATTEST:
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18 (SEAL)
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20 DEUTSCHE BANK TRUST COMPANY AMERICAS, as
21 Trustee
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By: _____

Title: _____

EXHIBIT A

FORM OF PUBLIC FINANCE FUND REQUISITION CERTIFICATE

Requisition No. _____
[date]

Deutsche Bank Trust Company Americas,
as Trustee
60 Wall Street, 27th Floor
New York, New York 10005

Attention: Corporate Trust & Agency Services (Municipal Group)

Ladies and Gentlemen:

This certificate is provided to you pursuant to Section 4.04(B) of the Indenture of Trust, dated as of August 1, 2006 (the "Indenture"), between the Mueller Local Government Corporation (the "Corporation") and Deutsche Bank Trust Company Americas, as Trustee. The capitalized terms used in this certificate have the same meanings given such terms in the Indenture.

On behalf of the Corporation, I, the undersigned authorized officer of the Corporation, do hereby certify as follows:

(i) There has been expended, or will be expended within 90 days, on account of Project Costs, or there has been expended or incurred or estimated to have been incurred on account of Costs of Issuance, the following amounts which is (are) hereby requisitioned for disbursement:

Project Costs: \$ _____
Costs of Issuance: \$ _____

(ii) No other certificate in respect of the expenditures set forth in clause (i) above is being or has previously been delivered to the Trustee;

(iii) All amounts previously disbursed plus the amounts hereby requested to be disbursed from the Public Finance Fund have been and will be used to pay the costs of Project Costs or Costs of Issuance;

(iv) No Event of Default under the Indenture has occurred and is continuing;

(vi) The amount requested is to be used to pay Project Costs which are qualifying costs; and

(vii) The portion of the amount requested which will be used to pay Costs of Issuance or will be used in the trade or business of a person other than an exempt person plus all previous amounts requested for use to pay Costs of Issuance or for use

1 in the trade or business of a Person other than an exempt person does not exceed 5%
2 of the net proceeds of the Bonds of the issue with respect to which the Public Finance
3 Fund referenced below was established.
4

5 You are hereby directed to pay the amounts (which total the amount requisitioned by clause
6 (i) above) set forth on Attachment I hereto from the Public Finance Fund to the persons set forth on
7 Attachment I hereto in accordance with the payment instructions set forth on Attachment I hereto.
8

9 Mueller Local Government Corporation
10

11 By _____
12

13 Authorized Representative
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ATTACHMENT I TO REQUISITION NO. _____

Amount

Payee

Payment Instructions

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1 GRANT AGREEMENT

2 Between

3 THE CITY OF AUSTIN

4 And

5 MUELLER LOCAL GOVERNMENT CORPORATION

6
7 This Grant Agreement ("Agreement") is entered into by and between the City of Austin
8 ("CITY"), a Texas home-rule municipal corporation, and Mueller Local Government
9 Corporation ("CORPORATION"), a Texas local government corporation created by the
10 CITY under Subchapter D of Chapter 431 of the Texas Transportation Code. CITY and
11 CORPORATION are hereinafter sometimes referred to individually as a "party," or
12 collectively as the "parties."

13 WHEREAS:

- 14 1) Section 52-a of Article III of the Texas Constitution authorizes the Texas
15 Legislature to provide for the creation of programs and the making of loans and
16 grants of public money for the public purposes of development and
17 diversification of the economy of the state, the elimination of unemployment and
18 underemployment in the state, the stimulation of agricultural innovation, the
19 fostering of the growth of enterprises based on agriculture, or the development or
20 expansion of transportation or commerce in the state; and
- 21 2) Chapter 380, Texas Local Government Code ("Chapter 380") provides that the
22 governing body of a municipality may establish and provide for the
23 administration of one or more programs, including programs for making loans
24 and grants of public money and providing personnel and services of the
25 municipality, to promote state or local economic development and to stimulate
26 business and commercial activity in the municipality; and
- 27 3) The CITY has established, pursuant to Resolution Nos. 030612-15 and 050113-52, a
28 program to provide for economic development grants to promote and foster
29 economic development in the CITY; and
- 30 4) The CITY has determined the redevelopment of property within the CITY
31 formerly known as the Robert Mueller Municipal Airport ("MUELLER") is in the
32 best interests of the CITY, and will promote economic development and stimulate
33 business and commercial activity within the CITY; and
- 34 5) In connection with the redevelopment of MUELLER, the CITY entered into a
35 Master Development Agreement with Catellus Austin, LLC, ("Catellus")
36 effective as of December 2, 2004 (the "Development Agreement"); and
- 37 6) Under the Development Agreement, the CITY agreed to issue debt to finance
38 certain MUELLER redevelopment costs described in the Development

1 Agreement and defined as the "Public Finance Reimbursable Project Costs"
2 either directly or through the auspices of a local government corporation to be
3 created by the CITY; and

4 7) Pursuant to Resolution No. 041202-60, adopted by the Austin City Council on
5 December 2, 2004, the CITY authorized the creation of the CORPORATION for
6 the purpose of financing infrastructure projects at MUELLER, in furtherance of
7 the economic development objectives for MUELLER as described in the
8 Development Agreement; and

9 8) The CORPORATION is proposing to issue bonds in one or more series for the
10 purpose of financing Public Finance Reimbursement Project Costs with respect to
11 the redevelopment of MUELLER (the "Bonds") and is seeking from the CITY
12 financial assistance, in the form of a grant, to provide additional funding to enable
13 the timely payment of debt service on and other costs related to such Bonds
14 issued for the benefit of the CITY in connection with the redevelopment of
15 MUELLER, in accordance with the terms of the Development Agreement; and

16 9) Pursuant to Resolution No. 20060427-003 adopted by the City on April 27, 2006, in
17 furtherance of the objectives of the CITY as set forth in Resolution Nos. 030612-15
18 and 050113-52, the City established a program under the authority granted to the
19 CITY by Chapter 380 for the redevelopment of MUELLER, and authorized the
20 issuance of the grant described in this Agreement.

21 **NOW, THEREFORE**, in consideration of the mutual promises contained herein, and
22 other good and valuable consideration, the receipt and sufficiency of which is
23 acknowledged, the Parties agree as follows:

24 **1.0 AUTHORITY**

25 The parties are authorized to enter into this Agreement under the Constitution and laws
26 of the State of Texas, including specifically Chapter 380 of the Texas Local Government
27 Code and Chapter 431 of the Texas Transportation Code.

28 **2.0 TERM**

29 This Agreement shall be effective as of the date the last party to sign executes this
30 Agreement, and shall remain in force and effect until December 31, 2026, subject to the
31 respective termination rights of the parties.

32 **3.0 CORPORATION OBLIGATIONS**

33 3.1 Subject to applicable laws and to the extent current financial market
34 conditions permit, CORPORATION shall take all reasonably necessary or
35 appropriate action to issue not less than \$11,000,000, nor more than
36 \$12,000,000 in bonds (the "Bonds") to finance the Public Finance
37 Reimbursable Project Costs; provided that Catellus Operating Limited
38 Partnership, Catellus Land and Development Corporation, or other
39 Catellus affiliate, shall have posted the Regional Retail Completion Surety

(as defined in the Development Agreement) at least one calendar day prior to the date of first issuance of the Bonds. After issuance of the Regional Retail Completion Surety, CORPORATION shall cause the Bonds to be sold and delivered to the purchasers thereof. The proceeds of the Bonds cannot be used to pay the Developer Return, Base Developer Return or Base Developer Return Shortfall (as such terms are defined in the Development Agreement). The Bonds may be issued in one or more series.

3.2 CORPORATION shall deposit the net proceeds (following payment of issuance costs) of the Bonds into the Public Financing Fund (as defined in the Development Agreement) or other account(s) required under any indenture, security agreement or other agreement with bond trustees, underwriters, and other interested parties, that the CORPORATION enters into in order to issue the Bonds, or that secures the payment of debt service on the Bonds ("**Bond Documents**"). CORPORATION shall maintain a separate numbered account for the receipt and disbursement of all funds received from the CITY under this Agreement and any interest income resulting therefrom. No other funds shall be mingled with funds in such account. Said account shall be maintained, under conditions approved by CITY, in a financial institution, with Federal deposit insurance coverage and the balance, if any, exceeding the Federal deposit insurance coverage shall be collaterally secured.

3.3 Using Grant Funds provided by the CITY under this Agreement and other funds available to the CORPORATION, if any, the CORPORATION shall timely pay the debt service on the Bonds and the on-going expenses of administration of the CORPORATION.

3.4 The CORPORATION shall fully, faithfully, and timely perform each of its legally binding obligations under the Bond Documents.

3.5 During the term of this Agreement, the CORPORATION shall remain in good standing, preserve its legal authority and right to do business in the State of Texas, maintain its existence as a local government CORPORATION under Chapter 431 of the Texas Transportation Code, shall not dissolve or otherwise dispose of all or any material part of its assets, and shall not combine, consolidate with, or merge into another entity without the prior written consent of the CITY.

3.6 The CORPORATION shall provide the CITY with a simultaneous copy of all reports, statements, notices, audits, certificates, budgets, and other documents the CORPORATION is required to provide to an indenture trustee or purchaser of the Bonds under the Bond Documents including, without limitation, disbursement requests made under the terms of the Bond Documents evidencing payment of Public Finance Reimbursable Project Costs. In addition to the foregoing, at such times and in such form

as CITY may require, and upon reasonable advance notice, CORPORATION shall furnish the CITY with such other statements, records, reports, data and information, as CITY may reasonably request pertinent to matters covered by this Agreement.

3.7 CORPORATION shall properly, accurately and completely maintain detailed and accurate records and other supporting documentation related to its obligations under this Agreement for three years following the date of termination of this Agreement. Such records shall include financial statements kept in accordance with generally accepted accounting principles, and will be made available for audit, inspection and/or copying by CITY or its designee at all reasonable times and upon reasonable notice. CORPORATION shall maintain an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, that transactions are executed in accordance with CORPORATION's authority, and that financial records are reliable for the purposes of preparing financial statements. CORPORATION shall deliver to the CITY a copy of all financial statements of the CORPORATION issued during, or covering periods included in, the term of this Agreement.

4.0 CITY OBLIGATIONS

4.1 Subject to the provisions of Section 4.3, on October 1, 2006, and on October 1 of each year thereafter throughout the term of this Agreement, the CITY shall grant to the CORPORATION an amount of money ("Grant Funds") equal to the sum of (i) the annual debt service on the Bonds to be paid during the twelve month period commencing October 1 and ending on September 30, and (ii) the annual on-going Bond administrative costs of the CORPORATION to be paid during the twelve month period commencing October 1 and ending on September 30. The Grant Funds shall be used by the CORPORATION to pay debt service and administrative expenses on the Bonds and for no other purpose without the prior written consent of the CITY. The annual Grant Funds may be disbursed to the CORPORATION on such date or dates as may be required under the Bond Documents.

4.2 It is the intent of the CITY that the Grant Funds shall constitute a current expense of the City, and that any appropriation of funds by the City to provide Grant Funds shall first come from sales taxes generated within Reinvestment Zone Number Sixteen, City of Austin, Texas, and to the extent that such sales tax revenue is insufficient, from the CITY's general revenues.

4.3 Payments Subject to Future Appropriation.

- 1 4.3.1 Except as otherwise provided in Section 4.2 hereof, this Agreement
2 shall not be construed as a commitment, issue or obligation of any
3 specific taxes or tax revenues. All payments or expenditures made
4 by the CITY under this Agreement are subject to the CITY's
5 appropriation of funds for such payments or expenditures to be
6 paid in the budget year for which they are made.
- 7 4.3.2 Expenditures under this Agreement shall be made solely from
8 annual appropriations from the general funds of the CITY, subject
9 to any applicable limitations or procedural requirements.
- 10 4.3.3 If the CITY does not appropriate funds in any fiscal year for
11 payments due or expenditures under this Agreement, (a) the CITY
12 shall give CORPORATION written notice thereof, and (b) the CITY
13 shall not be liable to the CORPORATION for such payments or
14 expenditures, and the CORPORATION, in its sole discretion, shall
15 have the right but not the obligation to terminate this Economic
16 Development Agreement upon sixty (60) days prior written notice
17 to the CITY.

18 **5.0 DEFAULT AND TERMINATION**

19 5.1 Default by CORPORATION. Each of the following shall be deemed to be
20 an event of default ("CORPORATION Default"):

21 5.1.1 The CORPORATION fails to perform any material obligation
22 required to be performed by it under this Agreement and such
23 failure continues for thirty (30) days after receipt of written notice
24 from the CITY; provided, however if the alleged default is curable,
25 but not curable within such 30 day period, an Event of Default shall
26 not be deemed to occur, if the CORPORATION commences to cure
27 the failure within the 30 day period and diligently pursues the cure
28 to a successful conclusion;

29 5.1.2. Any express representation or warranty made by the
30 CORPORATION herein or any statement or representations made
31 in any written certificate, statement or opinion delivered to CITY
32 pursuant to this Agreement shall prove to have been materially
33 incorrect as of the date made; or

34 5.1.3 CORPORATION shall admit in writing its inability to pay its debts
35 generally as they become due, make an assignment for the benefit of
36 creditors, file a petition in bankruptcy, be adjudicated insolvent or
37 bankrupt, petition or apply to any tribunal for the appointment of
38 any receiver or trustee thereof or of any substantial part of its
39 property or commence any proceedings under any arrangement,
40 readjustment of debt, or statute of any jurisdiction, whether now or

hereafter in effect; or there is commenced against CORPORATION any such proceeding which is not dismissed within sixty (60) days.

5.2 CITY's Remedies. Upon the occurrence of an Event of Default, the CITY may at any time thereafter, and upon ten days' prior written notice to CORPORATION take any or all of the following action:

5.2.1 Suspend or terminate payment of the Grant Funds in whole or in part;

5.2.2 Terminate this Agreement in whole or in part; and

5.2.3 Take such other action and exercise any remedy available to the CITY at law or in equity for breach of this Agreement by CORPORATION; all such remedies being cumulative.

5.3 Default by CITY. Each of the following shall be deemed to be an event of default ("CITY Default"):

5.3.1 The CITY fails to perform any material obligation required to be performed by it under this Agreement and such failure continues for thirty (30) days after receipt of written notice from the CORPORATION; provided, however, if the alleged default is curable, but not curable within such 30 day period, an Event of Default shall not be deemed to occur, if the CITY commences to cure the failure within the 30 day period and diligently pursues the cure to a successful conclusion;

5.3.2 Any express representation or warranty made by the CITY herein or any statement or representations made in any written certificate, statement or opinion delivered to CORPORATION pursuant to this Agreement shall prove to have been incorrect as of the date made; or

5.3.3 The CITY shall file a petition in bankruptcy, be adjudicated insolvent or bankrupt, or there is commenced against the CITY any such proceeding which is not dismissed within sixty (60) days.

5.4 CORPORATION's Remedies. Upon the occurrence of an Event of Default, the CORPORATION may at any time thereafter, and upon ten days' prior written notice to CITY take any or all of the following action:

5.4.1 Terminate this Agreement in whole or in part; and

5.4.2 Take such other action and exercise any remedy available to the CORPORATION at law or in equity for breach of this Agreement by CITY; all such remedies being cumulative.

6.0 INDEMNITY AND CLAIMS.

1 6.1 Indemnity. TO THE EXTENT PERMITTED BY THE CONSTITUTION AND LAWS OF
2 THE STATE OF TEXAS, AND WITH FULL RESERVATION OF ALL DEFENSES AND
3 IMMUNITIES AVAILABLE UNDER LAW, CORPORATION SHALL DEFEND,
4 INDEMNIFY AND HOLD HARMLESS THE CITY, AND ITS OFFICERS, APPOINTED OR
5 ELECTED OFFICIALS, EMPLOYEES, AGENTS, REPRESENTATIVES, SUCCESSORS AND
6 ASSIGNS (COLLECTIVELY, THE "INDEMNIFIED PARTIES"), FROM AND AGAINST
7 ALL COSTS, EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE
8 ATTORNEYS' FEES, EXPENSES, AND COURT COSTS), LIABILITIES, DAMAGES, CLAIMS,
9 SUITS, ACTIONS, AND CAUSES OF ACTIONS WHATSOEVER ("CLAIMS") ASSERTED
10 AGAINST THE CITY, TO THE EXTENT ARISING OUT OF (A) A BREACH OF THIS
11 AGREEMENT OR VIOLATION OF LAW BY CORPORATION, ITS OFFICERS, AGENTS,
12 EMPLOYEES, SUCCESSORS OR ASSIGNS, (COLLECTIVELY, THE "INDEMNIFYING
13 PARTIES"), (B) A FALSE REPRESENTATION OR WARRANTY MADE BY THE
14 INDEMNIFYING PARTIES, OR (C) THE NEGLIGENCE, WILLFUL MISCONDUCT, OR
15 BREACH OF A STANDARD OF STRICT LIABILITY BY AN INDEMNIFYING PARTY IN
16 CONNECTION WITH THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS
17 AGREEMENT.

18 The CITY shall give CORPORATION written notice of a Claim asserted
19 against an Indemnified Party. CORPORATION shall assume on behalf of
20 the Indemnified Parties and conduct with due diligence and in good faith
21 the defense of all Claims against the Indemnified Parties. The Indemnified
22 Parties shall have the right, but not the obligation, to participate in the
23 defense of any claim or litigation with attorneys of their own selection
24 without relieving CORPORATION of any obligations hereunder.

25 6.2 If a claim, demand, suit, or other action ("Claim") is made or brought by
26 any person against CORPORATION arising out of or concerning the
27 redevelopment of MUELLER or this Agreement, CORPORATION shall
28 give written notice thereof to the CITY within five (5) business days after
29 being notified of such Claim. Such notice shall enclose a true copy of all
30 written Claims. If the Claim is not written, or the information is not
31 discernable from the written Claim, CORPORATION shall state the date of
32 notification of any Claim, the names and addresses of the person asserting
33 such Claim or that instituted or threatened to institute any type of action or
34 proceeding, the basis of such Claim, action, or proceeding, and the name of
35 any person against whom such Claim is being made. CORPORATION
36 shall give notice to the City Attorney, Austin City Hall, 301 W 2nd Street,
37 Austin, Texas 78701.

38 7.0 NOTICES

39 7.1 Any notice necessary under this Agreement shall be in writing and shall be
40 considered delivered three (3) days after mailing if sent certified mail,

return receipt requested, or when received, if sent by prepaid courier, express mail or personal delivery, to the following addresses:

If to CORPORATION:

MUELLER LOCAL GOVERNMENT CORPORATION
c/o City of Austin Economic Growth and Redevelopment Office
P. O. Box 1088
Austin, Texas 78767-1088
Attn: President

If to CITY:

City of Austin
P. O. Box 1088
Austin, Texas 78767-1088
Attn: City Manager

With a copy to:

City Attorney
City of Austin
P. O. Box 1088
Austin, Texas 78767-1088

7.2 A party may change its notice address by written notice to the other party given in accordance with this section.

8.0 GENERAL PROVISIONS

8.1 Compliance with the Law. CORPORATION shall comply with all applicable laws, ordinances, codes, and regulations of local, state, and federal governments.

8.2 Mutual Assistance. CITY and CORPORATION shall do those things commercially reasonable, necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions.

8.3 Adequate Assurance. Whenever one party to this Agreement in good faith has reason to question the other party's intent to perform, demand may be made to the other party for written assurance of the intent to perform. In the event that no assurance is given within the time specified after demand is made, the demanding party may treat this failure as an anticipatory repudiation of this Agreement.

8.4 Authority. Each of the parties warrant and represent to the other that the person signing this Agreement on its behalf has been duly authorized and empowered to do so, that it has taken all action necessary to approve this Agreement, and that this Agreement is a lawful and binding obligation of such party.

- 1 8.5 Economic Development Program. The CITY represents that it is entering into this
2 Agreement as an economic development program to promote and foster
3 economic development in the CITY pursuant to Resolution Nos. 030612-15 and
4 050113-52, and Resolution No. 20060427-003 adopted on April 27, 2006
5 authorizing the City Manager to negotiate and execute an agreement with
6 CORPORATION to facilitate the economic development of MUELLER.
- 7 8.6 Jurisdiction and Venue. Any disputes arising in connection with these terms will
8 be governed by the laws of the State of Texas. Venue for any dispute arising
9 under this Agreement shall be in Travis County, Texas.
- 10 8.7 Assignment. The CORPORATION may not assign or transfer this Agreement in
11 whole or in part without the prior written consent of CITY, which the CITY may
12 grant, deny or condition in its absolute discretion. However, CORPORATION
13 may assign this Agreement for security purposes to a bond trustee in accordance
14 with the terms of the Bond Documents without the consent of the CITY.
- 15 8.8 Entire Agreement. This Agreement contains the entire agreement between the
16 parties. All prior negotiations, discussions, correspondence, and preliminary
17 understandings between the Parties and others relating hereto are superseded by
18 this Agreement. This Agreement may only be amended, altered or revoked by
19 written instrument signed by the CITY and CORPORATION.
- 20 8.9 Binding Effect. This Agreement shall be binding on and inure to the benefit of the
21 parties, and their respective successors and authorized assigns.
- 22 8.10 Severability. In the event any provisions of this Agreement are illegal, invalid or
23 unenforceable under present or future laws; and in that event, it is the intention of
24 the parties that the remainder of this Agreement shall not be affected. It is also
25 the intention of the parties of this Agreement that in lieu of each clause and
26 provision that is found to be illegal, invalid or unenforceable, a provision be
27 added to this Agreement, which is legal, valid or enforceable and is as similar in
28 terms as possible to the provision found to be illegal, invalid or unenforceable.
- 29 8.11 No Third Party Beneficiaries. This Agreement is not intended to confer any
30 rights, privileges or causes of action upon any third party.
31

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives in Austin, Travis County, Texas.

MUELLER LOCAL GOVERNMENT CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

CITY OF AUSTIN

By: _____

Name: _____

Title: _____

Date: _____

Approved as to Form:

David Petersen

Assistant City Attorney

1 RESOLUTION APPROVING THE ISSUANCE OF BONDS
2 BY THE MUELLER LOCAL GOVERNMENT CORPORATION
3 IN AN AGGREGATE PRINCIPAL OF \$12 MILLION
4 AND THE FINANCING DOCUMENTS RELATING TO THE SALE OF SUCH BONDS
5
6

7 WHEREAS, the City of Austin, Texas (the "City") has determined that it would be in the
8 best interest of the City and the general public to redevelop property within the City formerly
9 known as the Robert Mueller Municipal Airport ("Mueller"); and
10

11 WHEREAS, to facilitate the redevelopment of Mueller, the City entered into a Master
12 Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the
13 "Master Development Agreement"); and
14

15 WHEREAS, under the Master Development Agreement, the City agreed to issue debt to
16 finance certain "Public Finance Reimbursement-Project Costs" either directly or through the
17 auspices of a local government corporation to be created by the City; and
18

19 WHEREAS, Mueller Local Government Corporation (the "Corporation") was created
20 under the auspices of the City to aid, assist and act on behalf of the City in the performance of
21 the City's governmental and proprietary functions to promote the common good and the general
22 welfare of the City, including, without limitation, the development of the geographic area of the
23 City included or to be included in Reinvestment Zone Number Sixteen, City of Austin, Texas
24 ("TIRZ Sixteen"), and neighboring areas in furtherance of the promotion of economic
25 development, specifically the economic redevelopment of Mueller; and
26

27 WHEREAS, the City Council adopted a program pursuant to Chapter 380 of the Texas
28 Local Government Code (the "Chapter 380 Program") whereby the City may make economic
29 development loans or grants from City general funds to the Corporation in furtherance of the
30 economic development objectives for TIRZ Sixteen, specifically with respect to the
31 redevelopment of Mueller consistent with the provisions of the Master Development Agreement;
32 and
33

34 WHEREAS, pursuant to the action taken by the City Council to establish the Chapter 380
35 Program, the City agreed to make an economic development grant to the Corporation to assist
36 the Corporation in the payment of debt service and on-going administrative expenses on the
37 bonds hereinafter approved; and
38

39 WHEREAS, it is deemed necessary and advisable that this Resolution be adopted.
40

41 THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
42 AUSTIN, TEXAS THAT:
43

44 Section 1. The resolution (herein referred to as the "MLGC Resolution") to be adopted
45 by the Corporation, in substantially the form and substance as attached to this Resolution and

1 made a part hereof for all purposes, is hereby approved, and contract revenue bonds in a
2 principal amount of \$12,000,000 (the "Bonds") may be issued for the purpose of providing all or
3 a portion of the cost of the projects as specified in the MLGC Resolution (the "Project"); and the
4 MLGC Resolution, the Bonds and the Project are hereby approved.
5

6 Section 2. The Indenture of Trust between the Corporation and the trustee named therein,
7 and the Paying Agent Agreement between the Corporation and the paying agent/registrar named
8 therein, each in substantially the form attached to the MLGC Resolution, are hereby approved.
9

10 Section 3. The Grant Agreement between the City and the Corporation, in substantially
11 the form attached to this Resolution and made a part hereof for all purposes (the "Grant
12 Agreement"), is hereby approved. The City agrees that, in connection with the execution and
13 delivery of the Grant Agreement, the City shall comply with the provisions of Sections 6.3(b)
14 and (c) of the MLGC Resolution.
15

16 Section 4. This Resolution shall be effective immediately from and after its passage.
17
18

19 **ADOPTED:** _____, 2006

ATTEST: _____

Shirley A. Gentry
City Clerk

DRAFT

RESOLUTION AUTHORIZING THE ISSUANCE OF MUELLER LOCAL GOVERNMENT CORPORATION CONTRACT REVENUE BONDS, SERIES 2006, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$12,000,000; APPROVING CONTRACT DOCUMENTS RELATING TO THE SERIES 2006 BONDS; AND CONTAINING OTHER PROVISIONS RELATED THERETO

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MUELLER LOCAL GOVERNMENT CORPORATION:

ARTICLE I

RECITALS

WHEREAS, the City has determined that it would be in the best interest of the City and the general public to redevelop property within the City formerly known as the Robert Mueller Municipal Airport ("Mueller"); and

WHEREAS, to facilitate the redevelopment of Mueller, the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Master Development Agreement"); and

WHEREAS, under the Master Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs" as defined in the Master Development Agreement, either directly or through the auspices of a local government corporation to be created by the City; and

WHEREAS, on December 16, 2004, the City Council of the City of Austin, Texas (the "City") authorized the creation of Tax Increment Financing Reinvestment Zone Number Sixteen, City of Austin, Texas ("TIRZ Sixteen") pursuant to Chapter 311, Texas Tax Code, and approved a preliminary project plan for TIRZ Sixteen and a preliminary reinvestment zone financing plan for TIRZ Sixteen; and

WHEREAS, by Resolution No. 041202-60, adopted on December 2, 2004, the City authorized the creation of the Mueller Local Government Corporation (the "Corporation") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions to promote the common good and the general welfare of the City, including, without limitation, the development of the geographic area of the City included or to be included in TIRZ Sixteen and neighboring areas in furtherance of the promotion of economic development; and

WHEREAS, by Resolution No. _____, adopted on April __, 2006, the City Council adopted a program pursuant to Chapter 380 of the Texas Local Government Code (the "Chapter 380 Program") whereby the City may make economic development loans or grants from City general funds to the Corporation in furtherance of the economic development objectives for TIRZ Sixteen, specifically with respect to the redevelopment of Mueller consistent with the provisions of the Master

Development Agreement; and

WHEREAS, pursuant to the terms of a Grant Agreement between the City and the Corporation (the "Grant Agreement") the City has agreed, subject to the terms of the Grant Agreement, to make Grant Payments (as herein defined) to the Corporation to provide funds that may be used by the Corporation for the payment of debt service on Contract Revenue Bonds issued by the Corporation to finance "Public Finance Reimbursable Project Costs" in accordance with the Master Development Agreement, in furtherance of the economic development objectives of the Chapter 380 Program; and

WHEREAS, as permitted by Chapter 431, Texas Transportation Code, as amended, the Corporation desires to issue bonds upon the terms and conditions and for the purposes herein provided.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1: Definitions. In this Resolution, the following terms shall have the following meanings, unless the context clearly indicates otherwise. Terms not defined herein shall have the meanings assigned to such terms in the Indenture:

The term "Audit" shall mean the audited annual financial statements of the Corporation prepared by an independent auditor.

The term "Authorized Denominations" shall mean \$5,000 or any integral multiple of \$5,000.

The term "Authorized Representative" shall mean the President or any Vice President of the Corporation, the Treasurer of the Corporation, or any other person designated by the Board of Directors of the Corporation to act in such capacity.

The term "Code" shall mean the Internal Revenue Code of 1986.

The term "Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

The term "Dated Date" shall mean, with respect to the Series 2006 Bonds, September 1, 2006.

The term "Designated Payment/Transfer Office" shall mean the designated corporate trust office of the Registrar, which, as of the date of adoption of this Resolution, is located in New York, New York.

The term "Grant Agreement" shall have the meaning given said term in the preamble to this Resolution.

The term "Grant Payments" shall mean the payments the City shall make to the Corporation on an annual basis in accordance with the terms of the Grant Agreement.

The term "Indenture" shall mean the Indenture of Trust dated as of September 1, 2006 between the Corporation and Deutsche Bank Trust Company Americas, and its successors in that capacity.

The term "Issuance Date" shall mean the date on which the Series 2006 Bonds are authenticated by the Registrar and delivered to and paid for by the Purchasers.

The term "MAC" shall mean the Municipal Advisory Council of Texas.

The term "Master Development Agreement" shall mean the Master Development Agreement between the City and Catellus Austin, LLC, effective as of December 2, 2004.

The term "MSRB" shall mean the Municipal Securities Rulemaking Board.

The term "NRMSIR" shall mean 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.

The terms "Paying Agent", "Paying Agent/Registrar" and "Registrar" shall mean Deutsche Bank Trust Company Americas, and its successors in that capacity.

The term "Project" shall mean the following public infrastructure improvements within the meaning of the term "Project Costs" as defined in the Indenture, to-wit: _____.

The term "Purchasers" shall have the meaning given said term in Section 7.1.

The term "Record Date" shall mean, for any Interest Payment Date, the fifteenth day of the month next preceding each Interest Payment Date.

The term "Resolution" or "Bond Resolution" shall mean this resolution, and all amendments hereof and supplements hereto.

The term "Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "SEC" shall mean the United States Securities and Exchange Commission.

The term "Series 2006 Bonds" or "Bonds" shall mean the Corporation's Contract Revenue Bonds, Series 2006, authorized by this Resolution.

The term "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.

Section 2.2: Interpretations. All terms defined herein and all pronouns used in this Resolution shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Resolution is adopted by the Corporation and any future amendments thereto or successor provisions thereof. This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Parity Bonds and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Parity Bonds.

ARTICLE III

TERMS OF THE BONDS

Section 3.1: Bonds to be Sold; Principal Amount, Purpose. The Series 2006 Bonds shall be issued in fully registered form, without coupons, in the aggregate principal amount of \$12,000,000 for the purpose of (1) paying costs of constructing the Project and (2) paying Costs of Issuance, all under and pursuant to the authority of the Act and all other applicable law.

Section 3.2: Maturity Schedule; Interest Rates; Redemption Features. (a) That the Series 2006 Bonds shall be dated the Dated Date, shall be in any Authorized Denomination, shall be numbered consecutively from R-1 upward, and shall mature on the maturity date, in each of the years, and in the amounts, respectively, as set forth in the following schedule:

MATURITY DATE: SEPTEMBER 1

<u>YEARS</u>	<u>AMOUNTS (\$)</u>	<u>YEARS</u>	<u>AMOUNTS (\$)</u>
2009		2018	
2010		2019	
2011		2020	
2012		2021	
2013		2022	
2014		2023	
2015		2024	
2016		2025	
2017		2026	

(b) That the Series 2006 Bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

maturities 2009, _____%	maturities 2018, _____%
maturities 2010, _____%	maturities 2019, _____%
maturities 2011, _____%	maturities 2020, _____%
maturities 2012, _____%	maturities 2021, _____%
maturities 2013, _____%	maturities 2022, _____%
maturities 2014, _____%	maturities 2023, _____%
maturities 2015, _____%	maturities 2024, _____%
maturities 2016, _____%	maturities 2025, _____%
maturities 2017, _____%	maturities 2026, _____%

Said interest shall be payable to the registered owner of any such Series 2006 Bond in the manner provided and on the dates stated in the FORM OF BOND. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(c)(i) That the Corporation reserves the right to redeem the Series 2006 Bonds maturing on or after September 1, 2017, in whole, or in part in any Authorized Denomination, on September 1, 2016, or on any date thereafter, for the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption. The years of maturity of the Series 2006 Bonds called for redemption at the option of the Corporation prior to stated maturity shall be selected by the Corporation. The Series 2006 Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar (hereinafter defined); *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities

depository for the Series 2006 Bonds, if fewer than all of the Series 2006 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2006 Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Corporation and the securities depository.

(ii) The Series 2006 Bonds are not subject to mandatory sinking fund redemption prior to their scheduled maturities.

(iii) At least 30 days prior to the date fixed for any such redemption the Corporation shall cause a written notice of such redemption to be deposited in the United States mail, first class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books (hereinafter defined) of the Paying Agent/Registrar. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Series 2006 Bonds or the portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Series 2006 Bonds or the portions thereof which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Series 2006 Bonds or any portion thereof. If a portion of any Series 2006 Bond shall be redeemed a substitute Series 2006 Bond or Series 2006 Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the written request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Corporation, all as provided in this Ordinance. In addition to the foregoing, the Corporation shall cause the Paying Agent/Registrar to give notice of any such redemption in the manner set forth in Section 5(h) hereof. The failure to cause such notice to be given, however, or any defect therein, shall not affect the validity or effectiveness of such redemption.

Section 3.3: Execution of Series 2006 Bonds. The Series 2006 Bonds shall be signed on behalf of the Corporation by an Authorized Representative and countersigned by the Secretary by their manual, lithographed, or facsimile signatures. Such facsimile signatures on the Series 2006 Bonds shall have the same effect as if each of the Series 2006 Bonds had been signed manually and in person by each of said officers. If any officer of the Corporation whose manual or facsimile signature shall appear on the Series 2006 Bonds shall cease to be such officer before the authentication of such Series 2006 Bonds or before the delivery of such Series 2006 Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

Section 3.4: Approval By Attorney General; Registration by Comptroller. The Series 2006 Bonds to be initially issued shall be delivered to the Attorney General of Texas for examination and approval and shall be registered by the Comptroller. The manually executed registration certificate of the Comptroller substantially in the form provided in Exhibit A to this Resolution shall be affixed or attached to the Series 2006 Bonds to be initially issued and delivered to the Underwriters.

Section 3.5: Authentication. Except for the Series 2006 Bonds to be initially issued, which need not be authenticated by an authorized representative of the Registrar, only such Series 2006 Bonds as shall bear thereon a certificate of authentication substantially in the form provided in Exhibit A to this Resolution, manually executed by an authorized representative of the Registrar, shall be entitled to the benefits of this Resolution or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Series 2006 Bond so authenticated was delivered by the Registrar hereunder.

The Registrar, when it authenticates a Series 2006 Bond, shall cause the Dated Date to be stamped, typed or imprinted on such Series 2006 Bond. Series 2006 Bonds issued on transfer of or in exchange for other Series 2006 Bonds shall bear the same Dated Date as the Series 2006 Bond or Series 2006 Bonds presented for transfer or exchange.

Section 3.6. Payment of Principal and Interest. The Registrar is hereby appointed as the registrar and paying agent for the Series 2006 Bonds. The principal of the Series 2006 Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the Designated Payment/Transfer Office. The interest on each Series 2006 Bond shall be payable by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or by such other method, acceptable to the Registrar, requested by and at the risk and expense of the Owner.

If the date for the payment of principal or interest on any Series 2006 Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date such payment was due.

Section 3.7. Successor Registrars. The Corporation covenants that at all times while any Series 2006 Bonds are Outstanding it will provide a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to act as Registrar for the Series 2006 Bonds. The Corporation reserves the right to change the Registrar for the Series 2006 Bonds on not less than sixty (60) days written notice to the Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding Principal Installment Payment Date or Interest Payment Date on the Series 2006 Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or a copy thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 3.8. Special Record Date. If interest on any Series 2006 Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a "Special Record Date." The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Corporation. Such Special Record Date shall be fifteen (15) days

prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner or record of an affected Series 2006 Bond as of the close of business on the day prior to the mailing of such notice.

Section 3.9. Ownership; Unclaimed Principal and Interest. Subject to the further provisions of this Section, the Corporation, the Registrar and any other person may treat the person in whose name any Series 2006 Bond is registered as the absolute Owner of such Series 2006 Bond for the purpose of making and receiving payment of the principal of or interest on such Series 2006 Bond, and for all other purposes, whether or not such Series 2006 Bond is overdue, and neither the Corporation nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Series 2006 Bond in accordance with this Section 3.9 shall be valid and effectual and shall discharge the liability of the Corporation and the Registrar upon such Series 2006 Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Series 2006 Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 3.10. Registration, Transfer, and Exchange. So long as any Series 2006 Bonds remain Outstanding, the Registrar shall keep the Register at the Designated Payment/Transfer Office and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Series 2006 Bonds in accordance with the terms of this Resolution.

Each Series 2006 Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Series 2006 Bond in proper form for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Series 2006 Bond or Series 2006 Bonds, registered in the name of the transferee or transferees, in Authorized Denominations and of the same maturity, aggregate principal amount, and Dated Date, and bearing interest at the same rate as the Series 2006 Bond or Series 2006 Bonds so presented.

All Series 2006 Bonds shall be exchangeable upon presentation and surrender thereof at the Designated Payment/Transfer Office of the Registrar for a Series 2006 Bond or Series 2006 Bonds of the same maturity, Dated Date, and interest rate and in any Authorized Denomination, in an aggregate amount equal to the unpaid principal amount of the Series 2006 Bond or Series 2006 Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Series 2006 Bonds in accordance with the provisions of this Section 3.10. Each Series 2006 Bond delivered in accordance with this Section 3.10 shall be entitled to the benefits and

security of this Resolution to the same extent as the Series 2006 Bond or Series 2006 Bonds in lieu of which such Series 2006 Bond is delivered.

The Corporation or the Registrar may require the Owner of any Series 2006 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Series 2006 Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the Corporation.

The Registrar shall not be required to transfer or exchange any Series 2006 Bond during the period beginning on a Record Date or a Special Record Date and ending on the next succeeding Interest Payment Date or to transfer or exchange any Series 2006 Bond called for redemption during the period beginning thirty days prior to the date fixed for redemption and ending on the date fixed for redemption; provided, however, that this limitation shall not apply to the exchange by the Owner of the unredeemed portion of a Series 2006 Bond called for redemption in part.

Section 3.11. Cancellation of Series 2006 Bonds. All Series 2006 Bonds paid or redeemed in accordance with this Resolution, and all Series 2006 Bonds in lieu of which exchange Series 2006 Bonds or replacement Series 2006 Bonds are authenticated and delivered in accordance herewith, shall be canceled and thereafter treated in accordance with the Registrar's document retention policies.

Section 3.12. Mutilated, Lost, or Stolen Series 2006 Bonds. Upon the presentation and surrender to the Registrar of a mutilated Series 2006 Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Series 2006 Bond of like maturity, Dated Date, interest rate and principal amount, bearing a number not contemporaneously Outstanding. The Corporation or the Registrar may require the Owner of such Series 2006 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar.

If any Series 2006 Bond is lost, apparently destroyed, or wrongfully taken, the Corporation, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Series 2006 Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Series 2006 Bond of like maturity, Dated Date, interest rate and principal amount, bearing a number not contemporaneously Outstanding, provided that the Owner thereof shall have:

- (1) furnished to the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Series 2006 Bond;
- (2) furnished such security or indemnity as may be required by the Registrar to save it and the Corporation harmless;
- (3) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other

governmental charge that may be imposed; and

- (4) met any other reasonable requirements of the Corporation and the Registrar.

If, after the delivery of such replacement Series 2006 Bond, a bona fide purchaser of the original Series 2006 Bond in lieu of which such replacement Series 2006 Bond was issued presents for payment such original Series 2006 Bond, the Corporation and the Registrar shall be entitled to recover such replacement Series 2006 Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Corporation or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Series 2006 Bond has become or is about to become due and payable, the Corporation in its discretion may, instead of issuing a replacement Series 2006 Bond, authorize the Registrar to pay such Series 2006 Bond.

Each replacement Series 2006 Bond delivered in accordance with this Section 3.12 shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2006 Bond or Series 2006 Bonds in lieu of which such replacement Series 2006 Bond is delivered.

Section 3.13: Limited Obligations. THE SERIES 2006 BONDS ARE A LIMITED OBLIGATION OF THE CORPORATION, PAYABLE SOLELY OUT OF THE TRUST ESTATE, WHICH IS THE SOLE ASSET OF THE CORPORATION PLEDGED THEREFOR. THE SERIES 2006 BONDS ARE OBLIGATIONS SOLELY OF THE CORPORATION AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY OF AUSTIN, TEXAS, THE STATE OF TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. THE CITY OF AUSTIN, TEXAS IS NOT OBLIGATED TO MAKE PAYMENTS ON THE SERIES 2006 BONDS, OTHER THAN AS OTHERWISE PROVIDED FOR IN THE INDENTURE.

ARTICLE IV

FORM OF SERIES 2006 BONDS AND CERTIFICATES

Section 4.1: Forms. The form of the Series 2006 Bonds, including the form of the Registrar's authentication certificate, the form of assignment, and the form of the Comptroller's Registration Certificate for the Series 2006 Bonds to be initially issued, shall be in substantially the form as set forth in Exhibit A to this Resolution.

Section 4.2: Legal Opinion; Cusip Numbers; Bond Insurance. The approving opinion of Bond Counsel and CUSIP Numbers may be printed on the Series 2006 Bonds, but errors or

omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Series 2006 Bonds. If bond insurance is obtained by the Purchasers, the Series 2006 Bonds may bear an appropriate legend as provided by the insurer.

ARTICLE V

ADDITIONAL BONDS

Section 5.1: Additional Parity Bonds. The Corporation reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Series 2006 Bonds; provided, however, that Additional Parity Bonds may be issued only in accordance with the provisions of Article III of the Indenture.

Section 5.2: Subordinate Lien Obligations. The Corporation reserves the right to issue, for any lawful purpose, Subordinate Lien Obligations secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Bonds. Such Subordinate Lien Obligations may be further secured by any other source of payment lawfully available for such purposes.

ARTICLE VI

GENERAL COVENANTS

Section 6.1: Punctual Payment of Parity Bonds. The Corporation will punctually pay or cause to be paid the interest on and principal of, or the Maturity Amount of, all Parity 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 Resolution and in any resolution authorizing the issuance of Additional Parity Bonds.

Section 6.2: Accounts, Records, and Audits. So long as any Parity Bonds remain Outstanding, the Corporation covenants and agrees that it will maintain a proper and complete system of records and accounts pertaining to the Corporation in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the Corporation or the Pledged Revenues. The Corporation shall after the close of each fiscal year cause an Audit to be prepared by an independent certified public accountant or independent firm of certified public accountants. All expenses incurred in preparing Audits shall be maintenance and operation expenses.

Section 6.3: Pledge and Encumbrance of Pledged Revenues. (a) The Corporation 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 Bonds and has lawfully exercised such power under the Constitution and laws of the State of Texas. The Corporation further covenants and represents that, other than to the payment of the Parity 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 Corporation, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Parity Bonds.

(b) Pursuant to the terms of the Chapter 380 Program and the Grant Agreement, the City has agreed to make Grant Payments to the Corporation, subject to annual appropriation by the City Council, *from its general fund from sources other than ad valorem taxes*. The Corporation will cause the Grant Payments so received to be paid to the Pledged Revenue Fund and used in accordance with the terms of the Grant Agreement and the Indenture.

(c) By approving this Resolution, the City agrees that for so long as any Parity Bond is Outstanding, (i) commencing on the Issuance Date, the City will not amend the Grant Agreement in a manner that is adverse to the interests of the owners of the Parity Bonds, and (ii) on or before the last day of each Fiscal Year, the City will deliver to the Corporation and the Trustee written certification of its appropriation of moneys sufficient to fund Grant Payments to be made by the City to the Corporation under the terms of the Grant Agreement during the succeeding Fiscal Year.

Section 6.4: Owners' Remedies. This Resolution shall constitute a contract between the Corporation and the Owners of the Parity Bonds from time to time Outstanding and this Resolution shall be and remain irrevocable until the Parity Bonds and the interest 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 on any of the Parity Bonds or a default in the performance of any duty or covenant provided by law or in this Resolution, the Owner or Owners of any of the Parity Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the Corporation 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 Parity 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 Corporation under this Resolution, the deposit of the Pledged Revenues into the special funds herein provided, and the application of such Pledged Revenues in the manner required in this Resolution. The foregoing notwithstanding, acceleration of the Parity Bonds is not an available remedy. The sole source of the Corporation available for the payment of debt service on the Parity Bonds is and shall be the Pledged Revenues.

Section 6.5: Discharge by Deposit. The Corporation may discharge its obligation to the Owners of any or all of the Parity Bonds to pay principal, interest and redemption premium (if any) thereon in any manner then permitted by law, including, but not limited to, by depositing with any paying agent for such Parity Bonds either: (i) cash in an amount equal to the principal amount and redemption premium, if any, of such Parity Bonds plus interest thereon to the date of maturity or redemption, or (ii) pursuant to an escrow or trust agreement, cash and/or direct noncallable, nonprepayable obligations of the United States of America, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, of such Parity Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of such Parity Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in the resolution authorizing such Parity Bonds. Upon such deposit, such Parity Bonds shall

no longer be regarded to be Outstanding or unpaid.

Section 6.6: Registrar and Trustee May Own Parity Bonds. The Registrar and Trustee for the Parity Bonds, in their individual or any other capacity, may become holders or pledges of the Parity Bonds with the same rights they would have if they were not the Registrar or Trustee.

Section 6.7: No Recourse Against Corporation Officials. No recourse shall be had for the payment of principal of or interest on any Parity Bonds or for any claim based thereon or on this Resolution against any official of the Corporation or any person executing any Parity Bonds. No member of the Board of Directors of the Corporation or any officer, agent, employee or representative of the Corporation in his individual capacity, nor the officers, agents, employees or representatives of the Corporation nor any person executing the Series 2006 Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the adoption of this Resolution and the issuance of the Series 2006 Bonds.

ARTICLE VII

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF SERIES 2006 BONDS

Section 7.1: Sale of Bonds. The sale of the Series 2006 Bonds to _____ and associates (the "Purchasers"), at a price of par and accrued interest on the Series 2006 Bonds to the date of delivery, plus a premium of \$_____, is hereby authorized, ratified and confirmed. The Series 2006 Bonds were sold pursuant to the terms of a "Notice of Sale and Bidding Instructions", "Official Bid Form" and "Official Statement", the use of which documents, a true and correct copy of each such document is attached hereto, is hereby approved. It is hereby officially found, determined and declared that the Series 2006 Bonds were sold to the highest bidder at terms that were the most advantageous reasonably obtained. One Series 2006 Bond in the principal amount maturing on each maturity date as set forth in Section 3.2 shall be delivered to the Purchasers, and the Purchasers shall have the right to exchange such certificates as provided in Section 3.10 without cost. The use of the "Preliminary Official Statement" prepared in connection with the sale of the Series 2006 Bonds is hereby ratified. By approving this Resolution, the City Council authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Series 2006 Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

Section 7.2: Execution of Documents to Effect Sale of Series 2006 Bonds. An Authorized Representative and other appropriate officers, agents and representatives of the Corporation are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Series 2006 Bonds.

Section 7.3: Application of Proceeds. Proceeds from the sale of the Series 2006 Bonds shall,

promptly upon receipt by the Trustee, be applied in the manner provided for in a certificate executed by an Authorized Representative. The foregoing notwithstanding, any accrued interest received in connection with the sale of the Series 2006 Bonds shall be deposited to the Debt Service Fund, and any premium received in connection with the sale of the Series 2006 Bonds shall be used in a manner consistent with the provisions of V.T.C.A., Government Code, Section 1201.042(d).

ARTICLE VIII

FEDERAL INCOME TAX MATTERS

Section 8.1: General Tax Covenants. The Corporation covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Series 2006 Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Corporation covenants as follows:

- (a) to take any action to assure that no more than 10 percent of the proceeds of the Series 2006 Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Corporation, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Series 2006 Bonds, in contravention of section 141(b)(2) of the Code;
- (b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Series 2006 Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;
- (c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Series 2006 Bonds (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;
- (d) to refrain from taking any action which would otherwise result in the Series 2006 Bonds being treated as "private activity bonds" within the meaning of section 141(a) of the Code;
- (e) to refrain from taking any action that would result in the Series 2006 Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;
- (f) to refrain from using any portion of the proceeds of the Series 2006 Bonds,

directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Series 2006 Bonds, other than investment property acquired with --

(1) proceeds of the Series 2006 Bonds invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the Series 2006 Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Series 2006 Bonds;

(g) to otherwise restrict the use of the proceeds of the Series 2006 Bonds or amounts treated as proceeds of the Series 2006 Bonds, as may be necessary, so that the Series 2006 Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Series 2006 Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Series 2006 Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

The Corporation understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Series 2006 Bonds. It is the understanding of the Corporation that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Series 2006 Bonds, the Corporation will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Series 2006 Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Series 2006 Bonds, the Corporation agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Series 2006 Bonds under section 103 of the Code. In furtherance of the foregoing, any Authorized Representative may execute any certificates or other reports required by the Code and to make such elections, on behalf

of the Corporation, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2006 Bonds. In order to facilitate compliance with the above clause (h), there has been established in the Indenture a "Rebate Fund" for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Registered Owners of the Series 2006 Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Section 8.2: Allocation of, and Limitation on, Expenditures for the Project. The Corporation covenants to account for on its books and records the expenditure of proceeds from the sale of the Series 2006 Bonds and any investment earnings thereon to be used for the payment of costs of the Project by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed. The foregoing notwithstanding, the Corporation shall not expend such proceeds or investment earnings more than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Series 2006 Bonds or (b) the date the Series 2006 Bonds are retired, unless the Corporation obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Series 2006 Bonds. For purposes of this Section, the Corporation shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 8.3: Disposition of Project. The Corporation covenants that the property constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Corporation of cash or other compensation, unless the Corporation obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Series 2006 Bonds. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the Corporation shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Series 2006 Bonds.

ARTICLE IX

CONTINUING DISCLOSURE UNDERTAKING

Section 9.1: Annual Reports. (a) That the Corporation shall provide annually, within six months after the end of each Fiscal Year ending in or after 2006, financial information and operating data with respect to the Corporation of the general type described in Exhibit B hereto provided that such information and data is customarily prepared by the Corporation. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto, or such other accounting principles as the Corporation may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Corporation commissions an audit of such statements and the audit is completed within the period during which they must be

provided. If the audit of such financial statements is not complete within such period, then the Corporation shall provide unaudited financial statements by the required time and shall provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID, when and if the audit report on such statements become available.

(b) If the Corporation changes its fiscal year, it will notify the SID of the change (and of the date of the new fiscal year end) prior to the next date by which the Corporation 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 the SID or filed with the SEC.

Section 9.2: Material Event Notices. The Corporation shall notify any SID and 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 Corporation shall notify any SID and the MSRB, in a timely manner, of any failure by the Corporation to provide financial information or operating data in accordance with Section 9.1 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.disclosurcusa.org>, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

Section 9.3: Limitations, Disclaimers, and Amendments. (a) The Corporation shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Corporation remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Corporation in any event will give notice of any deposit made in accordance with this Resolution or applicable law that causes Bonds no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Corporation undertakes to provide only the financial information, operating data, financial statements, and notices which it has

expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Corporation's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Corporation 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.

(c) UNDER NO CIRCUMSTANCES SHALL THE CORPORATION BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2006 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CORPORATION, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, 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.

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

(e) The provisions of this Article may be amended by the Corporation from time to time to adapt to *changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Corporation*, but only if (1) the provisions of this Article, 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 since such offering 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 Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Corporation so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 9.1 an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Corporation may also amend or repeal the provisions of this *continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule* or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

ARTICLE X

AUTHORIZATION OF AGREEMENTS

The Board hereby approves issuance of the Series 2006 Bonds and all agreements determined

by the Board to be necessary in connection with the issuance of the Series 2006 Bonds, including without limitation the following: the Indenture of Trust by and between the Corporation and Deutsche Bank Trust Company Americas, as Trustee, in substantially the form attached hereto as Exhibit B; the Paying Agent/Registrar Agreement by and between the Corporation and Deutsche Bank Trust Company Americas, in substantially the form attached hereto as Exhibit C; the Grant Agreement, in substantially the form attached hereto as Exhibit D; and any and all other documents and agreements reasonable and necessary to issue the Series 2006 Bonds, including, without limitation, any documents and agreements necessary to obtain municipal bond insurance in support of the debt service on the Series 2006 Bonds (collectively, the "Agreements"). To that end, should a municipal bond insurance policy be obtained, for so long as such policy is in effect, the requirements of the bond insurer relating to the issuance of said policy is incorporated by reference into this Resolution and made a part hereof for all purposes, notwithstanding any other provision of this Resolution to the contrary. The Board, by a majority vote of its members, at a regular meeting, hereby approves the form, terms, and provisions of the Agreements and authorizes the execution and delivery of the Agreements.

ARTICLE XI

MISCELLANEOUS

Section 11.1: Further Proceedings. The President, any Vice President, the Secretary, the Treasurer and other appropriate officials of the Corporation are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the intent, purposes and terms of this Resolution, including the execution and delivery of the Agreements and such certificates, documents or papers necessary and advisable.

Section 11.2: Severability. If any Section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 11.3: Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act, Chapter 551, Texas Government Code.

Section 11.4: Parties Interested. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Corporation, the Registrar, and the Owners of the Series 2006 Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution shall be for the sole and exclusive benefit of the Corporation, the Registrar, and the Owners of the Series 2006 Bonds.

Section 11.5: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 11.6: Effective Date. This Resolution shall become effective immediately upon passage by this Corporation and signature of the President of the Corporation.

PASSED AND APPROVED this 24th day of August, 2006.

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND IS ONE OF A DULY AUTHORIZED SERIES OF BONDS dated as of the Dated Date of the Bonds specified above, aggregating \$12,000,000, issued for the purpose of (1) paying costs of public infrastructure improvements, as described in the Resolution and (2) paying Costs of Issuance, all under and pursuant to the authority of the Act and all other applicable laws, an Indenture of Trust dated as of September 1, 2006 (the "Indenture"), between the Issuer and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), and a resolution adopted by the Issuer on August 24, 2006 (the "Resolution"). All defined terms not herein defined shall have the meaning attributed thereto in accordance with the terms of the Resolution.

THIS BOND AND THE SERIES OF WHICH IT IS A PART are limited obligations of the Issuer that are payable from, and are equally and ratably secured by a first lien on the "Pledged Revenues", as defined and provided in the Indenture of Trust, which Pledged Revenues are required to be set aside and pledged to the payment of the Bonds and all additional bonds and parity contractual obligations issued or entered into on a parity therewith, in the Debt Service Fund maintained for the payment of all such Bonds, all as more fully described and provided for in the Resolution. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues.

ON SEPTEMBER 1, 2016, or on any date thereafter, the Bonds of this Series maturing on September 1, 2017 and thereafter may be redeemed prior to their scheduled maturities, at the option of the Issuer, in whole, or in part, at par and accrued interest to the date fixed for redemption. The years of maturity of the Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar, and to major securities depositories, national bond rating agencies and bond information services. By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for

redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Resolution.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the Designated Payment/Transfer Office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the Designated Payment/Transfer Office of the Registrar for Bonds in principal amounts only in Authorized Denominations, subject to the terms and conditions of the Resolution.

NEITHER THE ISSUER NOR THE REGISTRAR shall be required (i) to make any transfer or exchange of any Bond during the period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository; provided, however, that no Bonds shall be redeemed in a manner where the beneficial owner thereof shall own Bonds in any Authorized Denomination.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE ISSUER HAS RESERVED THE RIGHT to issue additional parity Tax Increment Contract Revenue Bonds, subject to the restrictions contained in the Indenture and the Resolution, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the Pledged Revenues in the same manner and to the same extent as this Bond and the series of which

it is a part.

THE BONDS ARE A LIMITED OBLIGATION OF THE CORPORATION, PAYABLE SOLELY OUT OF THE TRUST ESTATE HELD BY THE TRUSTEE UNDER THE TERMS OF THE INDENTURE, WHICH IS THE SOLE ASSET OF THE CORPORATION PLEDGED THEREFOR. THE BONDS ARE OBLIGATIONS SOLELY OF THE CORPORATION AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY, THE STATE OF TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. THE CITY IS NOT OBLIGATED TO MAKE PAYMENTS ON THE BONDS, OTHER THAN AS OTHERWISE PROVIDED FOR IN THE INDENTURE.

IT IS HEREBY DECLARED AND REPRESENTED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond and all of the Bonds by the creation of the aforesaid lien on and pledge of the Pledged Revenues.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual or facsimile signatures of the President and the Secretary.

MUELLER LOCAL GOVERNMENT CORPORATION

President, Board of Directors

Secretary, Board of Directors

(SEAL)

FORM OF REGISTRATION CERTIFICATE

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

FORM OF REGISTRAR'S AUTHENTICATION CERTIFICATE

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Resolution described in the text of this Bond; and that this Bond is one of a series of Bonds approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Deutsche Bank Trust Company Americas, as Registrar

By: _____
Authorized Signature

Date of Authentication: _____

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

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

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

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

DATED: _____

Signature Guaranteed: _____

Registered Owner

NOTICE: Signature must be
guaranteed by an institution which
is a participant in the Securities
Transfer Agent Medallion Program
("STAMP") or similar program.

NOTICE: The signature above must correspond
to the name of the Registered Owner as shown
on the face of this Bond in every particular,
without any alteration, enlargement or change
whatsoever.

**Exhibit B
to
Resolution**

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 9.1 of this Resolution.

Annual Financial Statements and Operating Data

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

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

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in the above paragraph.