CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS :
COUNTIES OF TRAVIS AND WILLIAMSON :
CITY OF AUSTIN :

I, the undersigned, City Clerk of the City of Austin, Texas, DO HEREBY CERTIFY as follows:

1. The City Council of said City convened in **REGULAR MEETING ON THE 25TH DAY OF AUGUST, 2005,** at the designated meeting place, and the roll was called of the duly constituted officers and members of the City Council, to-wit:

WILL WYNN	:	MAYOR
DANNY THOMAS	:	MAYOR PRO-TEM
LEE LEFFINGWELL	:	
RAUL ALVAREZ	:	
JENNIFER KIM	:	COUNCILMEMBERS
BETTY DUNKERLEY	:	
BREWSTER McCRACKEN	:	

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS, PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS SERIES 2005, IN THE AGGREGATE PRINCIPAL AMOUNT OF $14,940,000; PRESCRIBING THE FORM OF SAID OBLIGATIONS; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID OBLIGATIONS; AWARDING THE SALE THEREOF; APPROVING THE OFFICIAL STATEMENT; ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN IMMEDIATE EFFECTIVE DATE

was duly introduced and submitted to the City Council for passage and adoption. After presentation and due consideration of said Ordinance, and upon a motion being made by Councilmember McCracken and seconded by Councilmember Leffingwell, said Ordinance was finally passed and adopted by the City Council to be effective immediately by the following vote:

6 voted "For" 0 voted "Against" 1 (Alvarez) absent when voting

as shown in the official minutes of the City Council for the meeting held on said date.

2. That a true, full and correct copy of the aforesaid Ordinance passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Ordinance has been duly recorded in said City Council's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Ordinance would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED THE 25TH DAY OF AUGUST, 2005.

Shirley A Brown

SHIRLEY A. BROWN
City Clerk, City of Austin, Texas

(CITY SEAL)



ORDINANCE 20050825-034

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS, PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS SERIES 2005, IN THE AGGREGATE PRINCIPAL AMOUNT OF $14,940,000; PRESCRIBING THE FORM OF SAID OBLIGATIONS; *PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID* OBLIGATIONS; AWARDING THE SALE THEREOF; APPROVING THE OFFICIAL STATEMENT; ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN IMMEDIATE EFFECTIVE DATE

WHEREAS, the Public Property Finance Act, Sec. 271.001, et seq., Subchapter A, Local Government Code (the "Act") authorizes the City of Austin, Texas (the "City" or the "Issuer") to execute, perform and make payments under contracts with any person for the use, acquisition, purchase or financing of personal property as described in the Act; and

WHEREAS, the Act permits the governing body of the Issuer to execute contracts in any form deemed appropriate by said governing body in connection with the use, acquisition, purchase or financing of personal property; and

WHEREAS, the governing body of the Issuer desires to acquire, purchase or finance personal property as described in Schedule I attached hereto, or such other personal property, appliances, equipment, facilities, furnishings or interests therein, whether movable or fixed, deemed by the governing body of the Issuer to be necessary, useful and/or appropriate for the purposes of the Issuer (the "Property"); and

WHEREAS, the governing body of the Issuer deems it appropriate to adopt this Ordinance and issue the "Contractual Obligations" herein authorized as permitted by the Act.

WHEREAS, 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 said meeting was given as required by Chapter 551, Texas Government Code, as amended. Now, Therefore,

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

Section 1. RECITALS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Ordinance.

Section 2. AMOUNT AND PURPOSE OF CONTRACTUAL OBLIGATIONS. The Issuer's Public Property Finance Contractual Obligations (hereinafter sometimes called "Contractual Obligations") are hereby authorized to be issued in the aggregate principal amount of $14,940,000 FOR THE PURPOSE OF PAYING ALL OR A PORTION OF THE ISSUER'S CONTRACTUAL OBLIGATIONS TO BE INCURRED IN CONNECTION WITH THE ACQUISITION, PURCHASE OR FINANCING OF THE PROPERTY, IN ACCORDANCE WITH THE

PROVISIONS OF THE PUBLIC PROPERTY FINANCE ACT, SEC. 271.001, ET SEQ., LOCAL GOVERNMENT CODE.

Section 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, INTEREST RATES AND MATURITIES OF CONTRACTUAL OBLIGATIONS. Each Contractual Obligation issued pursuant to this Ordinance shall be designated "CITY OF AUSTIN, TEXAS PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION, SERIES 2005", and initially there shall be issued, sold and delivered hereunder fully registered Contractual Obligations, without interest coupons, dated August 15, 2005, in the principal amount stated above and in the denominations hereinafter stated, numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial Contractual Obligations being made payable to the initial purchaser (the "Purchaser") as described in Section 14 hereof), or to the registered assignee or assignees of said Contractual Obligations or any portion or portions thereof (in each case, the "Registered Owner"), and said Contractual Obligations shall mature and be payable on May 1 and November 1 in each of the years and in the principal amounts, respectively, and shall bear interest in the manner provided, on the dates stated, and from the dates set forth, in the FORM OF CONTRACTUAL OBLIGATION to their respective dates of maturity at the rates per annum, as set forth in the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate (%)
5/1/2006	900,000	4.000
11/1/2006	985,000	4.000
5/1/2007	1,015,000	3.000
11/1/2007	1,045,000	3.000
5/1/2008	1,070,000	3.000
11/1/2008	1,090,000	3.000
5/1/2009	1,115,000	3.250
11/1/2009	1,130,000	3.250
5/1/2010	1,040,000	3.500
11/1/2010	1,065,000	3.500
5/1/2011	1,080,000	3.500
11/1/2011	1,115,000	3.500
5/1/2012	1,135,000	3.750
11/1/2012	1,155,000	3.750

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The term "Contractual Obligations" as used in this Ordinance shall mean and include collectively the Contractual Obligations initially issued and delivered pursuant to this Ordinance and all substitute Contractual Obligations exchanged therefor, as well as all other substitute Contractual Obligations and replacement Contractual Obligations issued pursuant hereto, and the term "Contractual Obligation" shall mean any of the Contractual Obligations.

Section 4. CHARACTERISTICS OF THE CONTRACTUAL OBLIGATIONS. (a) That the City shall keep or cause to be kept at the designated corporate trust office in New York, New York (the "Designated Payment/Transfer Office") of Deutsche Bank Trust Company Americas (the "Paying Agent/Registrar"), or such other bank, trust company, financial institution, or other agency named in accordance with the provisions of (g) below, books or records of the registration and transfer of the Contractual Obligations (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/-Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. 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 such registered owner of each Contractual Obligation to which payments with respect to the Contractual Obligations shall be mailed, as herein provided. 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 Contractual Obligation may be transferred in the Registration Books only upon presentation and surrender of such Contractual 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 such Contractual Obligation, or any portion thereof in any integral multiple of $5,000, to the assignee or assignees thereof, and the right of such assignee or assignees to have such Contractual Obligation or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Contractual Obligation or any portion thereof, a new substitute Contractual Obligation or Contractual Obligations shall be issued in exchange therefor in the manner herein provided.

(b) The entity in whose name any Contractual Obligation shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Ordinance, whether or not such Contractual 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 such Contractual Obligation shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Contractual Obligation to the extent of the sum or sums so paid.

(c) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Contractual Obligations, and to act as its agent to exchange or replace Contractual 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 Contractual Obligations, and of all exchanges thereof, and all replacements thereof, as provided in this Ordinance.

(d) Each Contractual Obligation may be exchanged for fully registered certificates in the manner set forth herein. Each Contractual Obligation issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal amount thereof, may, upon surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, 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 such assignee or assignees, as appropriate, be exchanged for fully registered Contractual Obligations, without interest coupons, in the form prescribed in the FORM OF CONTRACTUAL OBLIGATION, in the denomination of $5,000, or any integral multiple thereof (subject to the requirement hereinafter stated that each substitute Contractual Obligation shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Contractual Obligation or Contractual Obligations so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Contractual Obligation shall be redeemed prior to its scheduled maturity as provided herein, a substitute Contractual Obligation or Contractual Obligations having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of $5,000 at the 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 surrender thereof for cancellation. If any Contractual Obligation or portion thereof is assigned and transferred, each Contractual Obligation issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Contractual Obligation for which it is being exchanged. Each substitute Contractual Obligation shall bear a letter and/or number to distinguish it from each other Contractual Obligation. The Paying Agent/Registrar shall exchange or replace Contractual Obligations as provided herein, and each fully registered Contractual Obligation or Contractual Obligations delivered in exchange for or replacement of any Contractual Obligation or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Contractual Obligations for all purposes of this Ordinance, and may again be exchanged or replaced. It is specifically provided, however, that any Contractual Obligation delivered in exchange for or replacement of another Contractual Obligation prior to the first scheduled interest payment date on the Contractual Obligations (as stated on the face thereof) shall be dated the same date as such Contractual Obligation, but each substitute Contractual Obligation so delivered on or after such first scheduled interest payment date shall be dated as of the interest payment date preceding the date on which such substitute Contractual Obligation is delivered, unless such substitute Contractual Obligation is delivered on an interest payment date, in which case it shall be dated as of such date of delivery; *provided, however*, that if at the time of delivery of any substitute Contractual Obligation the interest on the Contractual Obligation for which it is being exchanged has not been paid, then such substitute Contractual Obligation shall be dated as of the date to which such interest has been paid in full. On each substitute Contractual Obligation issued in exchange for or replacement of any Contractual Obligation or Contractual Obligations issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth in the FORM OF CONTRACTUAL OBLIGATION (the "Authentication Certificate"). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such substitute Contractual Obligation, date such substitute Contractual Obligation in the manner set forth above, and manually sign and date the Authentication Certificate, and no such substitute Contractual Obligation shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Contractual 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 so as to accomplish the foregoing exchange or replacement of any Contractual Obligation or portion hereof, and the Paying Agent/Registrar shall

provide for the printing, execution, and delivery of the substitute Contractual Obligations in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Contractual Obligation as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Contractual Obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Contractual Obligations which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(e) All Contractual Obligations issued in exchange or replacement of any other Contractual Obligation or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Contractual Obligations to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Contractual Obligations, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Contractual Obligations shall be payable, all as provided, and in the manner required or indicated, in the FORM OF CONTRACTUAL OBLIGATION.

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Contractual Obligations, but the registered owner of any Contractual Obligation requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of any Contractual Obligation requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any such Contractual Obligation or portion thereof, together with any taxes or governmental charges required to be paid with respect thereto, all as a condition precedent to the exercise of such privilege of exchange, except, however, that in the case of the exchange of an assigned and transferred Contractual Obligation or Contractual Obligations or any portion or portions thereof in any integral multiple of $5,000, and in the case of the exchange of the unredeemed portion of a Contractual Obligation which has been redeemed in part prior to maturity, as provided in this Ordinance, such fees and charges will be paid by the City. In addition, the City hereby covenants with the registered owners of the Contractual 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 Contractual 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 Contractual Obligations solely to the extent above provided, and with respect to the exchange of Contractual Obligations solely to the extent above provided.

(g) The City covenants with the registered owners of the Contractual Obligations that at all times while the Contractual 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 Contractual 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 cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified national or state banking institution which shall be an entity organized and doing business under the laws of the United

States of America or of any state, authorized under such 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 thereof), along with all other pertinent books and records relating to the Contractual 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 thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Contractual 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 deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

Section 5. FORM OF CONTRACTUAL OBLIGATIONS. The form of the Contractual Obligations, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Contractual Obligations initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as set forth in Exhibit A to this Ordinance, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

Section 6. INTEREST AND SINKING FUND. That a special fund or account, to be designated the **"City of Austin, Texas Series 2005 Public Property Finance Contractual Obligations Interest and Sinking Fund"**, hereinafter called the "Interest and Sinking Fund", is hereby authorized and shall be established and maintained in a depository bank of the Issuer, so long as the Contractual Obligations, or interest thereon, are outstanding and unpaid.

Section 7. TAX LEVY. (a) The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Contractual Obligations. All ad valorem taxes levied and collected for and on account of the Contractual Obligations shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Contractual Obligations are outstanding and unpaid, the governing body of the Issuer shall compute and ascertain a rate and amount of ad valorem tax which together with any other lawfully available funds that are on deposit in the Interest and Sinking Fund at the time of such levy will be sufficient to pay the interest on the Contractual Obligations as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of such Contractual Obligations as such principal matures (but never less than 2% of the original principal amount of the Contractual Obligations as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied and is hereby ordered to be levied, against all taxable property in the Issuer for each year while any of the Contractual Obligations are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Contractual Obligations, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. In addition, until expended for the herein

authorized purposes, the proceeds of the Contractual Obligations are pledged to the payment of the principal and interest on the Contractual Obligations.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Contractual Obligations and the pledge of ad valorem taxes made under Section 7(a) of this Ordinance, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Contractual Obligations are outstanding and unpaid such that the pledge of ad valorem taxes made by the City under Section 7(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Contractual Obligations the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8. DEFEASANCE OF CONTRACTUAL OBLIGATIONS. (a) Any Contractual Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Contractual Obligation") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section 8, when payment of the principal of such Contractual Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Contractual Obligations shall have become due and payable. There shall be delivered to the Paying Agent/Registrar a certificate from a firm of certified public accountants certifying as to 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 Issuer that reflects such payment does not adversely affect the exclusion under the Code of interest on the Defeased Contractual Obligations from the gross income of the holders thereof for federal income taxation purposes. At such time as a Contractual Obligation shall be deemed to be a Defeased Contractual Obligation hereunder, as aforesaid, such Contractual Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Contractual Obligations that is made in conjunction with the payment arrangements specified in subsection 8(a)(i) or (ii) shall not be irrevocable, provided that in the proceedings providing for such payment arrangements, the Issuer expressly (1) reserves the right to call the Defeased Contractual Obligations for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Contractual Obligations immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Contractual Obligations and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Contractual Obligations may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 8(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Defeased Contractual Obligations, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer. The Paying Agent/Registrar shall not be liable for any loss pertaining to an investment executed in accordance with written instructions from the Issuer.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

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

(e) In the event that the Issuer elects to defease less than all of the principal amount of Contractual Obligations of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Contractual Obligations by such random method as it deems fair and appropriate.

Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CONTRACTUAL OBLIGATIONS. (a) Replacement Contractual Obligations. In the event any outstanding Contractual Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new contractual obligation of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Contractual Obligation, in replacement for such Contractual Obligation in the manner hereinafter provided.

(b) Application for Replacement Contractual Obligations. Application for replacement of damaged, mutilated, lost, stolen or destroyed Contractual Obligations shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction

of a Contractual Obligation, the registered owner applying for a replacement contractual obligation shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Contractual Obligation, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Contractual Obligation, as the case may be. In every case of damage or mutilation of a Contractual Obligation, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Contractual Obligation so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Contractual Obligation shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on such Contractual Obligation, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Contractual Obligation) instead of issuing a replacement contractual obligation, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Contractual Obligations. Prior to the issuance of any replacement contractual obligation, the Paying Agent/Registrar shall charge the registered owner of such Contractual Obligation with all legal, printing, and other expenses in connection therewith. Every replacement contractual obligation issued pursuant to the provisions of this Section by virtue of the fact that any Contractual Obligation is damaged, mutilated, lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the damaged, mutilated, lost, stolen, or destroyed Contractual Obligation shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Contractual Obligations duly issued under this Ordinance.

(e) Authority for Issuing Replacement Contractual Obligations. In accordance with Chapter 1206, Texas Government Code, as amended, this Section shall constitute authority for the issuance of any such replacement contractual obligation without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Contractual Obligations is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such replacement contractual obligations in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Contractual Obligations issued in conversion and exchange of other Contractual Obligations.

Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF CONTRACTUAL OBLIGATIONS. That the Mayor or the designee thereof is hereby authorized to have control of the Contractual Obligations and all necessary records and proceedings pertaining to the Contractual Obligations pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Contractual Obligations, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Contractual Obligations, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each such certificate. After registration by said Comptroller, delivery of the Contractual Obligations shall be made to the Purchaser, as defined

in Section 14 below, 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.

Section 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CONTRACTUAL OBLIGATIONS. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Contractual Obligations as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Contractual Obligations or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, 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 Contractual 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) hereof exceeds 5 percent of the proceeds of the Contractual Obligations or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of $5,000,000, or 5 percent of the proceeds of the Contractual 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 Contractual 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 Contractual 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 Contractual 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 Contractual Obligations, other than investment property acquired with --

(1) proceeds of the Contractual Obligations invested for a reasonable temporary period of 3 years or less until such proceeds are needed for the purpose for which the bonds 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 Contractual Obligations;

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

In order to facilitate compliance with the above covenant (h), a "Rebate Fund" is hereby established and held by the Issuer for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the registered owners of Contractual Obligations. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

The Issuer 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 issuance of the Contractual Obligations. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Contractual Obligations, the Issuer 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 Contractual 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 Contractual Obligations, the Issuer 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 Contractual 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 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 Contractual Obligations.

Section 12. CONTRACTUAL UNDERTAKING WITH REGISTERED OWNER. The Issuer hereby, and by the acceptance of each of the Contractual Obligations, contractually obligates and commits itself to utilize the net proceeds available from the issuance and delivery of the Contractual Obligations, after payment of costs of issuance related thereto, for the acquisition or purchase of the Property in accordance with terms and provisions of this Ordinance.

Section 13. REMEDIES IN EVENT OF DEFAULT. In addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event of default in payment of principal or interest on any of the Contractual Obligations when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or defaults in the observance or performance of any other of the contracts, covenants, conditions or obligations set forth in this Ordinance or in the Contractual Obligations, the following remedies shall be available:

(a) the registered owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations or conditions prescribed in this Ordinance; and

(b) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 14. SALE OF CONTRACTUAL OBLIGATIONS AND APPROVAL OF OFFICIAL STATEMENT. That the sale of the Contractual Obligations to Citigroup Global Markets Inc., and associates (the "Purchaser"), at a price of par and accrued interest on the Contractual Obligations to the date of delivery, plus a cash premium of $15,593.16, is hereby authorized, ratified and confirmed. The Contractual Obligations were sold pursuant to the terms of a "Notice of Sale and Bidding Instructions", "Official Bid Form" and "Official Statement", the use of which documents, a true and correct copy of each such document is attached hereto, is hereby approved. It is hereby officially found, determined and declared that the Contractual Obligations were sold to the highest bidder at terms that were the most advantageous reasonably obtained. One Contractual Obligation in the principal amount maturing on each maturity date as set forth in Section 3 hereof shall be delivered to the Purchaser, and the Purchaser shall have the right to exchange such certificates as provided in Section 5 hereof without cost. The use of the "Preliminary Official Statement" prepared in connection with the sale of the Contractual Obligations is hereby ratified. Any accrued interest received in connection with the sale of the Contractual Obligations shall be deposited to the Interest and Sinking Fund. Any premium received by the Issuer from the sale of the Contractual Obligations

shall be used in a manner consistent with the provisions of Section 1201.042(d), Texas Government Code. The Contractual Obligations are to be insured by a municipal bond insurance policy issued by MBIA Insurance Corporation, as purchased by the Purchaser.

Section 15. INTEREST EARNINGS ON CONTRACTUAL OBLIGATIONS. Interest earnings derived from the investment of proceeds from the sale of the Contractual Obligations shall be used along with other contractual obligation proceeds for the purpose for which the Contractual Obligations are issued set forth in Section 2 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on contractual obligation proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Contractual Obligations from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 16. FURTHER PROCEDURES. That 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 and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Contractual Obligations, the offering documents prepared in connection with the sale of the Contractual Obligations, or the Paying Agent/Registrar Agreement. In case any officer whose signature appears on any Contractual Obligation shall cease to be such officer before the delivery of such Contractual Obligation, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

Section 17. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Ordinance (the "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Contractual Obligations, or (2) the date the Contractual Obligations are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Contractual Obligations. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 18. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt

status of the Contractual Obligations. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 19. CONTINUING DISCLOSURE UNDERTAKING.

(a) Annual Reports. (i) The Issuer shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 2005, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by Section 14 of this Ordinance, being the information described in Exhibit B hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide unaudited financial statements by the required time and will provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID, when and if the audit report on such statements become available.

(ii) If the Issuer changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Contfactual Obligations;
7. Modifications to rights of holders of the Contractual Obligations;
8. Contractual Obligation calls;
9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Contractual Obligations; and
11. Rating changes.

The Issuer shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. Any filing under this Section may be made solely by transmitting such filing to the MAC as provided at http://www.disclosureusa.org, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

(c) Limitations, Disclaimers, and Amendments. (i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Contractual Obligations within the meaning of the Rule, except that the Issuer in any event will give the notice required by Subsection (b) hereof in writing of any Contractual Obligation calls and defeasance that cause the Issuer to no longer be such an "obligated person".

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

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

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

(v) The provisions of this Section may be amended by the Issuer 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 Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Contractual Obligations in the primary offering of the Contractual Obligations in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Contractual Obligations consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Contractual Obligations. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section 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 Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Contractual Obligations in the primary offering of the Contractual Obligations.

(d) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MAC" means the Municipal Advisory Council of Texas.

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

Section 20. DTC REGISTRATION. That the Contractual Obligations initially shall be issued and delivered in such manner that no physical distribution of the Contractual Obligations will be made to the public, and The Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Contractual 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 Issuer accepts, but in no way verifies, such representations. The Contractual Obligations initially authorized by this Ordinance shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Contractual Obligations on behalf of the Purchaser and its participants. So long as each Contractual 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 thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Contractual Obligations in integral amounts of $5,000, 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 Contractual Obligations initially deposited with DTC shall be immobilized and not be further exchanged for substitute Contractual Obligations except as hereinafter provided. The Issuer 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 Contractual Obligations. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Contractual Obligations, and the method of paying the fees and charges of DTC. The Issuer 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 Contractual Obligations is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Contractual Obligations 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 such Contractual Obligations. In connection with the initial establishment of the foregoing book-entry system with DTC, the Issuer heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

Section 21. RULES OF CONSTRUCTION. That for all purposes of this Ordinance, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Ordinance. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision. 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 means that party and its 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 and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as described herein. Any reference to "FORM OF CONTRACTUAL OBLIGATION" shall refer to the form of the Contractual Obligations set forth in Exhibit A to this Ordinance. The titles and headings of the Sections and subsections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof.

Section 22. CONFLICTING ORDINANCES REPEALED. That all ordinances and resolutions or parts thereof in conflict herewith are hereby repealed.

Section 23. APPROPRIATION. The Issuer hereby appropriates from current funds on hand, and directs the transfer to the Interest and Sinking Fund for the Contractual Obligations of, an amount of money sufficient, when added to the accrued interest received from the sale of the Contractual Obligations, to pay the principal and interest scheduled to come due on the Contractual Obligations on and before May 1, 2006.

Section 24. IMMEDIATE EFFECT. That in accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

FINALLY PASSED, APPROVED AND EFFECTIVE this August 25, 2005.

Mayor, City of Austin, Texas

ATTEST:

City Clerk,
City of Austin, Texas

(SEAL)

APPROVED:

David Allan Smith
City Attorney,
City of Austin, Texas

SCHEDULE I

DESCRIPTION OF PROPERTY

Description	Cost	Useful Life	Delivery Date
Communication & Technology Management			
COATN GAATN	2,330,000	7 years	06/15/06
Mobile Data System (Tower-site & in-vehicle equipment)	3,000,000	7 years	06/15/06
Golf			
Green Mowers (9x)	130,550	7 years	12/15/05
Green Mowers – Verticut Units (5x)	12,700	7 years	12/15/05
Green Mowers – Tru Surface (1x)	5,950	7 years	12/15/05
Green Mowers – Solid Static Roller Units (2x)	3,950	3 years	12/15/05
Green Mowers – Spiker Units (2x)	6,550	5 years	12/15/05
Tee Mowers (3x)	43,200	7 years	12/15/05
Trap Rakes (3x)	18,500	5 years	12/15/05
Trap Rakes – Leaf Rakes (3x)	2,500	5 years	12/15/05
Trap Rakes – Manual Blade (2x)	1,050	5 years	12/15/05
Heavy Duty Trap Rakes (2x)	13,200	5 years	12/15/05
Heavy Duty Trap Rakes – Manual Blade (1x)	350	5 years	12/15/05
Heavy Duty Trap Rakes – Leaf Rakes (2x)	800	5 years	12/15/05
Lightweight Reel Mower – 7 gang (4x)	143,800	7 years	12/15/05
Lightweight Reel Mower – 7 gang – Vertical Unit (1x)	5,500	5 years	12/15/05
Riding Rotary Motor (5x)	62,250	7 years	12/15/05
Rotary Wide Area Rough Mower (2x)	64,450	7 years	12/15/05
Riding Anti-Scalp Rotary Mower, 7 Decks (1x)	42,650	7 years	12/15/05
Riding Anti-Scalp Rotary Mower, 5 Decks (1x)	28,200	7 years	12/15/05
Utility Turf Vehicles – Gas (6x)	31,250	7 years	12/15/05
Utility Turf Vehicles – Gas Roof/Windshield Option (9x)	1,200	5 years	12/15/05
Utility Turf Vehicles – Electric (9x)	41,000	5 years	12/15/05
Utility Turf Vehicles – Electric Roof/Windshield Option (9x)	2,300	5 years	12/15/05
Heavy Duty Trucksters (9x)	109,200	7 years	12/15/05
Heavy Duty Trucksters – Fifth Wheel Kit (1x)	550	5 years	12/15/05
Heavy Duty Trucksters – Vicon Fertilizer Spreader (3x)	6,900	5 years	12/15/05
Heavy Duty Trucksters – Dusting Topdresser, Tow Type (2x)	15,600	5 years	12/15/05
Heavy Duty Trucksters – Skid Mount Detachable Sprayer (4x)	23,850	5 years	12/15/05
Blower (1x)	2,450	5 years	12/15/05
Greens Aerifer, Large (1x)	20,500	7 years	12/15/05
Soil Material Handler (1x)	19,050	7 years	12/15/05
Public Works - Transportation			
Backhoe, 4 wheel drive (2X)	100,000	10 years	10/15/05
Loader, Rubber Tire	75,000	7 years	10/15/05
Loader, with Backhoe	90,000	10 years	10/15/05
Mini Excavator	36,000	7 years	10/15/05
Motor Grader	160,000	10 years	10/15/05
Parking Pay Stations	595,000	10 years	10/15/05
Pneumatic Roller	103,000	7 years	10/15/05
Roller, Double Drum 66"	109,000	7 years	10/15/05
Roller, 9-10 ton class, metal wheel (2X)	179,000	7 years	10/15/05
Sweeper, Self Propelled	45,000	7 years	10/15/05
Truck, Dump 6 c. y. (4X)	244,000	7 years	10/15/05
Truck, Dump 12 c. y. (8X)	720,000	7 years	10/15/05
Truck, Hot Mix Patch, (2X)	220,000	7 years	10/15/05
Truck, Platform Crew Cab (4X)	191,000	7 years	10/15/05
Truck, Service 15,000 GVWR	80,000	7 years	10/15/05
Truck, Utility (3X)	193,000	7 years	10/15/05
Truck, Volumetric Concrete	160,000	7 years	10/15/05

Solid Waste			
Tractor, Big Rig Yard Dog Street Legal (1x)	90,000	7 years	06/15/06
Truck, ¾ Ton Pick-Up, by fuel (2x)	63,000	7 years	10/15/05
Truck, Light with Platform – Diesel (1x)	40,000	7 years	06/15/06
Crane (1x)	120,000	7 years	10/15/05
Tractor (4x)	226,000	7 years	10/15/05
Rear Loader (1x)	160,000	7 years	10/15/05
Truck, ½ Ton Pick-Up (4x)	102,000	7 years	10/15/05
Sweeper (2x)	249,000	7 years	10/15/05
Truck, Semi-Automated Garbage Truck (5x)	745,000	7 years	10/15/05
Truck, Ford Ranger, Extended Cab (3x)	252,000	7 years	10/15/05
Ford Taurus – Flex Fuel (4x)	68,000	7 years	10/15/05
Tub Grinder (1x)	350,000	10 years	10/15/05
Truck, Platform 4x4 (1x)	45,000	7 years	10/15/05
Truck, Pick-Up (4x)	40,000	7 years	10/15/05
Trash Compactor (1x)	365,000	5 years	03/15/05
Rear Loader, 25 yards (1x)	490,000	7 years	03/15/05
Rear Loader, 14 yards (1x)	102,000	7 years	03/15/05
Street Sweeper (1x)	128,000	7 years	03/15/05
Water Utility			
Mower Riding 48" Rotary 18HP (1x)	12,000	7 years	03/15/06
Mower, Rotary, Bush Hog 5" attachement (1x)	15,000	7 years	03/15/06
Truck, Service, GMC (1x)	55,000	7 years	03/15/06
Truck, Service, Dodge (1x)	55,000	7 years	03/15/06
Van, Cargo/Window, Dodge (1x)	56,000	7 years	03/15/06
Van, Window, GMC (1x)	56,000	7 years	03/15/06
Trailer Mounted Hydraulic Valve Operator	25,000	7 years	03/15/06
Truck ¾ - Ton pickup XCab w/head rack	24,000	7 years	03/15/06
Truck pickup XCab 20K GVW	35,000	7 years	03/15/06
Trailer equipment 22' x 9' w/9800lb capacity	*2,000*	*7 years*	*03/15/06*
Truck Pickup XCab Mid-Size 4WD (2x)	40,000	7 years	03/15/06
Wastewater Utility			
Truck 3/4 –ton pickup Xcab w/head-rack (1x)	24,000	7 years	11/15/05
Skid steer loader, small (1x)	30,000	7 years	11/15/05
Riding Mower 48" (1x)	10,000	7 years	03/15/06
Tractor, GP, Case w/batwing attachment (1x)	51,000	7 years	03/15/06
Loader, 5 yd Case-921 (1x)	324,000	7 years	03/15/06
Sedan, Utility, Dodge (1x)	28,000	7 years	11/15/05
Service truck 1-ton (4x)	220,000	7 years	11/15/05
Tractor Truck w/ winch, F (1x)	75,000	7 years	11/15/06
Cargo van (1x)	56,000	7 years	02/15/06
Tractor loader backhoe (3x)	114,000	7 years	11/15/05
Service Truck Navistar 1-ton dulley (1x)	80,000	7 years	02/15/06
Service Truck Ford (3x)	174,000	7 years	02/15/06
Service Truck F350 Diesel w/ liftgate (1x)	58,000	7 years	02/15/06
Dump Truck, Navistar (1x)	72,000	7 years	02/15/06
Truck, SUV 4 door mid-size (2x)	48,000	7 years	11/15/05
Utility truck, passenger full size 4 WD (1x)	28,000	7 years	11/15/05
Trailer mounted hose reel for bypass pumping (1x)	30,000	7 years	11/15/05
Trailer dual axle implement hauler (2x)	8,000	7 years	11/15/05
All terrain vehicle 6 WD w/sub-wheels (1x)	10,000	7 years	11/15/05
TOTAL	$14,940,000		

Exhibit A

FORM OF CONTRACTUAL OBLIGATION

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF AUSTIN, TEXAS PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION SERIES 2005	PRINCIPAL AMOUNT $_____

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
	August 15, 2005		

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, THE CITY OF AUSTIN, TEXAS (the "Issuer"), in the Counties of Travis and Williamson, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above and to pay interest thereon from the dated date specified above, on May 1, 2006 and semiannually on each November 1 and May 1 thereafter to the maturity date specified above, at the interest rate per annum specified above; except that if this Contractual Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Contractual Obligation or Contractual Obligations, if any, for which this Contractual Obligation is being exchanged or converted from is due but has not been paid, then this Contractual Obligation shall bear interest from the date to which such interest has been paid in full.

IN CONSIDERATION of the registered owner's acceptance hereof, which acceptance shall constitute the registered owner's assent hereto and to the terms and conditions of the ordinance authorizing the issuance of the Contractual Obligations (the "Ordinance"), the Issuer hereby unilaterally contracts with such registered owner that it will utilize the net available proceeds of the Contractual Obligations, after payment of the costs of issuance related thereto, to acquire or purchase the "Property" in accordance with the terms and provisions of the Ordinance.

THE PRINCIPAL OF AND INTEREST ON this Contractual Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Contractual Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Contractual Obligation at maturity, or upon the date fixed for its redemption prior to maturity,

at the designated corporate trust office in New York, New York (the "Designated Payment/Transfer Office") of Deutsche Bank Trust Company Americas, which is the "Paying Agent/Registrar" for this Contractual Obligation. The payment of interest on this Contractual Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, 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 to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft 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 next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a 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 (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 owner of a Contractual Obligation appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity shall be paid to the registered owner upon presentation and surrender of this Contractual Obligation for payment at the Designated Payment/Transfer Office. The Issuer covenants with the registered owner of this Contractual Obligation that on or before each principal payment date, interest payment date, and accrued interest payment date for this Contractual Obligation it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Contractual Obligations, when due.

IF THE DATE for the payment of this Contractual Obligation 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 Contractual Obligations is determined only by a book entry at a securities depository for the Contractual Obligations, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Issuer and the securities depository.

THIS CONTRACTUAL OBLIGATION is one of a Series of Contractual Obligations, dated the dated date specified above, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $14,940,000, FOR THE PURPOSE OF PAYING ALL OR A PORTION OF THE ISSUER'S CONTRACTUAL OBLIGATIONS TO BE INCURRED IN CONNECTION WITH THE ACQUISITION, PURCHASE OR FINANCING OF PERSONAL PROPERTY, IN ACCORDANCE WITH THE PROVISIONS OF THE PUBLIC PROPERTY FINANCE ACT, SEC. 271.001, ET SEQ., LOCAL GOVERNMENT CODE.

ALL CONTRACTUAL OBLIGATIONS OF THIS SERIES are issuable solely as fully registered Contractual Obligations, without interest coupons, in the denomination of any integral multiple of $5,000 (an "Authorized Denomination"). As provided in the Ordinance, this Contractual Obligation may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Contractual Obligations, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, 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 Contractual Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Contractual Obligation must be presented and surrendered to the Paying Agent/Registrar, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Contractual Obligation or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Contractual Obligation or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Contractual Obligation 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 Contractual Obligation or any portion or portions hereof from time to time by the registered owner. In the case of the assignment, transfer, conversion or exchange of a Contractual Obligation or Contractual Obligations or any portion or portions thereof, the reasonable standard or customary fees and charges of the Paying Agent/Registrar will be paid by the Issuer. 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, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited and covenanted that this Contractual Obligation 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 Contractual Obligation have been performed, existed and been done in accordance with law; that this Contractual Obligation is a limited tax obligation of the Issuer; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Contractual Obligation, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the Issuer, within the limit prescribed by law.

BY ACCEPTANCE of this Contractual Obligation, the registered owner assents to the terms and provisions of the Ordinance, a copy of which is on file in the official records of the Issuer, and the Contractual Obligation, agrees to be bound by such terms and provisions, and agrees that the terms and provisions of this Contractual Obligation and the Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Contractual Obligation to be signed with the manual or facsimile signature of the Mayor of the Issuer and countersigned with the manual or facsimile signature of the City Clerk of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Contractual Obligation.

City Clerk
City of Austin, Texas

(SEAL)

Mayor
City of Austin, Texas

(b) [Form of Registration Certificate Of the Comptroller of Public Accounts]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(c) [Form of Paying Agent/Registrar's Authentication Certificate]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Contractual Obligation 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 Contractual Obligation has been issued under the provisions of the Contractual Obligation Ordinance described in the text of this Contractual Obligation; and that this Contractual Obligation has been issued in exchange for a Contractual Obligation or Contractual Obligations, or a portion of a Contractual Obligation or Contractual Obligations of a series that 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: _____

Deutsche Bank Trust Company Americas,
Paying Agent/Registrar

By _____
Authorized Representative

(d)[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 Contractual Obligation and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Contractual Obligation 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 an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.	NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Contractual Obligation in every particular, without alteration or enlargement or any change whatsoever.

Exhibit B

CONTINUING DISCLOSURE OF INFORMATION

The following information is referred to in Section 19(a) 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 such Section 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.