

36 "Code" means the Internal Revenue Code of 1986.

37
38 "Defeasance Securities" means (i) direct, noncallable obligations of the United States of
39 America, including obligations that are unconditionally guaranteed by the United States of America,
40 (ii) noncallable obligations of an agency or instrumentality of the United States of America,
41 including obligations that are unconditionally guaranteed or insured by the agency or instrumentality
42 and that, on the date of their purchase are rated as to investment quality by a nationally recognized
43 investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state
44 or an agency or a county, municipality, or other political subdivision of a state that have been
45 refunded and that, on the date the governing body of the City adopts or approves the proceedings
46 authorizing the financial arrangements are rated as to investment quality by a nationally recognized
47 investment rating firm not less than AAA or its equivalent.

48
49 "Defeased Obligation" means any Obligation and the interest on the Obligation that is
50 considered to be paid, retired and no longer outstanding under the terms of this Ordinance,
51 specifically PART 20 of this Ordinance.

52
53 "Designated Payment/Transfer Office" means the Houston, Texas office of the Paying
54 Agent/Registrar.

55
56 "DTC" means The Depository Trust Company, New York, New York.

57
58 "Event of Default" has the meaning described in PART 21 of this Ordinance.

59
60 "Future Escrow Agreement" means the escrow agreement or other instrument between the
61 City and the Paying Agent/Registrar, with respect to Defeased Obligations.

62
63 "Interest and Sinking Fund" means the City of Austin, Texas Series 2010 Certificates of
64 Obligation Interest and Sinking Fund established in PART 9 of this Ordinance.

65
66 "MSRB" means the Municipal Securities Rulemaking Board.

67
68 "Obligations" means the certificates of obligation of the City to be called "City of Austin,
69 Texas Certificates of Obligation, Series 2010".

70
71 "Paying Agent/Registrar" means Bank of Texas, N.A., or other bank, trust company,
72 financial institution, or agency named in accordance with the provisions of subsection (g) of PART 7
73 of this Ordinance.

"Project" means a project for which proceeds of the Obligations are spent consistent with the purposes described in clause (i) of PART 3 of this Ordinance.

"Purchasers" means the entity or entities designated in PART 15 of this Ordinance.

"Registration Books" means the books or records of the registration and transfer of the Obligations maintained by the Paying Agent/Registrar.

"Registered Owner" means the owner of any Obligation as recorded in the Registration Books.

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

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

"Surplus Revenues" shall mean those revenues from the operation of the City's solid waste disposal system remaining after payment of all operation and maintenance expenses of the system and other obligations incurred to which the revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of the revenues to the Obligations.

PART 3. CERTIFICATES OF OBLIGATION TO BE SOLD; SERIES DESIGNATION. The Obligations shall be issued in accordance with the Constitution and laws of the State of Texas and the Charter of the City, in the aggregate principal amount of \$22,300,000 for the purposes of (i) financing the projects described in the Schedule I and (ii) paying the costs of issuance associated with the sale of the Obligations.

PART 4. MATURITY SCHEDULE. The Obligations shall be dated as of their initial date of delivery, shall be in Authorized Denominations, 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>
	2011	675,000	2021	1,100,000
	2012	710,000	2022	1,155,000
	2013	745,000	2023	1,210,000

112	2014	780,000	2024	1,270,000
113	2015	820,000	2025	1,335,000
114	2016	860,000	2026	1,400,000
115	2017	905,000	2027	1,470,000
116	2018	950,000	2028	1,545,000
117	2019	995,000	2029	1,625,000
118	2020	1,045,000	2030	1,705,000

119
120
121 **PART 5. REDEMPTION PROVISIONS.** (a) The City reserves the right to redeem the
122 Obligations maturing on or after September 1, 2021, in whole or in part in any Authorized
123 Denomination, on September 1, 2020, or on any date thereafter, for the principal amount, without
124 premium, plus accrued interest to the date fixed for redemption. The years of maturity of the
125 Obligations called for redemption at the option of the City prior to stated maturity shall be selected
126 by the City. The Obligations or any portion redeemed within a maturity shall be selected by lot, or
127 other method, by the Paying Agent/Registrar; *provided*, that during any period in which ownership
128 of the Obligations is determined only by a book entry at DTC, if fewer than all of the Obligations of
129 the same maturity and bearing the same interest rate are to be redeemed, the particular Obligations of
130 such maturity and bearing such interest rate shall be selected in accordance with the arrangements
131 between the City and DTC.

132
133 (b) The Obligations [are] [are not] subject to mandatory sinking fund redemption prior to
134 their scheduled maturities[, in the manner provided in the FORM OF CERTIFICATE].

135
136 (c) At least 30 days before the date fixed for redemption, the City shall cause a written
137 notice of such redemption to be deposited in the United States mail, first-class postage prepaid,
138 addressed to each Registered Owner at the address shown on the Registration Books. By the date
139 fixed for redemption, due provision shall be made with the Paying Agent/Registrar for the payment
140 of the required redemption price for the Obligations which are to be redeemed, plus accrued interest
141 to the date fixed for redemption. If the notice of redemption is given, and if provision for payment is
142 made, all as provided above, the Obligations, or the portions of the Obligations, which are to be
143 redeemed, automatically shall be redeemed prior to their scheduled maturities, and shall not bear
144 interest after the date fixed for their redemption, and shall not be regarded as outstanding except for
145 the right of the Registered Owner to receive the redemption price plus accrued interest to the date
146 fixed for redemption from the Paying Agent/Registrar out of the funds provided for payment. The
147 Paying Agent/Registrar shall record in the Registration Books all redemptions of principal of the
148 Obligations or any portion of the principal. If a portion of any Obligation shall be redeemed, one or
149 more substitute Obligations 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 of the Obligations, will be issued to the Registered Owner upon the surrender for cancellation, at the expense of the City, all as provided in this Ordinance. In addition, the City shall cause the Paying Agent/Registrar to give notice of any redemption in the manner set forth in PART 7(h). The failure to cause notice to be given, however, or any defect in the notice, shall not affect the validity or effectiveness of the redemption.

PART 6. INTEREST. The Obligations scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

maturities 2011, ____%	maturities 2021, ____%
maturities 2012, ____%	maturities 2022, ____%
maturities 2013, ____%	maturities 2023, ____%
maturities 2014, ____%	maturities 2024, ____%
maturities 2015, ____%	maturities 2025, ____%
maturities 2016, ____%	maturities 2026, ____%
maturities 2017, ____%	maturities 2027, ____%
maturities 2018, ____%	maturities 2028, ____%
maturities 2019, ____%	maturities 2029, ____%
maturities 2020, ____%	maturities 2030, ____%

The interest shall be payable to the registered owner of any Obligation in the manner provided and on the dates stated in the FORM OF CERTIFICATE. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

PART 7. ADDITIONAL CHARACTERISTICS OF THE SERIES 2010 CERTIFICATES. (a) The City shall keep or cause to be kept at the Designated Payment/Transfer Office, the Registration Books, and the City appoints the Paying Agent/Registrar as its registrar and transfer agent to keep books or records and make the transfers and registrations under the reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make transfers and registrations as provided in this Ordinance. It shall be the duty of the Paying Agent/Registrar to obtain from the Registered Owner and record in the Registration Books the address of the Registered Owner to which payments with respect to the Obligations shall be mailed, as provided in this Ordinance. The City, or its designee, shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Obligation may be transferred in the Registration Books only upon presentation and surrender of the

Obligation to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Obligation, or any portion of the Obligation, in any Authorized Denomination, to the assignee or assignees, and the right of the assignee or assignees to have the Obligation or any portion of the Obligation registered in the name of the assignee or assignees. Upon the assignment and transfer of any Obligation, a new substitute certificate or certificates shall be issued in exchange for the Obligation in the manner provided in this Ordinance.

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

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

(d) Each Obligation may be exchanged for fully registered certificates as set forth in this Ordinance. Each Obligation issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal amount, may, upon surrender at the Designated Payment/Transfer Office, together with a written request duly executed by the Registered Owner or its assignee or assignees, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the Registered Owner or its assignee or assignees, as appropriate, be exchanged for fully registered certificates, without interest coupons, in the form prescribed in the FORM OF CERTIFICATE, in any Authorized Denomination (subject to the requirement stated below that each substitute Obligation shall have a single stated maturity date), as requested in writing by the Registered Owner or its assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Obligation or Obligations so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees. If a portion of any Obligation is assigned and transferred, each Obligation issued in exchange shall have the same maturity date and bear interest at the same rate as the Obligation for which it is being exchanged. Each substitute Obligation shall bear a letter and/or number to distinguish it from each other

Obligation. The Paying Agent/Registrar shall exchange or replace Obligations as provided in this Ordinance, and each fully registered Obligation delivered in exchange for or replacement of any Obligation or portion of a Obligation as permitted or required by any provision of this Ordinance shall constitute one of the Obligations for all purposes of this Ordinance, and may again be exchanged or replaced. Any Obligation delivered in exchange for or replacement of another Obligation before the first scheduled interest payment date on the Obligations (as stated on the face of the Obligation) shall be dated the same date, but each substitute Obligation delivered on or after the first scheduled interest payment date shall be dated the interest payment date preceding the date on which the substitute Obligation is delivered, unless the substitute Obligation is delivered on an interest payment date, in which case it shall be dated as of the date of delivery; however, if at the time of delivery of any substitute Obligation the interest on the Obligation for which it is being exchanged has not been paid, then the substitute Obligation shall be dated the date to which interest has been paid in full. On each substitute Obligation issued in exchange for or replacement of any Obligation issued under this Ordinance there shall be printed on the Obligation the Authentication Certificate. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any substitute Obligation, date the substitute Obligation in the manner set forth above, and manually sign and date the Authentication Certificate, and no substitute Obligation shall be considered to be issued or outstanding unless the Authentication Certificate is executed. The Paying Agent/Registrar promptly shall cancel all Obligations surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person to accomplish the exchange or replacement of any Obligation, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Obligations in the manner prescribed in this Ordinance. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Obligation is imposed on the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Obligations which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; *provided, however*, the limitation of transfer shall not be applicable to an exchange by the Registered Owner of the uncalled principal of an Obligation.

(e) All Obligations issued in exchange or replacement of any other Obligation or portion of a Obligation, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on the Obligations to be payable only to the Registered Owners, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Obligations, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the

principal of and interest on the Obligations shall be payable, all as provided, and in the manner required or indicated, in the FORM OF CERTIFICATE.

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

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

have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) (i) In addition to providing notice of redemption of Obligations as set forth in this Ordinance, the Paying Agent/Registrar shall give notice of redemption of Obligations by United States mail, first-class postage prepaid, at least 30 days prior to a redemption date the MSRB. In addition, in the event of a redemption caused by an advance refunding of the Obligations, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least 30 days but not more than 90 days prior to the actual redemption date. Any notice sent to the MSRB shall be sent so that the notice is received at least two days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the owner of any Obligation who has not sent the Obligations in for redemption 60 days after the redemption date.

(ii) Each redemption notice, whether required in the FORM OF CERTIFICATE or otherwise by this Ordinance, shall contain a description of the Obligations to be redeemed, including the complete name of the Obligations, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts of the Obligations called for redemption, the publication and mailing date for the notice (in the manner as provided in the FORM OF CERTIFICATE), the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Obligation may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the Registered Owners of the Obligations shall include CUSIP numbers relating to each amount paid to such Registered Owner.

PART 8. FORM OF CERTIFICATES. The Obligations shall be signed with the manual or facsimile signatures of the Mayor and the City Clerk, and the seal of the City shall be affixed or impressed on the Obligations. The form of all Obligations, including the form of the Comptroller's Registration Certificate to accompany the Obligations on the initial delivery, the form of the - Authentication Certificate, and the Form of Assignment to be printed on each Obligation, shall be, respectively, substantially in the form set forth in Exhibit A, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

PART 9. LEVY OF TAX; INTEREST AND SINKING FUND. (a) The Interest and Sinking Fund is created and it shall be established and maintained at an official depository of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of

the City, and shall be used only for paying the interest on and principal of the Obligations. All ad valorem taxes levied and collected for and on account of the Obligations shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any Obligation is outstanding and unpaid, the City Council shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Obligations as the interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if any) of the Obligations as the principal matures, but never less than 2% of the outstanding principal amount of the Obligations as a sinking fund each year. The rate and amount of ad valorem tax needed to fund this obligation is ordered to be levied against all taxable property in the City for each year while any Obligation is outstanding and unpaid, and the ad valorem tax shall be assessed and collected each year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and principal of the Obligations, as the interest comes due, and the principal matures or comes due through operation of the mandatory sinking fund redemption, if any, as provided in the FORM OF CERTIFICATE, are pledged for this purpose, within the limit set by law. The City appropriates from current funds on hand, and directs the transfer for deposit into the Interest and Sinking Fund moneys as may be necessary to pay the interest payments on the Obligations scheduled to occur on March 1, 2011. Money in the Interest and Sinking Fund, at the option of the City, may be invested in the securities or obligations as permitted under applicable law and the City's investment policy. Any securities or obligations in which money is invested shall be kept and held in trust for the benefit of the owners of the Obligations and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund. Interest and income derived from the investment of money in the Interest and Sinking Fund shall be credited to the Interest and Sinking Fund.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Obligations and the pledge of ad valorem taxes made under PART 9(a) of this Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time while any Obligation is outstanding and unpaid so that the pledge of ad valorem taxes made by the City under PART 9(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then to preserve to the Registered Owners of the Obligations the perfection of the security interest in the pledge, the City agrees to take 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 the pledge.

374
375 **PART 10. REVENUES.** The Obligations are additionally secured by and shall be payable
376 from the Surplus Revenues. The Surplus Revenues are pledged by the City pursuant to authority of
377 Chapter 363, Texas Health and Safety Code, specifically Section 363.135. The City shall promptly
378 deposit the Surplus Revenues on their receipt to the credit of the Interest and Sinking Fund created
379 pursuant to PART 8, to pay the principal and interest on the Obligations. The amount of Surplus
380 Revenues pledged to the payment of the Obligations shall not exceed \$1,000.

381
382 Chapter 1208, Texas Government Code, applies to the issuance of the Obligations and the
383 pledge of ad valorem taxes and the Surplus Revenues granted by the City under PARTS 8 and 9 of
384 this Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time
385 while the Obligations are outstanding and unpaid so that the pledge of the ad valorem taxes and
386 Surplus Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas
387 Business & Commerce Code, then to preserve to the registered owners of the Obligations the
388 perfection of the security interest in the pledge, the City agrees to take such measures as it determines
389 are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9,
390 Texas Business & Commerce Code and enable a filing to perfect the security interest in the pledge.

391
392 **PART 11. TRANSFER.** The Issuer shall do any and all things necessary to accomplish the
393 transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay the principal of,
394 and interest on, the Obligations when due.

395
396 **PART 12. SECURITY FOR FUNDS.** The Interest and Sinking Fund created by this
397 Ordinance shall be secured in the manner and to the fullest extent permitted or required by law for the
398 security of public funds, and the Interest and Sinking Fund shall be used only for the purposes and in
399 the manner permitted or required by this Ordinance.

400
401
402 **PART 13. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED**
403 **CERTIFICATES OF OBLIGATION.** (a) *Replacement Certificates of Obligation.* In the event
404 any outstanding Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying
405 Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal
406 amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Obligation, in
407 replacement for the Obligation in the manner provided in this Ordinance.
408

409 (b) *Application for Replacement Certificates of Obligation.* Application for replacement any
410 damaged, mutilated, lost, stolen, or destroyed Obligation shall be made to the Paying Agent/Registrar.
411 In every case of loss, theft, or destruction of a Obligation, the applicant for a replacement bond shall
412 furnish to the City and to the Paying Agent/Registrar the security or indemnity as may be required by
413 them to save each of them harmless from any loss or damage with respect to the Obligation. Also, in
414 every case of loss, theft, or destruction of an Obligation, the applicant shall furnish to the City and to
415 the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of the
416 Obligation. In every case of damage or mutilation of an Obligation, the applicant shall surrender to
417 the Paying Agent/Registrar for cancellation the damaged or mutilated Obligation.

418
419 (c) *No Default Occurred.* Notwithstanding provisions 13 (a) and (b), in the event any
420 Obligation shall have matured, and there is no continuing default in the payment of the principal of,
421 premium, if any, or interest on the Obligation, the City may authorize its payment (without surrender
422 except in the case of a damaged or mutilated Obligation) instead of issuing a replacement Obligation,
423 provided security or indemnity is furnished as above provided in this PART.

424
425 (d) *Charge for Issuing Replacement Certificates of Obligation.* Prior to the issuance of any
426 replacement certificate, the Paying Agent/Registrar shall charge the owner of the Obligation with all
427 legal, printing, and other expenses in connection with the replacement. Every replacement bond
428 issued pursuant to the provisions of this Ordinance by virtue of the fact that any Obligation is
429 damaged, mutilated, lost, stolen, or destroyed shall constitute a contractual obligation of the City
430 whether the damaged, mutilated, lost, stolen, or destroyed Obligation shall be found, or be enforceable
431 by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with
432 any and all other Obligations duly issued under this Ordinance.

433
434 (e) *Authority for Issuing Replacement Certificates of Obligation.* In accordance with
435 Chapter 1206, Texas Government Code, this PART of this Ordinance shall constitute authority for
436 the issuance of any replacement certificate without necessity of further action by the Issuer or any
437 other body or person, and the duty of the replacement of the certificates is authorized and imposed
438 on the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver the
439 Obligations in the form and manner and with the effect, as provided in PART 7(a) of this Ordinance
440 for Obligations issued in conversion and exchange of other Obligations.

441
442 **PART 14. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL.** The
443 Mayor, or his designee, is authorized to have control of the Obligations and all necessary records
444 and proceedings pertaining to the Obligations pending their delivery and their investigation,
445 examination and approval by the Attorney General of the State of Texas, and their registration by the
446 Comptroller of Public Accounts of the State of Texas. Upon registration of the Obligations, the
447 Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall

manually sign the Comptroller's Registration Certificate accompanying the Obligations, and the seal of the Comptroller shall be impressed, or placed in facsimile, on each certificate. After registration by the Comptroller, delivery of the Obligations shall be made to the Purchasers, under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

PART 15. SALE OF CERTIFICATES OF OBLIGATION. The sale of the Obligations to _____ and associates (the "Purchasers"), at a price of par and accrued interest on the Obligations to the date of delivery, plus a premium of \$_____, is approved. The Obligations were sold pursuant to the terms of a "Notice of Sale and Bidding Instructions", "Official Bid Form" and "Official Statement", the use of these documents, a true and correct copy of each document being attached to this Ordinance, is approved. Council finds, determines and declares that the Obligations were sold to the highest bidder at terms that were the most advantageous reasonably obtained. One Obligation in the principal amount maturing on each maturity date as set out in PART 4 of this Ordinance shall be delivered to the Purchasers, and the Purchasers shall have the right to exchange such certificates as provided in PART 7 of this Ordinance without cost. Council ratifies use of the "Preliminary Official Statement" prepared in connection with the sale of the Obligations. Any accrued interest and premium received in connection with the sale of the Obligations shall be deposited to the Interest and Sinking Fund.

PART 16. FEDERAL TAX COVENANTS. The City covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Obligations 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. The City covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Obligations or the projects financed with the Obligations (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 received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Obligations, 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) above exceeds 5 percent of the proceeds of the Obligations or the projects financed with the proceeds (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 Obligations (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 Obligations being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Obligations 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 Obligations, 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 Obligations, other than investment property acquired with --

(1) proceeds of the Obligations invested for a reasonable temporary period until the proceeds are needed for the purpose for which the Obligations are issued,

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

(g) to otherwise restrict the use of the proceeds of the Obligations or amounts treated as proceeds of the Obligations, as may be necessary, so that the Obligations 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 Obligations) 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 Obligations 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.

For purposes of clauses (a) and (b) above, the City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Obligations. It is the understanding of the City that the covenants contained in this Ordinance are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Obligations, the City 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 Obligations 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 Obligations, the City 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 Obligations under section 103 of the Code. In furtherance of the foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City and the Deputy Chief Financial Officer of the City may execute any documents, certificates or other reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Obligations.

In order to facilitate compliance with clause (h) above, a "Rebate Fund" is established and held by the City 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 Obligations. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

555
556 **PART 17. ADDITIONAL TAX COVENANTS REGARDING USE OF PROPERTY.**

557 (a) *Allocation of, and Limitation on, Expenditures for the Project.* The City covenants to account
558 for the expenditure of proceeds from the sale of the Obligations and any investment earnings on
559 these proceeds to be used for a Project on its books and records by allocating proceeds to
560 expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or
561 (b) each Project is completed. The City shall not expend such proceeds or investment earnings more
562 than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Obligations or
563 (b) the date the Obligations are retired, unless the City obtains an opinion of nationally-recognized
564 bond counsel substantially to the effect that the expenditure will not adversely affect the tax-exempt
565 status of the Obligations. The City shall not be obligated to comply with this covenant if it obtains
566 an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not
567 adversely affect the excludability for federal income tax purposes from gross income of the interest.
568 This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of
569 the Treasury Regulations.

570
571 (b) *Disposition of Project.* The City covenants that the property constituting a Project will
572 not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other
573 compensation, unless the City obtains an opinion of nationally-recognized bond counsel
574 substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt
575 status of the Obligations. The portion of the property comprising personal property and disposed of
576 in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash
577 or other compensation. The City shall not be obligated to comply with this covenant if it obtains an
578 opinion of nationally-recognized bond counsel to the effect that such failure to comply will not
579 adversely affect the excludability for federal income tax purposes from gross income of the interest.

580
581 **PART 18. CONTINUING DISCLOSURE OBLIGATION.** (a) *Annual Reports.* (i) The
582 City shall provide annually to the MSRB, within six months after the end of each fiscal year ending
583 in or after 2010, financial information and operating data with respect to the City of the general type
584 included in the final Official Statement authorized by PART 15 of this Ordinance, being the
585 information described in Exhibit B. Any financial statements to be provided shall be (1) prepared in
586 accordance with the accounting principles described in Exhibit B, or other accounting principles as
587 the City may be required to employ from time to time pursuant to state law or regulation, and
588 (2) audited, if the City commissions an audit of such statements and the audit is completed within
589 the period during which they must be provided. If the audit of the financial statements is not

complete within this period, then the City shall provide unaudited financial statements by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on the statements becomes available.

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

(b) *Material Event Notices.* The City shall notify the MSRB, in a timely manner, of any of the following events with respect to the Obligations, if the 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 Obligations;
7. Modifications to rights of holders of the Obligations;
8. Obligation calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Obligations; and
11. Rating changes.

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

(c) *Limitations, Disclaimers, and Amendments.* (i) The City shall be obligated to observe

and perform the covenants named in this PART for only so long as the City remains an "obligated person" with respect to the Obligations within the meaning of the Rule, except that the City will give written notice of any deposit made in accordance with this Ordinance, or applicable law, that causes any Obligation no longer to be outstanding.

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

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

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

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation in accordance with the Rule as amended.

(vi) The provisions of this PART may be amended by the City 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 City, but only if (1) the provisions of this PART, as amended, would have permitted an underwriter to purchase or sell Obligations in the primary offering of the Obligations in compliance with the Rule, taking into account any amendments or interpretations of the Rule since the offering as well as the changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes an amendment) of the outstanding Obligations consent to the amendment or (b) a person that is unaffiliated with the City (such as nationally-recognized bond counsel) determines that the amendment will not materially impair the interest of the holders and beneficial owners of the Obligations. If the City amends the provisions of this PART, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this PART 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 City 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 the 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 Obligations in the primary offering of the Obligations.

PART 19. DTC REGISTRATION. The Obligations initially shall be issued and delivered in the manner that no physical distribution of the Obligations will be made to the public, and DTC initially will act as depository for the Obligations. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, the representations. The Obligations initially authorized by this Ordinance intended to be held by DTC shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Obligations on behalf of the Purchasers and their participants. So long as each Obligation is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner. It is expected that DTC will maintain a book-entry system which will identify ownership of the Obligations in Authorized Denominations, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Obligations initially deposited with DTC shall be immobilized and not be further exchanged for substitute Obligations except as set forth in this Ordinance. The City and the Paying Agent/Registrar are not responsible or

695 liable for any functions of DTC, will not be responsible for paying any fees or charges with respect
696 to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records
697 of DTC or its participants, or protecting any interests or rights of the beneficial owners of the
698 Obligations. It shall be the duty of the DTC Participants, as defined in the Official Statement, to
699 make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the
700 Obligations, and the method of paying the fees and charges of DTC. The City does not represent,
701 nor does it in any way covenant that the initial book-entry system established with DTC will be
702 maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry
703 system with DTC, if for any reason any of the originally delivered Obligations is duly filed with the
704 Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this
705 Ordinance, substitute Obligations will be duly delivered as provided in this Ordinance, and there will
706 be no assurance or representation that any book-entry system will be maintained for the Obligations.
707 In connection with the initial establishment of the foregoing book-entry system with DTC, the City
708 has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the
709 book-entry system described above.

710
711 **PART 20. DEFEASANCE.** (a) *Defeased Obligations.* Any Obligation will be treated as a
712 Defeased Obligation, except to the extent provided in subsection (d) of this PART, when payment of
713 the principal of the Obligation, plus interest to the due date (whether the due date be by reason of
714 maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the
715 terms of this Ordinance, or (ii) shall have been provided for on or before the due date by irrevocably
716 depositing with or making available to the Paying Agent/Registrar in accordance with a Future
717 Escrow Agreement for the payment of the Obligation (1) lawful money of the United States of
718 America sufficient to make the payment or (2) Defeasance Securities, certified by an independent
719 public accounting firm of national reputation to mature as to principal and interest in the amounts
720 and at the times as will insure the availability, without reinvestment, of sufficient money to provide
721 for the payment, and when proper arrangements have been made by the City with the Paying
722 Agent/Registrar for the payment of its services until all Defeased Obligations shall have become due
723 and payable. There shall be delivered to the Paying Agent/Registrar a certificate from a firm of
724 certified public accountants certifying the sufficiency of the deposit made pursuant to clause (ii)
725 above. The Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to the
726 City that reflects this payment does not adversely affect the exclusion under the Code of interest on
727 the Defeased Obligations from the gross income of the holders for federal income taxation purposes.
728 At the time as a Obligation shall be considered to be a Defeased Obligation, the Obligation and the
729 interest on that Bond shall no longer be secured by, payable from, or entitled to the benefits of, the
730 ad valorem taxes levied and pledged as provided in this Ordinance, and the principal and interest
731 shall be payable solely from the money or Defeasance Securities. Notwithstanding any other
732 provision of this Ordinance to the contrary, any determination not to redeem Defeased Obligations

that is made in conjunction with the payment arrangements described in subsections (a)(i) or (ii) of this PART shall not be irrevocable, provided that: (1) in the proceedings providing for the payment arrangements, the City expressly reserves the right to call the Defeased Obligations for redemption; (2) the City gives notice of the reservation of that right to the owners of the Defeased Obligations immediately following the making of the payment arrangements; and (3) the City directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

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

PART 21. DEFAULT AND REMEDIES. (a) *Events of Default.* Each of the following occurrences or events is an Event of Default:

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

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

(b) *Remedies for Default.*

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

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

(c) *Remedies Not Exclusive.*

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

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

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

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the Registered Owners with any

liability, or be held personally liable to the Registered Owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

PART 22. INTEREST EARNINGS. The interest earnings derived from the investment of proceeds from the sale of the Certificates may be used along with other proceeds for the purposes set forth in Schedule I for which the Certificates are issued; provided that after completion of the projects, if any interest earnings remain on hand, the interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to this Ordinance in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this PART.

PART 23. OFFICIALS AUTHORIZED TO ACT ON BEHALF OF THE CITY. The Mayor, the City Clerk, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City or the Deputy Chief Financial Officer of the City, and all other officers, employees, and agents of the City, and each of them, shall be authorized, empowered, and directed to do and perform all acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Obligations, the offering documents prepared in connection with the sale of the Obligations, or the Paying Agent/Registrar Agreement. In case any officer whose signature appears on any Obligation shall stop being the officer before the delivery of the Obligation, the signature shall nevertheless be valid and sufficient for all purposes if he or she had remained in office until the delivery.

PART 24. RULES OF CONSTRUCTION. For all purposes of this Ordinance, unless the context requires otherwise, all references to designated PARTS and other subdivisions are to the PARTS and other subdivisions of this Ordinance. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person shall mean that party and his or her successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City. Any reference to the payment of principal in this Ordinance shall be considered to include the payment of any mandatory sinking fund redemption payments as described in this Ordinance. Any reference to "FORM OF CERTIFICATE" refers to the form of the Certificates in Exhibit A to this Ordinance. The titles and

845 headings of the PARTS and subsections of this Ordinance have been inserted for convenience of
846 reference only and are not a part of this Ordinance and shall not in any way modify or restrict any of
847 the Ordinance terms or provisions.

848
849 **PART 25. CONFLICTING ORDINANCES REPEALED.** All ordinances and resolutions
850 or parts in conflict with this Ordinance are repealed.

851
852 **PART 26. IMMEDIATE EFFECT.** In accordance with the provisions of V.T.C.A.,
853 Government Code, Section 1201.028, this Ordinance is effective immediately on its adoption by the
854 City Council.

855
856 **PASSED AND APPROVED AND EFFECTIVE August 26, 2010.**

857
858
859
860
861 _____
862 Lee Leffingwell, Mayor, City of Austin, Texas

863
864 ATTEST:

865
866 _____
867 Shirley A. Gentry, City Clerk,
868 City of Austin, Texas

(SEAL)

869
870 APPROVED:

871
872 _____
873 Karen M. Kennard, Acting City Attorney,
874 City of Austin, Texas

875 SCHEDULE I

876
877 The following projects are to be funded with the proceeds of the Certificates:

878
879 the purchase of real estate located on Manor Road and associated facility repairs and improvements;

880
881 the purchase of real estate and warehouse space for evidence storage and associated repairs and
882 improvements to this warehouse;

883
884 construction related to the closure of the City-owned Travis County Landfill located at 9600 FM 812;

885
886 the design, engineering, construction and related costs for various transportation projects;

887
888 together with the payment of fiscal, engineering and legal fees incurred in connection with the
889 issuance of the Certificates and the projects funded with the proceeds of the Certificates.

890 EXHIBIT A

891
892 FORM OF CERTIFICATE

893 NO. _____ \$ _____

894
895 UNITED STATES OF AMERICA
896 STATE OF TEXAS
897 CITY OF AUSTIN, TEXAS
898 CERTIFICATES OF OBLIGATION
899 SERIES 2010

900
901
902
903 MATURITY DATE INTEREST RATE DATED DATE CUSIP
904 % SEPTEMBER 1, 2010

905
906 ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF AUSTIN, TEXAS (the
907 "Issuer"), in the Counties of Travis and Williamson, hereby promises to pay to

908
909 _____
910
911 or to the registered assignee hereof (either being hereinafter called the "registered owner") the
912 principal amount of:

913
914 _____ DOLLARS

915
916 and to pay interest thereon, from the Dated Date specified above, to the Maturity Date specified
917 above, or the date of its redemption prior to scheduled maturity, at the interest rate per annum
918 specified above, with said interest payable on March 1, 2011, and semiannually on each September 1
919 and March 1 thereafter; except that if this Certificate is required to be authenticated and the date of its
920 authentication is later than March 1, 2011, such interest is payable semiannually on each September 1
921 and March 1 following such date.

922
923 THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of
924 the United States of America, without exchange or collection charges. The principal of this

Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity or redemption prior to maturity at the designated corporate trust office in Houston, Texas (the "Designated Payment/Transfer Office"), of Bank of Texas, N.A., which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class, postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal and interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Certificates, when due. All Certificates of this Series are issuable solely as fully registered certificates, without interest coupons, in any integral multiple of \$5,000 (an "Authorized Denomination").

IN THE EVENT OF NON-PAYMENT of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Certificate appearing on the Registration Books kept by the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE for the payment of the principal of, premium, if any, or interest on this Certificate 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 CERTIFICATE is one of a Series of Certificates dated as of the Original Issue Date stated above, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$22,300,000, FOR THE PURPOSE OF PROVIDING PART OF THE FUNDS FOR PAYING CONTRACTUAL OBLIGATIONS TO BE INCURRED BY THE CITY, TO-WIT, MAKING AND ACQUIRING VARIOUS PUBLIC IMPROVEMENTS FOR THE CITY, AS DESCRIBED IN THE CERTIFICATE ORDINANCE, AND THE PAYMENT OF FISCAL, ENGINEERING AND LEGAL FEES INCURRED IN CONNECTION THEREWITH.

ON SEPTEMBER 1, 2020, or on any date thereafter, the Certificates of this Series maturing on September 1, 2021 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 Certificates called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Certificates 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 Certificates is determined only by a book entry at a securities depository for the Certificates, if fewer than all of the Certificates of the same maturity and bearing the same interest rate are to be redeemed, the particular Certificates of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

[THE CERTIFICATES are also subject to mandatory redemption in part by lot pursuant to the terms of the Certificate Ordinance, on September 1 in each of the years 20__ through 20__, with respect to Certificates maturing September 1, 20__, in the following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<u>Year</u>	<u>Principal Amount (\$)</u>
-------------	------------------------------

*Final Maturity	

993
994 To the extent, however, that Certificates subject to sinking fund redemption have been previously
995 purchased or called for redemption in part and otherwise than from a sinking fund redemption
996 payment, each annual sinking fund payment for such Certificate shall be reduced by the amount
997 obtained by multiplying the principal amount of Certificates so purchased or redeemed by the ratio
998 which each remaining sinking fund redemption payment for such Certificates bears to the total
999 remaining sinking fund payments, and by rounding each such payment to the nearest \$5,000 integral;
1000 *provided*, that during any period in which ownership of the Certificates is determined only by a book
1001 entry at a securities depository for the Certificates, the particular Certificates to be called for
1002 mandatory redemption shall be selected in accordance with the arrangements between the Issuer and
1003 the securities depository.]

1004 AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such
1005 redemption shall be given to the registered owner of each Certificate or a portion thereof being called
1006 for redemption by depositing such notice in the United States mail, first-class postage prepaid,
1007 addressed to each such registered owner at his address shown on the Registration Books of the Paying
1008 Agent/Registrar, and to major securities depositories, national bond rating agencies and bond
1009 information services. By the date fixed for any such redemption due provision shall be made by the
1010 Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this
1011 Certificate or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date
1012 fixed for redemption. If such notice of redemption is given, and if due provision for such payment is
1013 made, all as provided above, this Certificate, or the portion hereof which is to be so redeemed, thereby
1014 automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the
1015 date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the
1016 registered owner to receive the redemption price plus accrued interest to the date fixed for redemption
1017 from the Paying Agent/Registrar out of the funds provided for such payment. The Paying
1018 Agent/Registrar shall record in the Registration Books all such redemptions of principal of this
1019 Certificate or any portion hereof. If a portion of any Certificate shall be redeemed a substitute
1020 Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any
1021 Authorized Denomination, at the written request of the registered owner, and in aggregate principal
1022 amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the
1023 surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

1024
1025 AS PROVIDED IN THE CERTIFICATE ORDINANCE, this Certificate may, at the request of
1026 the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a
1027 like aggregate principal amount of fully registered certificates, without interest coupons, payable to
1028 the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity
1029 date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by
1030 the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this
1031 Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation,
1032 all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other
1033 requirements for such assignment and transfer, this Certificate must be presented and surrendered to
1034 the Paying Agent/Registrar at its Designated Payment/Transfer Office, together with proper
1035 instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying
1036 Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any
1037 Authorized Denomination to the assignee or assignees in whose name or names this Certificate or any
1038 such portion or portions hereof is or are to be transferred and registered. The form of Assignment

printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the Issuer. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Certificate or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege. In any circumstance, neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate so selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Certificate.

WHENEVER the beneficial ownership of this Certificate is determined by a book entry at a securities depository for the Certificates, the foregoing requirements of holding, delivering or transferring this Certificate shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed, and been done in accordance with law; that this Certificate is a direct obligation of said Issuer, issued on the full faith and credit thereof, that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limits prescribed by law, and that a limited pledge (not to exceed \$1,000) of the surplus revenues from the operation of

1074 the City's solid waste disposal system remaining after payment of all operation and maintenance ex-
1075 penses thereof and any other obligations heretofore or hereafter incurred to which such revenues have
1076 been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and
1077 pledge of such revenues to the Certificates, have been pledged as additional security for the
1078 Certificates.

1079
1080 BY BECOMING the registered owner of this Certificate, the registered owner thereby
1081 acknowledges all of the terms and provisions of the Certificate Ordinance, agrees to be bound by such
1082 terms and provisions, acknowledges that the Certificate Ordinance is duly recorded and available for
1083 inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of
1084 this Certificate and the Certificate Ordinance constitute a contract between each registered owner
1085 hereof and the Issuer.

1086 IN WITNESS WHEREOF, this Certificate has been duly executed on behalf of the City, under
1087 its official seal, in accordance with law.
1088
1089

1090 _____
1091 City Clerk
1092 City of Austin, Texas

Mayor
City of Austin, Texas

1093
1094 (SEAL)
1095

1096 FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
1097

1098 PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

1099 It is hereby certified that this Certificate of Obligation has been issued under the provisions of
1100 the proceedings adopted by the Issuer as described in the text of this Certificate of Obligation; and that
1101 this Certificate of Obligation has been issued in exchange for or replacement of a certificate of
1102 obligation, certificates of obligation, or a portion of a certificate of obligation or certificates of
1103 obligation of an issue which originally was approved by the Attorney General of the State of Texas
1104 and registered by the Comptroller of Public Accounts of the State of Texas.
1105

1106 Dated _____

BANK OF TEXAS, N.A.,
Paying Agent/Registrar

1107
1108
1109
1110 By _____
1111 Authorized Representative
1112
1113
1114

*FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO
THE CERTIFICATES UPON INITIAL DELIVERY THEREO

OFFICE OF COMPTROLLER :
REGISTER NO. _____
STATE OF TEXAS :

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

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

(SEAL) Comptroller of Public Accounts of
the State of Texas

NOTE:

*& to accompany initial certificates only

FORM OF ASSIGNMENT:

ASSIGNMENT

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

(Please insert Social Security or Taxpayer Identification Number of Transferee)

/

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

the within Certificate of Obligation and all rights thereunder, and hereby irrevocably constitutes

and appoints attorney to

register the transfer of the within Certificate of Obligation on books kept for registration thereof,

with full power of substitution in the premises.

Dated:

Signature Guaranteed:

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

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

1174
1175
1176

*Inserted and completed if Term Certificates sold

DRAFT

**Exhibit B
to
Ordinance**

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in PART 18 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

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

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

Accounting Principles

The accounting principles referred to in PART 18 are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.