

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021; ESTABLISHING PARAMETERS FOR THE SALE OF THE CERTIFICATES; APPROVING RELATED DOCUMENTS; ENACTING OTHER PROVISIONS RELATED TO THE CERTIFICATES; AND DECLARING AN IMMEDIATE EFFECTIVE DATE

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

PART 1. FINDINGS

On June 10, 2021, Council of the City authorized and directed that a notice of its intention to issue the Certificates (hereinafter defined) be published in a newspaper as required by Section 271.049 of the Texas Local Government Code; and

The notice was published in *The Austin American-Statesman*, as required by Section 271.049 of the Texas Local Government Code, on June 21, 2021 and June 28, 2021; and

No petition, signed by 5% of the qualified electors of the City as permitted by Section 271.049 of the Texas Local Government Code protesting the issuance of the Certificates, has been filed; and

No bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificates was submitted to the voters of the City during the preceding three years and failed to be approved; and

Council is now authorized and empowered to proceed with the issuance and sale of the Certificates pursuant to Subchapter C of Chapter 271 of the Texas Local Government Code; and

Council desires to delegate to the Authorized Representative (defined below) the authority to effect the sale of the Certificates authorized by this Ordinance, subject to the parameters prescribed by this Ordinance; and

The meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of the meeting was given as required by Chapter 551 of the Texas Government Code.

PART 2. DEFINITIONS

The terms used in this Ordinance have the following meanings:

“Authentication Certificate” means the Paying Agent/Registrar’s Authentication Certificate, in the form identified in the Form of Certificate.

“Authorized Denomination” means \$5,000 or any integral multiple of \$5,000.

“Authorized Representative” means the City Manager or the Chief Financial Officer of the City.

“Bidding Instructions” means the bidding instructions prepared in connection with the sale of the Certificates.

“Business Day” means a day other than a Saturday, a Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located.

“Certificates” means the certificates of obligation of the City to be issued under authority of this Ordinance, including the Initial Certificate.

“Chapter 9” means Chapter 9 of the Texas Business & Commerce Code.

“Chapter 363” means Chapter 363 of the Texas Health and Safety Code.

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

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

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

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

“City” means the City of Austin, Texas.

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

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Council” means the City Council of the City.

“Defeasance Securities” means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the

69 United States of America and (ii) noncallable obligations of an agency or instrumentality
70 of the United States of America, including obligations that are unconditionally
71 guaranteed or insured by the agency or instrumentality and that, on the date of approval
72 of the proceedings authorizing the issuance of the refunding bonds, are rated as to
73 investment quality by a nationally recognized investment rating firm not less than
74 “AAA” or its equivalent.

75 “Defeased Certificate” means any Certificate and the interest on the Certificate
76 that is considered to be paid, retired and no longer outstanding under the terms of this
77 Ordinance, specifically PART 17 of this Ordinance.

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

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

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

83 “Expiration Date” means February 25, 2022.

84 “Future Escrow Agreement” means an escrow agreement or other similar
85 instrument with respect to Defeased Certificates.

86 “Initial Certificate” has the meaning described in PART 12 of this Ordinance.

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

89 “MSRB” means the Municipal Securities Rulemaking Board.

90 “Official Bid Form” means the bid form to be submitted by bidders seeking to
91 purchase the Certificates.

92 “Paying Agent/Registrar” means U.S. Bank National Association, and its
93 successors and assigns as provided in the Paying Agent/Registrar Agreement.

94 “Paying Agent/Registrar Agreement” means the agreement between the City and
95 the Paying Agent/Registrar with respect to the Certificates in the form approved by an
96 Authorized Representative, and any successor agreement.

97 “Project” means a project for which proceeds of the Certificates are spent
98 consistent with the purposes described in clause (a) of PART 3 of this Ordinance.

99 “Purchasers” means the entity or entities listed in the Official Bid Form accepted
100 by the City as the best bid for the Certificates.

101
102 “Registered Owner” means the owner of any Certificate as recorded in the
103 Registration Books.

104 “Registration Books” means the books or records of registration and transfer of
105 the Certificates maintained by the Paying Agent/Registrar.

106 “Rule” means SEC Rule 15c2-12.

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

108 “Surplus Revenues” shall mean those revenues from the operation of the City’s
109 solid waste disposal system remaining after payment of all operation and maintenance
110 expenses of the system and other obligations incurred to which the revenues have been
111 or shall be encumbered by a lien on and pledge of such revenues superior to the lien on
112 and pledge of the revenues to the Certificates.

113 **PART 3. CERTIFICATES AUTHORIZED**

114 The Certificates shall be issued in accordance with the Constitution, laws of the
115 State of Texas, and the Charter of the City, in one or more series, in the aggregate
116 principal amount not to exceed \$20,525,000 for the purposes of (a) financing the
117 Projects described in Schedule I and (b) paying the costs of issuance associated with the
118 sale of the Certificates. The aggregate principal amount and the designation of
119 Certificates issued pursuant to this Ordinance shall be set forth in the Bidding
120 Instructions and the Official Bid Form. The Certificates shall be numbered
121 consecutively from R-1 upward, except the Initial Certificate shall be numbered T-1.

122 **PART 4. SALE PARAMETERS**

123 (A) The Certificates shall be issued in any Authorized Denomination as fully
124 registered obligations, without interest coupons, payable to the respective initial
125 registered owners of the Certificates, or to the registered assignee or assignees of the
126 Certificates, maturing not later than 40 years from their issue date, payable serially or
127 otherwise on the dates, in the years and in the principal amounts, and dated and
128 numbered, all as set forth in the Official Bid Form

129 (B) In accordance with Chapter 1371, each Authorized Representative, acting for and on
130 behalf of the City, is authorized to seek competitive bids for the sale of the Certificates authorized to be
131 sold by this Ordinance, and is hereby authorized to prepare and distribute the Bidding Instructions and
132 the Official Bid Form with respect to seeking competitive bids for the sale of the Certificates. The

Bidding Instructions shall contain the terms and conditions relating to the sale of the Certificates, including the date bids for the purchase of the Certificates are to be received, the date of the Certificates, any additional designation or title by which the Certificates shall be known, the aggregate principal amount of the Certificates to be sold, the price at which the Certificates will be sold, the years in which the Certificates will mature, the rate or rates of interest to be borne by each such maturity, the interest payment periods, and all other matters relating to the issuance, sale and delivery of the Certificates so sold including, without limitation, the use of municipal bond insurance for the Certificates. The Certificates shall bear interest at the rates per annum set forth in the Official Bid Form accepted as the best bid. The interest on the Certificates shall be payable to the Registered Owner of any Certificate on the dates and in the manner provided in Exhibit A. Interest on the Certificates shall be payable on the dates set forth in the Official Bid Form, until maturity or prior redemption. Each Authorized Representative, acting for and on behalf of the City, is hereby authorized to receive and accept bids for the sale of Certificates in accordance with the Bidding Instructions on such date as determined by an Authorized Representative. The Certificates shall be sold at such price as an Authorized Representative of the City shall determine to be the most advantageous to the City, which determination shall be evidenced by the execution of the Official Bid Form submitted by the best and winning bidder. One Certificate in the principal amount maturing on each maturity date as set forth in the Official Bid Form 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. Exhibit A shall be revised to reflect the terms of the sale of the Certificates as reflected in the Official Bid Form accepted as the best bid for the Certificates. The Certificates shall initially be registered in the name as set forth in the Official Bid Form. In case any officer whose signature shall appear on the Certificates shall cease to be such officer before the delivery of the Certificates, the signature shall be valid and sufficient for all purposes the same as if the officer had remained in office until delivery. An Authorized Representative shall not execute the Official Bid Form unless the best bidder has confirmed to an Authorized Representative that either it has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code or is exempt from making such filings under Section 2252.908(c)(4), Texas Government Code. Within thirty (30) days of receipt of any disclosure filings from the best bidder for the Certificates, the City will acknowledge such disclosure filings in accordance with the rules of the Texas Ethics Commission. Any finding or determination made by an Authorized Representative relating to the issuance and sale of the Certificates shall have the same force and effect as a finding or determination made by Council; *provided*, that (i) the price to be paid for the Certificates shall not be less than 95% of the aggregate principal amount of the Certificates sold, plus accrued interest, if any, (ii) the Certificates shall not bear interest at a rate greater than the maximum rate allowed by Chapter 1204, (iii) the Certificates shall not have a final maturity beyond September 1, 2041, and (iv) prior to the execution of the Official Bid Form by an Authorized Representative, the Certificates shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term debt instruments.

(C) An Authorized Representative may approve modifications to this Ordinance to conform to the terms of the Certificates, as approved by the Authorized Representative, and execute any instruments, agreements and other documents as the Authorized Representative shall deem necessary or appropriate in connection with the issuance, sale and delivery of Certificates pursuant to this Ordinance.

(D) It is in the best interests of the City for the Certificates to be sold through a competitive sale, and Council authorizes each Authorized Representative, individually

178 but not collectively, to execute the Official Bid Form to evidence the acceptance by the
179 City of the terms and conditions relating to the sale of the Bonds, at the price the
180 Authorized Representative executing the Official Bid Form determines to be the most
181 advantageous to the City. The conditions set forth in PART 13 of this Ordinance must be
182 met prior to any Authorized Representative executing the Official Bid Form.

183 (E) The authority of an Authorized Representative to execute the Official Bid
184 Form shall expire at 11:59 p.m. on the Expiration Date. Certificates sold pursuant to the
185 Bidding Instructions and an Official Bid Form executed on or before the Expiration Date
186 may be delivered after the Expiration Date.

187 (F) In establishing the aggregate principal amount of the Certificates of any
188 series, the Authorized Representative shall establish an amount which shall be sufficient
189 (together with any premium received from the sale of the Certificates) to provide for the
190 purposes for which the Certificates are authorized. The Certificates of shall be sold at
191 such price, with and subject to such terms, as set forth in the Bidding Instructions and
192 the Official Bid Form.

193 (G) Any finding or determination made by an Authorized Representative
194 relating to the issuance and sale of the Certificates and the execution of the Official Bid
195 Form shall have the same force and effect as a finding or determination made by
196 Council.

197 **PART 5. REDEMPTION PROVISIONS**

198 (A) The Certificates may be subject to redemption, at the option of the City,
199 prior to their stated maturities to the extent and in the manner provided in the Bidding
200 Instructions and the Official Bid Form. The years of maturity of the Certificates called
201 for redemption at the option of the City prior to stated maturity shall be selected by the
202 City. The Certificates or any portion redeemed within a maturity shall be selected by lot,
203 or other customary random selection method, by the Paying Agent/Registrar; *provided*,
204 that during any period in which ownership of the Certificates is determined only by a
205 book entry at DTC, if fewer than all of the Certificates of the same maturity and bearing
206 the same interest rate are to be redeemed, the particular Certificates of such maturity and
207 bearing such interest rate shall be selected in accordance with the arrangements between
208 the City and DTC.

209 (B) The Certificates may be subject to mandatory sinking fund redemption prior
210 to their stated maturities, to the extent and in the manner provided in the Official Bid
211 Form.

212 (C) At least 30 days before the date fixed for redemption, the City shall cause a
213 written notice of the redemption to be deposited in the United States mail, first-class

214 postage prepaid, addressed to each Registered Owner at the address shown on the
215 Registration Books. By the date fixed for redemption, due provision shall be made with
216 the Paying Agent/Registrar for the payment of the required redemption price for the
217 Certificates which are to be redeemed, plus accrued interest to the date fixed for
218 redemption. If the notice of redemption is given, and if provision for payment is made,
219 all as provided above, the Certificates, or the portions of the Certificates, which are to be
220 redeemed, automatically shall be redeemed prior to their scheduled maturities, and shall
221 not bear interest after the date fixed for their redemption, and shall not be regarded as
222 outstanding except for the right of the Registered Owner to receive the redemption price
223 plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar
224 out of the funds provided for payment. The Paying Agent/Registrar shall record in the
225 Registration Books all redemptions of principal of the Certificates or any portion of the
226 principal. If a portion of any Certificate shall be redeemed, one or more substitute
227 Certificates having the same maturity date, bearing interest at the same rate, in any
228 Authorized Denomination, at the written request of the Registered Owner, and in an
229 aggregate principal amount equal to the unredeemed portion of the Certificates, will be
230 issued to the Registered Owner upon the surrender for cancellation, at the expense of the
231 City, all as provided in this Ordinance. In addition, the City shall cause the Paying
232 Agent/Registrar to give notice of any redemption in the manner set forth in PART 5.
233 The failure to cause notice to be given, however, or any defect in the notice, shall not
234 affect the validity or effectiveness of the redemption. Unless the Paying Agent/Registrar
235 has received funds sufficient to pay the redemption price of the Certificates to be
236 redeemed before giving of a notice of redemption, the notice of redemption may state the
237 City may condition redemption on the receipt by the Paying Agent/Registrar of
238 sufficient funds on or before the date fixed for the redemption, or on the satisfaction of
239 any other prerequisites set forth in the notice of redemption. If a notice of conditional
240 redemption is given and such prerequisites to the redemption and sufficient funds are not
241 received, the notice shall be of no force and effect, the City shall not redeem the
242 Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the
243 notice of redemption was given, that the Certificates have not been redeemed.

244 (D) If a notice of redemption is given and sufficient funds are not received for
245 the payment of the required redemption price for the Certificates which are to be
246 redeemed, the notice shall be of no force and effect, the City shall not redeem the
247 Certificates, and the Paying Agent/Registrar shall give notice, in the manner in which the
248 notice of redemption was given, that the Certificates have not been redeemed.

249 (E) Each redemption notice required by this Ordinance shall contain a
250 description of the Certificates to be redeemed, including the complete name of the
251 Certificates, the series, the date of issue, the interest rate, the maturity date, the CUSIP
252 number, the amounts of the Certificates called for redemption, the date of redemption,

the redemption price, the name of the Paying Agent/Registrar and the address at which the Certificate may be redeemed, including a contact person and telephone number. This notice may also state that the redemption is conditioned upon receipt of sufficient funds for the payment of the required redemption price for the Certificates which are to be redeemed by the date fixed for redemption. All redemption payments made by the Paying Agent/Registrar to the Registered Owner of the Certificates shall include CUSIP numbers relating to each amount paid to such Registered Owner.

PART 6. INTEREST

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

PART 7. ADDITIONAL CHARACTERISTICS OF THE CERTIFICATES

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

(B) The entity in whose name any Certificate shall be registered in the Registration Books at any time shall be treated as the absolute owner of the Certificate

for all purposes of this Ordinance, whether the Certificate 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 Certificate shall be made only to the Registered Owner. All payments shall be valid and effectual to satisfy and discharge the liability on the Certificate to the extent of the sum or sums so paid.

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

(D) Each Certificate may be exchanged for fully registered Certificates as set forth in this Ordinance. Each Certificate 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 Certificate 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 Certificate or Certificates so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees. If a portion of any Certificate is assigned and transferred, each Certificate issued in exchange shall have the same maturity date and bear interest at the same rate as the Certificate for which it is being exchanged. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. The Paying Agent/Registrar shall exchange or replace Certificates as provided in this Ordinance, and each fully registered Certificate delivered in exchange for or replacement of any Certificate or portion of a Certificate as permitted or required by any provision of this Ordinance shall constitute one of the Certificates for all purposes of this Ordinance, and may again be exchanged or replaced. Any Certificate delivered in exchange for or replacement of another Certificate before the first scheduled interest payment date on the Certificates (as stated on the face of the Certificate) shall be dated the same date, but each substitute Certificate delivered on or after the first scheduled interest payment date shall be dated the interest payment date preceding the date on which the substitute Certificate is delivered, unless the substitute Certificate is delivered on an interest

329 payment date, in which case it shall be dated as of the date of delivery; however, if at the
330 time of delivery of any substitute Certificate the interest on the Certificate for which it is
331 being exchanged has not been paid, then the substitute Certificate shall be dated the date
332 to which interest has been paid in full. On each substitute Certificate issued in exchange
333 for or replacement of any Certificate issued under this Ordinance there shall be printed
334 on the Certificate the Authentication Certificate. An authorized representative of the
335 Paying Agent/Registrar shall, before the delivery of any substitute Certificate, date the
336 substitute Certificate in the manner set forth above, and manually sign and date the
337 Authentication Certificate, and no substitute Certificate shall be considered to be issued
338 or outstanding unless the Authentication Certificate is executed. The Paying
339 Agent/Registrar promptly shall cancel all Certificates surrendered for exchange or
340 replacement. No additional ordinances, orders, or resolutions need be passed or adopted
341 by Council or any other body or person to accomplish the exchange or replacement of
342 any Certificate, and the Paying Agent/Registrar shall provide for the printing, execution,
343 and delivery of the substitute Certificates in the manner prescribed in this Ordinance.
344 Pursuant to Chapter 1206, the duty of exchange or replacement of any Certificate is
345 imposed on the Paying Agent/Registrar, and, upon the execution of the Authentication
346 Certificate, the exchanged or replaced obligation shall be valid, incontestable, and
347 enforceable in the same manner and with the same effect as the Initial Certificate.
348 Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange
349 any Certificate selected for redemption, in whole or in part, within 45 calendar days of
350 the date fixed for redemption; *provided, however*, the limitation of transfer shall not be
351 applicable to an exchange by the Registered Owner of the uncalled principal of a
352 Certificate.

353 (E) All Certificates issued in exchange or replacement of any other Certificate
354 or portion of a Certificate (i) shall be issued in fully registered form, without interest
355 coupons, with the principal of and interest on the Certificates to be payable only to the
356 Registered Owners, (ii) may be redeemed prior to their scheduled maturities, (iii) may be
357 transferred and assigned, (iv) may be exchanged for other Certificates, (v) shall have the
358 characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on
359 the Certificates shall be payable, all as provided, and in the manner required or indicated
360 in this Ordinance and the Bond Purchase Agreement.

361 (F) The City shall pay the Paying Agent/Registrar's reasonable and customary
362 fees and charges for making transfers of Certificates, but the Registered Owner of any
363 Certificate requesting the transfer shall pay any taxes or other governmental charges
364 required for the transfer. The Registered Owner of any Certificate requesting any
365 exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary
366 fees and charges for exchanging any Certificate or a portion of a Certificate, together
367 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 Certificate or Certificates 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 Certificates 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 Certificates, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Certificates, and with respect to the exchange of Certificates solely to the extent stated above.

(G) An Authorized Representative is authorized to execute and deliver the Paying Agent/Registrar Agreement. The City covenants with the Registered Owners of the Certificates that at all times while the Certificates 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 Certificates 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 Registration Books), along with all other pertinent books and records relating to the Certificates, 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 Certificates, 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.

PART 8. FORM OF CERTIFICATES

The Certificates 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 Certificates. The form of all Certificates, including the form of the Comptroller's Registration Certificate to accompany the Initial Certificate, the form of the Authentication Certificate, and the Form of Assignment to be printed on each Certificate, 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 and the Official Bid Form.

PART 9. LEVY OF TAX; INTEREST AND SINKING FUND

(A) The Interest and Sinking Fund (which may include the designation or title by which a series of Certificates shall be known, as determined pursuant to PART 4(b) of this Ordinance) 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 Certificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any Certificate is outstanding and unpaid, 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 Certificates 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 Certificates as the principal matures, but never less than 2% of the outstanding principal amount of the Certificates as a sinking fund each year. The rate and amount of ad valorem tax needed to fund this obligation is ordered to be and is hereby levied against all taxable property in the City for each year while any Certificate 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 Certificates, 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 Official Bid Form, 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 debt service on the Certificates scheduled to occur prior to receipt of taxes levied to pay such debt service. Money in the Interest and Sinking Fund, at the option of the City, may be invested in the securities or Certificates as permitted under applicable law and the City's investment policy. Any securities or Certificates in which money is invested shall be kept and held in trust for the benefit of the owners of the Certificates 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) Should more than one series of Certificates be sold under authority of this Ordinance, a separate interest and sinking fund will be created and maintained at an official depository of the City to secure each series of Certificates.

PART 10. REVENUES; APPLICABILITY OF CHAPTER 1208

(A) The Certificates are additionally secured by and shall be payable from the Surplus Revenues. The Surplus Revenues are pledged by the City pursuant to authority of Chapter 363, specifically Section 363.135. The City shall promptly deposit the Surplus Revenues on their receipt to the credit of the Interest and Sinking Fund created pursuant to PART 9, to pay the principal and interest on the Certificates. The amount of Surplus Revenues pledged to the payment of the Certificates shall not exceed \$1,000.

(B) Chapter 1208 applies to the issuance of the Certificates and the pledge of ad valorem taxes and the Surplus Revenues granted by the City under PARTS 9 and 10 of this Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid so that the pledge of the ad valorem taxes and Surplus Revenues granted by the City is to be subject to the filing requirements of Chapter 9, then to preserve to the registered owners of the Certificates the perfection of the security interest in the pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the security interest in the pledge.

PART 11. DAMAGED, LOST, STOLEN OR DESTROYED CERTIFICATES

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

(B) Application for replacement of any damaged, mutilated, lost, stolen, or destroyed Certificate shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Certificate, the applicant for a replacement obligation shall furnish to the City and to the Paying Agent/Registrar the security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect to the Certificate. Also, in every case of loss, theft, or destruction of a Certificate, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of the Certificate. In every case of damage

or mutilation of a Certificate, the applicant shall surrender to the Paying Agent/Registrar for cancellation the damaged or mutilated Certificate.

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

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

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

PART 12. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL

The Mayor, or his designee, and each Authorized Representative, is authorized to have control of the Certificates and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination and approval by the Texas Attorney General and their registration by the Comptroller. The City shall submit a single certificate of obligation to the Texas Attorney General, in the aggregate principal amount of the Certificates sold and containing the interest rates and schedule of principal payment dates, all as set forth in the Official Bid Form (the "Initial Certificate"). Upon registration of the Initial Certificate, the Comptroller (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Initial Certificate, and the seal of the Comptroller shall be impressed, or placed in facsimile, on the Initial Certificate. The Initial Certificate shall be numbered T-1. After registration by the Comptroller, delivery

of the Certificates shall be made to the Purchasers, under and subject to the general supervision and direction of the Mayor or an Authorized Representative, against receipt by the City of all amounts due to the City under the terms of sale, and the Initial Certificate shall be cancelled. 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 Certificates, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

PART 13. SALE OF CERTIFICATES; OFFICIAL STATEMENT

(A) The Certificates shall be sold to the Purchasers at the price set forth in the Official Bid Form, and delivery of the Certificates to the Purchasers shall be made upon receipt of payment in accordance with the terms of the Official Bid Form. An Authorized Representative is authorized and directed to execute the Official Bid Form on behalf of the City, and the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, City Clerk and all other officials, agents and representatives of the City are authorized to execute and deliver such agreements, certificates, instruments and other documents, and do any and all things necessary or desirable to satisfy the conditions set out in the documents, to provide for the issuance and delivery of the Certificates.

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

(C) The Mayor, Mayor Pro Tem, City Manager, City Clerk, Chief Financial Officer and all other officials, agents and representatives of the City are authorized to take actions as any officer, official, agent or representative shall approve in seeking ratings on the Certificates from one or more nationally recognized statistical ratings organizations, or any confirmation of ratings issued by a rating agency, and these actions are ratified and confirmed.

(D) Proceeds from the sale of the Certificates shall be disbursed in the amounts and for the purposes set forth in the closing letter of instructions. An Authorized Representative may provide for the establishment of any fund, account or subaccount as deemed necessary or appropriate for the safekeeping and administration of proceeds from the sale of the Certificates pending their disbursement for authorized purposes.

(E) An Authorized Representative shall not execute the Official Bid Form unless the each of the Purchasers has confirmed to an Authorized Representative that either it has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code or is exempt from making filings under Section 2252.908(c)(4), Texas Government Code. Within 30 days of receipt of the execution of the Official Bid Form, disclosure filings received from any of the Purchasers will be acknowledged by the City in accordance with the rules of the Texas Ethics Commission.

PART 14. CERTIFICATES NOT ISSUED AS TAX-EXEMPT OBLIGATIONS.

The City does not intend to issue the Certificates in a manner such that the Certificates would constitute obligations described in section 103(a) of the Code and all applicable temporary, proposed and final regulations and procedures promulgated thereunder or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

PART 15. CONTINUING DISCLOSURE OBLIGATION

(A) *Annual Reports.*

1. The City shall provide annually to the MSRB, (A) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by PART 13 of this Ordinance, being information of the type described in the final Official Statement, including financial statements of the City if audited financial statements of the City are then available, and (B) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (x) prepared in accordance with the accounting principles described in the final Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the final Official Statement, and (y) audited, if the City commissions an audit of its financial statements and the audit is completed within the period during which they must be provided. If the audit of financial statements is not complete within 12 months after any fiscal

591 year end, then the City shall file unaudited financial statements within the 12-
592 month period and audited financial statements for the applicable fiscal year, when
593 and if the audit report on the financial statements becomes available.

594 2. If the City changes its fiscal year, it will notify the MSRB of the
595 change (and of the date of the new fiscal year end) before the next date the City
596 would be required to provide financial information and operating data pursuant to
597 this PART.

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

604 (B) *Disclosure Event Notices.* The City shall notify the MSRB in an electronic
605 format prescribed by the MSRB, in a timely manner not in excess of 10 Business Days
606 after the occurrence of the event, of any of the following events with respect to the
607 Certificates:

- 608 1. Principal and interest payment delinquencies;
- 609 2. Non-payment related defaults, if material;
- 610 3. Unscheduled draws on debt service reserves reflecting financial
611 difficulties;
- 612 4. Unscheduled draws on credit enhancements reflecting financial
613 difficulties;
- 614 5. Substitution of credit or liquidity providers, or their failure to
615 perform;
- 616 6. Adverse tax opinions, the issuance by the Internal Revenue Service
617 of proposed or final determinations of taxability, Notices of Proposed Issue (IRS
618 Form 5701-TEB) or other material notices or determinations with respect to the
619 tax status of the Certificates, or other material events affecting the tax status of the
620 Certificates;
- 621 7. Modifications to rights of holders of the Certificates, if material;
- 622 8. Certificate calls, if material, and tender offers;
- 623 9. Defeasances;
- 624 10. Release, substitution, or sale of property securing repayment of the
625 Certificates, if material;

626 11. Rating changes;

627 12. Bankruptcy, insolvency, receivership or similar event of the City;

628 13. The consummation of a merger, consolidation, or acquisition
629 involving the City or the sale of all or substantially all of the assets of the City,
630 other than in the ordinary course of business, the entry into a definitive agreement
631 to undertake such an action or the termination of a definitive agreement relating to
632 any such actions, other than pursuant to its terms, if material;

633 14. Appointment of a successor Paying Agent/Registrar or change in the
634 name of the Paying Agent/Registrar, if material;

635 15. Incurrence of a Financial Obligation of the Obligated Person, if
636 material, or agreement to covenants, events of default, remedies, priority rights, or
637 other similar terms of a Financial Obligation of the Obligated Person, any of
638 which affect security holders, if material; and

639 16. Default, event of acceleration, termination event, modification of
640 terms, or other similar event under the terms of a Financial Obligation of the
641 Obligated Person, and which reflect financial difficulties.

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

646 As used in clause (xii) above, the phrase "bankruptcy, insolvency, receivership or
647 similar event" means the appointment of a receiver, fiscal agent or similar officer for the
648 City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under
649 state or federal law in which a court or governmental authority has assumed jurisdiction
650 over substantially all of the assets or business of the City, or if jurisdiction has been
651 assumed by leaving Council and officials or officers of the City in possession but subject
652 to the supervision and orders of a court or governmental authority, or the entry of an
653 order confirming a plan of reorganization, arrangement or liquidation by a court or
654 governmental authority having supervision or jurisdiction over substantially all of the
655 assets or business of the City.

656
657 As used in clauses (xv) and (xvi) above, the term "Financial Obligation" means:
658 (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or
659 pledged as security or a source of payment for, an existing or planned debt obligation; or
660 (iii) a guarantee of (i) or (ii); however, the term Financial Obligation shall not include
661 Municipal Securities as to which a final official statement has been provided to the
662 MSRB consistent with the Rule; the term "Municipal Securities" means securities which

are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time; and the term "Obligated Person" means the City.

(C) *Limitations, Disclaimers, and Amendments.* The City shall be obligated to observe and perform the covenants named in this PART for only so long as the City remains an "obligated person" with respect to the Certificates 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 Certificate no longer to be outstanding.

The provisions of this PART are for the sole benefit of the holders and beneficial owners of the Certificates, 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 Certificates at any future date.

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

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

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 Certificates in the primary offering of the Certificates 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 Certificates 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 Certificates. If the City amends the provisions of this PART, it shall include with the next financial information and operating data provided in accordance with subsection (a) 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 Certificates in the primary offering of the Certificates. 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.

PART 16. DTC REGISTRATION

The Certificates initially shall be issued and delivered in the manner that no physical distribution of the Certificates will be made to the public, and DTC initially will act as depository for the Certificates. 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 of DTC. The Certificates 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 Certificates on behalf of the Purchasers and their participants. So long as each Certificate 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 Certificates 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 Certificates initially deposited with DTC shall be immobilized and not be further exchanged for substitute Certificates except as set forth in this Ordinance. The City and the Paying Agent/Registrar are not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Certificates. It shall be the duty of the DTC Participants, as defined in the Official Statement, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Certificates, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Certificates is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Certificates will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for the Certificates. In connection with the initial establishment of the foregoing book-entry system with DTC, the City has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

PART 17. DEFEASANCE

(A) *Defeased Certificates.* Any Certificate will be treated as a Defeased Certificate, except to the extent provided in subsection (d) of this PART, when payment of the principal of the Certificate, plus interest to the due date (whether the due date be by reason of maturity, redemption or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of this Ordinance, or (ii) shall have been provided for on or before the due date by irrevocably depositing with or making available to the Paying Agent/Registrar or any commercial bank or trust company authorized to serve as escrow agent for the Certificates in accordance with a Future Escrow Agreement for the payment of the Certificate (1) lawful money of the United States of America sufficient to make the payment or (2) Defeasance Securities to mature as to principal and interest in the amounts and at the time as will ensure the availability, without reinvestment, of sufficient money to provide for the payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. There shall be delivered to the Paying Agent/Registrar a certificate of a qualified financial professional or a report from a firm of certified public accountants evidencing the sufficiency of the deposit made pursuant to clause (ii) above. The Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to the City that

reflects this payment does not adversely affect the exclusion under the Code of interest on the Defeased Certificates from the gross income of the holders for federal income taxation purposes. At the time as a Certificate shall be considered to be a Defeased Certificate, the Certificate and the interest on that Certificate shall no longer be secured by, payable from, or entitled to the benefits of the ad valorem taxes levied and pledged as provided in this Ordinance, and the principal and interest shall be payable solely from the money or Defeasance Securities.

(B) *Investment in Defeasance Securities.* Any funds deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as set forth in this Ordinance, and all income from these Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates 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 Certificates 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 Certificates, 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 Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for the Defeased Certificates 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 for Defeasance.* In the event that the City elects to defease less than all of the principal amount of Certificates of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, the amount of Certificates by the random method as it considers fair and appropriate.

PART 18. DEFAULT AND REMEDIES

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

814 1. the failure to pay the principal of or interest on any Certificate when
815 it becomes due and payable; or

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

822 (B) *Remedies for Default.*

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

833 2. All default proceedings shall be instituted and maintained for the
834 equal benefit of all Registered Owners of outstanding Certificates.

835 (C) *Remedies Not Exclusive.*

836 1. No remedy in this Ordinance is exclusive of any other available
837 remedy, but each remedy shall be cumulative and shall be in addition to every
838 other remedy given in this Ordinance or under the Certificates; however, there is
839 no right to accelerate the debt evidenced by the Certificates.

840 2. The exercise of any remedy in this Ordinance shall not be considered
841 a waiver of any other available remedy.

842 3. By accepting the delivery of a Certificate authorized under this
843 Ordinance, the Registered Owner agrees that the certifications required to effect
844 any covenants or representations contained in this Ordinance do not and shall
845 never constitute or give rise to a personal or pecuniary liability or charge against
846 the officers or employees of the City or Council.

847 4. None of the members of Council, nor any other official or officer,
848 agent, or employee of the City, shall be charged personally by the Registered
849 Owners with any liability, or be held personally liable to the Registered Owners
850 under any term or provision of this Ordinance, or because of any Event of Default
851 or alleged Event of Default under this Ordinance.

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

853 (A) The Mayor, the Mayor Pro Tem, the City Clerk, the City Manager, any
854 Assistant City Manager, the Chief Financial Officer, or any Deputy Chief Financial
855 Officer, and all other officers, employees, and agents of the City, and each of them, shall
856 be authorized, empowered, and directed to do and perform all acts and things and to
857 execute, acknowledge, and deliver in the name and under the seal and on behalf of the
858 City all instruments as may be necessary or desirable in order to carry out the terms and
859 provisions of this Ordinance, the Certificates, the Official Bid Form, the offering
860 documents prepared in connection with the sale of the Certificates, or the Paying
861 Agent/Registrar Agreement. In case any officer whose signature appears on any
862 Certificate shall stop being the officer before the delivery of the Certificate, the signature
863 shall nevertheless be valid and sufficient for all purposes as if he or she had remained in
864 office until the delivery.

865 (B) The Mayor, the Mayor Pro Tem and any Authorized Representative are
866 each authorized to make or approve such revisions, additions, deletions, and variations to
867 this Ordinance that, in their judgment and in the opinion of Bond Counsel to the City,
868 may be necessary or convenient to carry out or assist in carrying out the purposes of this
869 Ordinance, the Official Bid Form, the Paying Agent/Registrar Agreement, the
870 Preliminary Official Statement and the final Official Statement or as may be required for
871 approval of the Certificates by the Attorney General of Texas.

872 (C) Any duty, responsibility, privilege, power or authority conferred by this
873 Ordinance upon an officer shall extend to an individual who occupies such office in an
874 interim, acting or provisional capacity.

875 **PART 20. RULES OF CONSTRUCTION**

876 For all purposes of this Ordinance, unless the context requires otherwise, all
877 references to designated PARTS and other subdivisions are to the PARTS and other
878 subdivisions of this Ordinance. Except where the context otherwise requires, terms
879 defined in this Ordinance to impart the singular number shall be considered to include
880 the plural number and vice versa. References to any named person shall mean that party
881 and his or her successors and assigns. Any duty, responsibility, privilege, power or
882 authority conferred by this Ordinance upon an official or officer shall extend to an
883 individual who occupies such office in an interim, acting or provisional capacity.

884 References to any constitutional, statutory or regulatory provision means the provision
885 as it exists on the date this Ordinance is adopted by the City. Any reference to the
886 payment of principal in this Ordinance shall include the payment of any mandatory
887 sinking fund redemption payments as described in this Ordinance. Any reference to
888 “Form of Certificate” refers to the form of the Certificates in Exhibit A to this
889 Ordinance. The titles and headings of the PARTS and subsections of this Ordinance
890 have been inserted for convenience of reference only and are not a part of this Ordinance
891 and shall not in any way modify or restrict any of its terms or provisions.

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

PART 21. CONFLICTING ORDINANCES REPEALED

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

PART 22. IMMEDIATE EFFECT

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

PART 23. This ordinance takes effect on _____, 2021.

PASSED AND APPROVED

_____, 2021

§
§
§

Steve Adler
Mayor

APPROVED: _____

Anne L. Morgan
City Attorney

ATTEST: _____

Jannette S. Goodall
City Clerk

EXHIBIT A

Form of Certificate

NO. R-__

\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
CERTIFICATE OF OBLIGATION, TAXABLE SERIES 2021

| | | | |
|----------------------|----------------------|-------------------|------------------|
| <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Dated Date</u> | <u>CUSIP No.</u> |
| _____, 1, 20__ | _____% | October __, 2021 | |

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

or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of:

_____ DOLLARS

and to pay interest thereon, from the Dated Date specified above, to the Maturity Date specified above, or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on March 1, 2022, and semiannually on each September 1 and March 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Certificate is dated later than March 1, 2022, such interest is payable semiannually on each September 1 and March 1 following such date.

INTEREST ON THIS CERTIFICATE shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of 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 Dallas, Texas (the "Designated Payment/Transfer Office") of U.S. Bank National Association, 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 as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the record date, which is the 15th day of the month next preceding such 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 City required 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 appears on the Registration Books kept by the Paying Agent/Registrar, as

hereinafter described. Any accrued interest due at maturity or upon redemption of this Certificate prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Certificate that no later than each principal payment and/or interest payment date for this Certificate it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the ordinance authorizing the Certificates (the "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.

IN THE EVENT OF A NON-PAYMENT of interest on a scheduled payment date, and for thirty (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 City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Certificate appearing on the registration books of 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. Notwithstanding the foregoing, during any period in which ownership of the Certificates is determined only by a book entry at a securities depository for the Certificates, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the City and the securities depository.

THIS CERTIFICATE is one of a series of Certificates of like tenor and effect except as to number, principal amount, interest rate, maturity and option of redemption, dated as of the Dated Date specified above, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$20,525,000, for the purpose of providing funds with which to pay contractual obligations to be incurred by the City, to-wit: making and acquiring various public improvements for the City, as described in the Ordinance, and the payment of fiscal, engineering and legal fees incurred in connection therewith.

ON SEPTEMBER 1, 2031, or on any date thereafter, the Certificates of this series maturing on September 1, 2032, and thereafter may be redeemed prior to their scheduled maturities, at the option of the City, in whole, or in part, at a price equal to the principal amount thereof, without premium, plus 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 customary random selection 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 City and the securities depository.

AT LEAST thirty (30) days prior to the date fixed for any redemption, a written notice of redemption shall be given to the registered owner of each Certificate 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. By the date fixed for any redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for this Certificate or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If notice of redemption is given, and if due provision for such payment is made, all as provided above, this Certificate, 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 payment. The Paying Agent/Registrar shall record in the Registration Books all redemptions of principal of this Certificate or any portion hereof. If a portion of any Certificate shall be redeemed, a substitute Certificate or Certificates 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 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 City, all as provided in the Ordinance. With respect to any optional redemption of the Certificates, unless certain prerequisites to such optional redemption required by the Ordinance have been met and money sufficient to pay the principal of, premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to giving such notice, such notice may state that the optional redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in the notice of redemption. If a notice of conditional redemption is given and such prerequisites to the redemption are not satisfied, such notice will be of no force and effect, the City will not redeem such Certificates and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Certificates will not be redeemed.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination"). As provided in the Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer

Office for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any 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 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. 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 City. 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 forty-five (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 City, resigns, or otherwise ceases to act as such, the City has covenanted in the 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 AND RECITED 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 the City, 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 the City, 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 the City's solid waste disposal system remaining after payment of all operation and maintenance expenses thereof and any other obligations heretofore or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and pledge of such

revenues superior to the lien on and pledge of such revenues to the Certificates, have been pledged as additional security for the Certificates.

BY BECOMING the registered owner of this Certificate, the registered owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Certificate and the Ordinance constitute a contract between each registered owner hereof and the City.

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

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

Steve Adler,
Mayor, City of Austin, Texas

(SEAL)

* * * * *

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE:

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Certificate is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Certificate has been issued under the provisions of the proceedings adopted by the City as described in the text of this Certificate; and that this Certificate has been issued in conversion of and exchange for or replacement of a certificate/certificates or a portion of a certificate or certificates of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

U.S. Bank National Association,
Paying Agent/Registrar

By: _____
Authorized Representative

* * * * *

FORM OF COMPTROLLER'S CERTIFICATE (ATTACHED TO
THE INITIAL CERTIFICATE):

OFFICE OF COMPTROLLER :
STATE OF TEXAS :

REGISTER NO. _____

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Certificate and that this Certificate has been registered this day by me.

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

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

* * * * *

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 and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Certificate on the 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
Certificate in every particular, without
alteration or enlargement or any change
whatsoever.

The Initial Certificate shall be in the form set forth above, except that the form of the single fully registered Initial Certificate shall be modified as follows:

(i) immediately under the name of the note the headings "Maturity Date", "Interest Rate", "Dated Date" and "Cusip" shall be omitted; and

(ii) Paragraph one shall read as follows:

Registered Owner:

Principal Amount: Twenty Million Five Hundred Twenty-Five Thousand Dollars

Dated Date: October __, 2021

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF AUSTIN, TEXAS (the "City"), in the Counties of Travis, Williamson and Hays, promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on September 1 in each of the years and in principal installments in accordance with the following schedule:

| <u>Maturity</u> | <u>Principal Amount (\$)</u> | <u>Interest Rate (%)</u> |
|-----------------|------------------------------|--------------------------|
| 2022 | | |
| 2023 | | |
| 2024 | | |
| 2025 | | |
| 2026 | | |
| 2031 | | |
| 2032 | | |
| 2033 | | |
| 2034 | | |
| 2035 | | |
| 2036 | | |
| 2037 | | |
| 2038 | | |
| 2039 | | |
| 2040 | | |
| 2041 | | |

and to pay interest thereon, from the Dated Date specified above, to the Maturity Date specified above, or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on March 1, 2022, and semiannually on each September 1 and March 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Certificate is dated later than March 1, 2022, such interest is payable semiannually on each September 1 and March 1 following such date.

SCHEDULE I

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

1. The design and construction of Waterloo Park.
2. Construction of a storm water bypass tunnel constructed from 12th Street at Waterloo Park to Lady Bird Lake just upstream of the mouth of Waller Creek.
3. Payment of fiscal, engineering and legal fees incurred in connection with the projects funded with the proceeds of the Certificates.