

ORDINANCE NO.

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN CERTIFICATES OF OBLIGATION, SERIES 2013; AND APPROVING RELATED DOCUMENTS

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

PART 1. FINDINGS.

On June 27, 2013, Council of the City authorized and directed that a notice of its intention to issue the Certificates 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 July 8, 2013 and July 15, 2013; 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

The Certificates to be issued and delivered pursuant to this Ordinance are issued pursuant to Subchapter C of Chapter 271 of the Texas Local Government Code; 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, 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.

“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 called “City of Austin, Texas Certificates of Obligation, Series 2013.”

“City” means the City of Austin, Texas.

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

“Council” means the City Council of the City.

“Defeasance Securities” means any securities now or hereafter permitted by Section 1207.062, Texas Government Code (or any successor statute), including (i) direct, noncallable obligations of the

1 United States of America, including obligations that are unconditionally guaranteed by the United States
2 of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America,
3 including obligations that are unconditionally guaranteed or insured by the agency or instrumentality
4 and that are rated as to investment quality by a nationally recognized investment rating firm not less than
5 “AAA” or its equivalent, and (iii) noncallable obligations of a state or an agency or a county,
6 municipality, or other political subdivision of a state that have been refunded and that are rated as to
7 investment quality by a nationally recognized investment rating firm not less than “AAA” or its
8 equivalent.

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

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

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

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

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

19 “Interest and Sinking Fund” means the City of Austin, Texas, Series 2013 Certificates of
20 Obligation Interest and Sinking Fund established in PART 9 of this Ordinance.

21 “MSRB” means the Municipal Securities Rulemaking Board.

22 “Paying Agent/Registrar” means Wilmington Trust, N.A., or any other bank, trust company,
23 financial institution, or agency named in accordance with the provisions of subsection (g) of PART 7 of
24 this Ordinance.

25 “Paying Agent/Registrar Agreement” means the agreement between the City and the Paying
26 Agent/Registrar with respect to the Certificates in the form approved by the City Manager of the City,
27 and any successor agreement.

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

30 “Purchase Price” means the purchase price for the Certificates designated in Schedule II to this
31 Ordinance.

32 “Purchasers” means the entity or entities designated in Schedule II to this Ordinance.

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

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

36 “Rule” means SEC Rule 15c2-12.

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

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

6 **PART 3. CERTIFICATES TO BE SOLD; SERIES DESIGNATION.**

7 The Certificates shall be issued in accordance with the Constitution, laws of the State of Texas,
8 and the Charter of the City, in the aggregate principal amount set forth in Schedule II for the purposes of
9 (i) financing the projects described in Schedule I and (ii) paying the costs of issuance associated with the
10 sale of the Certificates.

11 **PART 4. MATURITY SCHEDULE.**

12 The Certificates shall be dated as of September 1, 2013, shall be in Authorized Denominations,
13 shall be numbered consecutively from R-1 upward, and shall mature on the maturity date(s), in each of
14 the years, and in the amounts, respectively, as set forth in Schedule II.

15 **PART 5. REDEMPTION PROVISIONS.**

16 (a) The Certificates are subject to redemption, at the option of the City, prior to their stated
17 maturities to the extent and in the manner provided on Schedule II and the Form of Certificate. The
18 years of maturity of the Certificates called for redemption at the option of the City prior to stated
19 maturity shall be selected by the City. The Certificates or any portion redeemed within a maturity shall
20 be selected by lot, or other customary random selection method, by the Paying Agent/Registrar;
21 *provided*, that during any period in which ownership of the Certificates is determined only by a book
22 entry at DTC, if fewer than all of the Certificates of the same maturity and bearing the same interest rate
23 are to be redeemed, the particular Certificates of such maturity and bearing such interest rate shall be
24 selected in accordance with the arrangements between the City and DTC.

25 (b) The Certificates are subject to mandatory-sinking fund redemption prior to their stated
26 maturities, to the extent and in the manner provided in Schedule II and the Form of Certificate.

27 (c) At least 30 days before the date fixed for redemption, the City shall cause a written notice
28 of the redemption to be deposited in the United States mail, first-class postage prepaid, addressed to
29 each Registered Owner at the address shown on the Registration Books. By the date fixed for
30 redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the
31 required redemption price for the Certificates which are to be redeemed, plus accrued interest to the date
32 fixed for redemption. If the notice of redemption is given, and if provision for payment is made, all as
33 provided above, the Certificates, or the portions of the Certificates, which are to be redeemed,
34 automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the
35 date fixed for their redemption, and shall not be regarded as outstanding except for the right of the
36 Registered Owner to receive the redemption price plus accrued interest to the date fixed for redemption
37 from the Paying Agent/Registrar out of the funds provided for payment. The Paying Agent/Registrar
38 shall record in the Registration Books all redemptions of principal of the Certificates or any portion of
39 the principal. If a portion of any Certificate shall be redeemed, one or more substitute Certificates having
40 the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the written
41 request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion

1 of the Certificates, will be issued to the Registered Owner upon the surrender for cancellation, at the
2 expense of the City, all as provided in this Ordinance.

3 **PART 6. INTEREST.**

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

8 **PART 7. ADDITIONAL CHARACTERISTICS OF THE CERTIFICATES.**

9 (a) The City shall keep, or cause to be kept at the Designated Payment/Transfer Office, the
10 Registration Books, and the City appoints the Paying Agent/Registrar as its registrar and transfer agent
11 to keep books or records and make the transfers and registrations under the reasonable regulations as the
12 City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make transfers
13 and registrations as provided in this Ordinance. It shall be the duty of the Paying Agent/Registrar to
14 obtain from the Registered Owner and record in the Registration Books the address of the Registered
15 Owner to which payments with respect to the Certificates shall be mailed, as provided in this Ordinance.
16 The City, or its designee, shall have the right to inspect the Registration Books during regular business
17 hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the
18 Registration Books confidential and, unless otherwise required by law, shall not permit their inspection
19 by any other entity. Registration of each Certificate may be transferred in the Registration Books only
20 upon presentation and surrender of the Certificate to the Paying Agent/Registrar for transfer of
21 registration and cancellation, together with proper written instruments of assignment, in form and with
22 guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the
23 Certificate, or any portion of the Certificate, in any Authorized Denomination, to the assignee or
24 assignees, and the right of the assignee or assignees to have the Certificate or any portion of the
25 Certificate registered in the name of the assignee or assignees. Upon the assignment and transfer of any
26 Certificate, a new substitute obligation or Certificates shall be issued in exchange for the Certificate in
27 the manner provided in this Ordinance.

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

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

40 (d) Each Certificate may be exchanged for fully registered Certificates as set forth in this
41 Ordinance. Each Certificate issued and delivered pursuant to this Ordinance, to the extent of the
42 unredeemed principal amount, may, upon surrender at the Designated Payment/Transfer Office, together
43 with a written request duly executed by the Registered Owner or its assignee or assignees, or its or their

1 duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying
2 Agent/Registrar, at the option of the Registered Owner or its assignee or assignees, as appropriate, be
3 exchanged for fully registered Certificates, without interest coupons, in the form prescribed in the Form
4 of Certificate, in any Authorized Denomination (subject to the requirement stated below that each
5 substitute Certificate shall have a single stated maturity date), as requested in writing by the Registered
6 Owner or its assignee or assignees, in an aggregate principal amount equal to the unredeemed principal
7 amount of any Certificate or Certificates so surrendered, and payable to the appropriate Registered
8 Owner, assignee, or assignees. If a portion of any Certificate is assigned and transferred, each Certificate
9 issued in exchange shall have the same maturity date and bear interest at the same rate as the Certificate
10 for which it is being exchanged. Each substitute Certificate shall bear a letter and/or number to
11 distinguish it from each other Certificate. The Paying Agent/Registrar shall exchange or replace
12 Certificates as provided in this Ordinance, and each fully registered Certificate delivered in exchange for
13 or replacement of any Certificate or portion of a Certificate as permitted or required by any provision of
14 this Ordinance shall constitute one of the Certificates for all purposes of this Ordinance, and may again
15 be exchanged or replaced. Any Certificate delivered in exchange for or replacement of another
16 Certificate before the first scheduled interest payment date on the Certificates (as stated on the face of
17 the Certificate) shall be dated the same date, but each substitute Certificate delivered on or after the first
18 scheduled interest payment date shall be dated the interest payment date preceding the date on which the
19 substitute Certificate is delivered, unless the substitute Certificate is delivered on an interest payment
20 date, in which case it shall be dated as of the date of delivery; however, if at the time of delivery of any
21 substitute Certificate the interest on the Certificate for which it is being exchanged has not been paid,
22 then the substitute Certificate shall be dated the date to which interest has been paid in full. On each
23 substitute Certificate issued in exchange for or replacement of any Certificate issued under this
24 Ordinance there shall be printed on the Certificate the Authentication Certificate. An authorized
25 representative of the Paying Agent/Registrar shall, before the delivery of any substitute Certificate, date
26 the substitute Certificate in the manner set forth above, and manually sign and date the Authentication
27 Certificate, and no substitute Certificate shall be considered to be issued or outstanding unless the
28 Authentication Certificate is executed. The Paying Agent/Registrar promptly shall cancel all Certificates
29 surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be
30 passed or adopted by Council or any other body or person to accomplish the exchange or replacement of
31 any Certificate, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of
32 the substitute Certificates in the manner prescribed in this Ordinance. Pursuant to Chapter 1206, Texas
33 Government Code, the duty of exchange or replacement of any Certificate is imposed on the Paying
34 Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced
35 obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as
36 the Certificates which originally were delivered pursuant to this Ordinance, approved by the Texas
37 Attorney General, and registered by the Texas Comptroller of Public Accounts. Neither the City nor the
38 Paying Agent/Registrar shall be required to transfer or exchange any Certificate selected for redemption,
39 in whole or in part, within 45 calendar days of the date fixed for redemption; *provided, however*; the
40 limitation of transfer shall not be applicable to an exchange by the Registered Owner of the uncalled
41 principal of a Certificate.

42 (e) All Certificates issued in exchange or replacement of any other Certificate or portion of a
43 Certificate (i) shall be issued in fully registered form, without interest coupons, with the principal of and
44 interest on the Certificates to be payable only to the Registered Owners, (ii) may be redeemed prior to
45 their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other
46 Certificates, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of
47 and interest on the Certificates shall be payable, all as provided, and in the manner required or indicated,
48 in the Form of Certificate.

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

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

37 **PART 8. FORM OF CERTIFICATES.**

38 The Certificates shall be signed with the manual or facsimile signatures of the Mayor and the
39 City Clerk, and the seal of the City shall be affixed or impressed on the Certificates. The form of all
40 Certificates, including the form of the Comptroller's Registration Certificate to accompany the
41 Certificates on the initial delivery, the form of the Authentication Certificate, and the Form of
42 Assignment to be printed on each Certificate, shall be, respectively, substantially in the form set forth in
43 Exhibit A, with such appropriate variations, omissions, or insertions as are permitted or required by this
44 Ordinance.

45 **PART 9. LEVY OF TAX; INTEREST AND SINKING FUND.**

1 (a) The Interest and Sinking Fund is created and it shall be established and maintained at an
2 official depository of the City. The Interest and Sinking Fund shall be kept separate and apart from all
3 other funds and accounts of the City, and shall be used only for paying the interest on and principal of
4 the Certificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be
5 deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any
6 Certificate is outstanding and unpaid, Council shall compute and ascertain the rate and amount of ad
7 valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax
8 delinquencies and costs of tax collections, which will be sufficient to raise and produce the money
9 required to pay the interest on the Certificates as the interest comes due, and to provide a sinking fund to
10 pay the principal (including mandatory sinking fund redemption payments, if any) of the Certificates as
11 the principal matures, but never less than 2% of the outstanding principal amount of the Certificates as a
12 sinking fund each year. The rate and amount of ad valorem tax needed to fund this obligation is ordered
13 to be levied against all taxable property in the City for each year while any Certificate is outstanding and
14 unpaid, and the ad valorem tax shall be assessed and collected each year and deposited to the credit of
15 the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and principal of the
16 Certificates, as the interest comes due, and the principal matures or comes due through operation of the
17 mandatory sinking fund redemption, if any, as provided in the Form of Certificate, are pledged for this
18 purpose, within the limit set by law. The City appropriates from current funds on hand, and directs the
19 transfer for deposit into the Interest and Sinking Fund moneys as may be necessary to pay debt service
20 on the Certificates scheduled to occur prior to receipt of taxes levied to pay such debt service. Money in
21 the Interest and Sinking Fund, at the option of the City, may be invested in the securities or Certificates
22 as permitted under applicable law and the City's investment policy. Any securities or Certificates in
23 which money is invested shall be kept and held in trust for the benefit of the owners of the Certificates
24 and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required
25 to be made from the Interest and Sinking Fund. Interest and income derived from the investment of
26 money in the Interest and Sinking Fund shall be credited to the Interest and Sinking Fund.

27 (b) Chapter 1208, Texas Government Code, applies to the issuance of the Certificates and the
28 pledge of ad valorem taxes made under PART 9(a) of this Ordinance, and the pledge is valid, effective,
29 and perfected. If Texas law is amended at any time while any Certificate is outstanding and unpaid so
30 that the pledge of ad valorem taxes made by the City under PART 9(a) of this Ordinance is to be subject
31 to the filing requirements of Chapter 9, Texas Business & Commerce Code, then to preserve to the
32 Registered Owners of the Certificates the perfection of the security interest in the pledge, the City agrees
33 to take measures as it determines are reasonable and necessary under Texas law to comply with the
34 applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the
35 security interest in the pledge.

36 **PART 10. REVENUES.**

37 The Certificates are additionally secured by and shall be payable from the Surplus Revenues.
38 The Surplus Revenues are pledged by the City pursuant to authority of Chapter 363, Texas Health and
39 Safety Code, specifically Section 363.135. The City shall promptly deposit the Surplus Revenues on
40 their receipt to the credit of the Interest and Sinking Fund created pursuant to PART 9, to pay the
41 principal and interest on the Certificates. The amount of Surplus Revenues pledged to the payment of
42 the Certificates shall not exceed \$1,000.

43 Chapter 1208, Texas Government Code, applies to the issuance of the Certificates and the pledge
44 of ad valorem taxes and the Surplus Revenues granted by the City under PARTS 9 and 10 of this
45 Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time while
46 the Certificates are outstanding and unpaid so that the pledge of the ad valorem taxes and Surplus

1 Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business &
2 Commerce Code, then to preserve to the registered owners of the Certificates the perfection of the
3 security interest in the pledge, the City agrees to take such measures as it determines are reasonable and
4 necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business &
5 Commerce Code and enable a filing to perfect the security interest in the pledge.

6 **PART 11. DAMAGED, LOST, STOLEN OR DESTROYED CERTIFICATES.**

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

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

20 (c) Notwithstanding provisions 11(a) and (b), in the event any Certificate shall have matured,
21 and there is no continuing default in the payment of the principal of, premium, if any, or interest on the
22 Certificate, the City may authorize its payment (without surrender except in the case of a damaged or
23 mutilated Certificate) instead of issuing a replacement Certificate, provided security or indemnity is
24 furnished as above provided in this PART.

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

32 (e) In accordance with Chapter 1206, Texas Government Code, this PART constitutes
33 authority for the issuance of any such replacement Certificate without necessity of further action by the
34 governing body of the City or any other body or person, and the duty of the replacement of the
35 Certificates is authorized and imposed on the Paying Agent/Registrar, subject to the conditions imposed
36 by this PART, and the Paying Agent/Registrar shall authenticate and deliver the Certificates in the form
37 and manner and with the effect, as provided in PART 7(d) of this Ordinance for Certificates issued in
38 exchange for other Certificates.

39 **PART 12. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL.**

40 The Mayor, or his designee, is authorized to have control of the Certificates and all necessary
41 records and proceedings pertaining to the Certificates pending their delivery and their investigation,
42 examination and approval by the Texas Attorney General, and their registration by the Texas

1 Comptroller of Public Accounts. Upon registration of the Certificates, the Comptroller (or a deputy
2 designated in writing to act for the Comptroller) shall manually sign the Comptroller’s Registration
3 Certificate accompanying the Certificates, and the seal of the Comptroller shall be impressed, or placed
4 in facsimile, on each certificate. After registration by the Comptroller, delivery of the Certificates shall
5 be made to the Purchasers, under and subject to the general supervision and direction of the Mayor,
6 against receipt by the City of all amounts due to the City under the terms of sale.

7 **PART 13. SALE OF CERTIFICATES.**

8 The sale of the Certificates to the Purchasers, at the Purchase Price, is approved. The Certificates
9 were sold pursuant to the terms of a “Notice of Sale and Bidding Instructions,” “Official Bid Form” and
10 “Official Statement” and the use of these documents, a true and correct copy of each document being
11 presented with this Ordinance, is approved. Council finds, determines and declares that the Certificates
12 were sold to the highest bidder at terms that were the most advantageous reasonably obtained. One
13 Certificate in the principal amount maturing on each maturity date as set out in Schedule II to this
14 Ordinance shall be delivered to the Purchasers, and the Purchasers shall have the right to exchange such
15 certificates as provided in PART 7 of this Ordinance without cost. Council ratifies use of the
16 “Preliminary Official Statement” prepared in connection with the sale of the Certificates. Proceeds from
17 the sale of the Certificates in the amount set forth in Schedule II shall be used for the purposes described
18 in PART 3 of this Ordinance; and any accrued interest (together with a portion of the premium, if any,
19 set forth in Schedule II) received in connection with the sale of the Certificates shall be deposited to the
20 Interest and Sinking Fund.

21 **PART 14. COVENANTS TO MAINTAIN TAX EXEMPT STATUS.**

22 (a) Definitions. When used in this PART, the following terms have the following meanings:

23 “Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted
24 on or before the Issue Date.

25 “Computation Date” has the meaning stated in section 1.148 1(b) of the Regulations.

26 “Gross Proceeds” has the meaning stated in section 1.148 1(b) of the Regulations.

27 “Investment” has the meaning stated in section 1.148 1(b) of the Regulations.

28 “Issue Date” for the Certificates or other obligations of the City is the respective date on which
29 such Certificates or other obligations of the City is delivered against payment therefor.

30 “Net Sale Proceeds” has the meaning stated in section 1.148 1(b) of the Regulations.

31 “Nonpurpose Investment” has the meaning stated in section 1.148 1(b) of the Regulations.

32 “Proceeds” has the meaning stated in section 1.148-1(b) of the Regulations.

33 “Rebate Amount” has the meaning stated in section 1.148-3 of the Regulations.

34 “Regulations” means the temporary or final Income Tax Regulations applicable to the
35 Certificates issued pursuant to sections 141 through 150 of the Code. Any reference to a section of the
36 Regulations shall also refer to any successor provision to such section hereafter promulgated by the

1 Internal Revenue Service pursuant to sections 141 through 150 of the Code and applicable to the
2 Certificates.

3 “Yield of”

4 (1) any Investment shall be computed in accordance with section 1.148-5 of the
5 Regulations, and

6 (2) the Certificates shall be computed in accordance with section 1.148-4 of the
7 Regulations.

8 (b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of or
9 omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or
10 improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if
11 made or omitted, respectively, would cause the interest on any Certificates to become includable in the
12 gross income, as defined in section 61 of the Code, of the owner for federal income tax purposes.
13 Unless and until the City has received a written opinion of counsel nationally recognized in the field of
14 municipal bond law to the effect that failure to comply with such covenant will not adversely affect the
15 exemption from federal income tax of the interest on any Certificate, the City shall comply with the
16 specific covenants in this Section.

17 (c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and
18 the regulations and rulings relating to section 141 of the Code, the City shall, at all times prior to the last
19 stated maturity of the Certificates,

20 (1) exclusively own, operate, and possess all property the acquisition, construction, or
21 improvement of which is to be financed directly or indirectly with Gross Proceeds of the
22 Certificates and not use or permit the use of such Gross Proceeds or any property acquired,
23 constructed, or improved with such Gross Proceeds in any activity carried on by any person or
24 entity other than a state or local government, unless such use is solely as a member of the general
25 public, or

26 (2) not directly or indirectly impose or accept any charge or other payment for use of
27 Gross Proceeds of the Certificates or any property the acquisition, construction or improvement
28 of which is to be financed directly or indirectly with such Gross Proceeds other than taxes of
29 general application and interest earned on investments acquired with such Gross Proceeds
30 pending application for their intended purposes.

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

40 (e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code
41 and the regulations and rulings relating to section 148 of the Code, the City shall not, at any time prior to

1 the earlier of the final stated maturity or final payment of the Certificates, directly or indirectly invest
2 Gross Proceeds of such Certificates in any Investment (or use such Gross Proceeds to replace money so
3 invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds
4 whether then held or previously disposed of, exceeds the Yield on the Certificates.

5 (f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code
6 and the regulations and rulings relating to section 149(b) of the Code, the City shall not take or omit to
7 take any action which would cause the Certificates to be federally guaranteed within the meaning of
8 section 149(b) of the Code and the regulations and rulings relating to section 149(b) of the Code.

9 (g) Information Report. The City shall timely file with the Secretary of the Treasury the
10 information required by section 149(e) of the Code with respect to the Certificates on such forms and in
11 such place as such Secretary may prescribe.

12 (h) Payment of Rebate Amount. Except to the extent otherwise provided in section 148(f) of
13 the Code and the regulations and rulings relating to section 148(f) of the Code, the City shall:

14 (1) account for all Gross Proceeds (including all receipts, expenditures and
15 investments thereof) on its books of account separately and apart from all other funds (and
16 receipts, expenditures and investments thereof) and shall retain all records of such accounting for
17 at least six years after the final Computation Date. The City may, however, to the extent
18 permitted by law, commingle Gross Proceeds of the Certificates with other money of the City,
19 provided that the City separately accounts for each receipt and expenditure of such Gross
20 Proceeds and the Certificates acquired with these proceeds.

21 (2) calculate the Rebate Amount with respect to the Certificates, not less frequently
22 than each Computation Date, in accordance with rules set forth in section 148(f) of the Code,
23 section 1.148-3 of the Regulations, and the rulings thereunder. The City shall maintain a copy of
24 such calculations for at least six years after the final Computation Date.

25 (3) as additional consideration for the purchase of the Certificates by the initial
26 purchaser and the loan of the money represented by this purchase, and in order to induce such
27 purchase by measures designed to ensure the excludability of the interest from the gross income
28 of the owners for federal income tax purposes, pay to the United States the amount described in
29 paragraph (2) above at the times, in the installments, to the place, in the manner and
30 accompanied by such forms or other information as is or may be required by section 148(f) of
31 the Code and the regulations and rulings relating to section 148(f) of the Code, and

32 (4) exercise reasonable diligence to assure that no errors are made in the calculations
33 required by paragraph (2) and, if such error is made, to discover and promptly to correct such
34 error within a reasonable amount of time, including payment to the United States of any interest
35 and any penalty required by the Regulations.

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

1 (j) Not Hedge Bonds. The City will not invest more than 50 percent of the Proceeds of the
2 Certificates in Nonpurpose Investments having a guaranteed yield for four years or more. On the
3 Closing Date, the City will reasonably expect that at least 85 percent of the Net Sale Proceeds of the
4 Certificates will be used to carry out the governmental purpose of such series within three years after the
5 Closing Date.

6 **PART 15. CONTINUING DISCLOSURE OBLIGATION.**

7 (a) *Annual Reports*. (i) The City shall provide annually to the MSRB, within six months
8 after the end of each fiscal year ending in or after 2013, financial information and operating data with
9 respect to the City of the general type included in the Official Statement authorized by PART 13 of this
10 Ordinance, being the information described in Exhibit B. Any financial statements to be provided shall
11 be (1) prepared in accordance with the accounting principles described in Exhibit B, or other accounting
12 principles as the City may be required to employ from time to time pursuant to state law or regulation,
13 and (2) audited, if the City commissions an audit of such statements and the audit is completed within
14 the period during which they must be provided. If the audit of the financial statements is not complete
15 within this period, then the City shall provide unaudited financial statements by the required time, and
16 shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the
17 audit report on the statements becomes available.

18 (ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date
19 of the new fiscal year end) before the next date the City would be required to provide financial
20 information and operating data pursuant to this PART.

21 The financial information and operating data to be provided pursuant to this PART may be set
22 forth in full in one or more documents or may be included by specific reference to any document
23 (including an official statement or other offering document) available to the public on the MSRB's
24 website or filed with the SEC. Filings shall be made electronically, in the format prescribed by the
25 MSRB.

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

- 29 1. Principal and interest payment delinquencies;
- 30 2. Non-payment related defaults, if material;
- 31 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
- 32 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
- 33 5. Substitution of credit or liquidity providers, or their failure to perform;
- 34 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed
35 or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-
36 TEB) or other material notices or determinations with respect to the tax status of
37 the Certificates, or other material events affecting the tax status of the
38 Certificates;
- 39 7. Modifications to rights of holders of the Certificates, if material;
- 40 8. Certificate calls, if material, and tender offers;
- 41 9. Defeasances;
- 42 10. Release, substitution, or sale of property securing repayment of the Certificates, if
43 material;
- 44 11. Rating changes;

- 1 12. Bankruptcy, insolvency, receivership or similar event of the City;
2 13. The consummation of a merger, consolidation, or acquisition involving the City
3 or the sale of all or substantially all of the assets of the City, other than in the
4 ordinary course of business, the entry into a definitive agreement to undertake
5 such an action or the termination of a definitive agreement relating to any such
6 actions, other than pursuant to its terms, if material; and
7 14. Appointment of a successor Paying Agent/Registrar or change in the name of the
8 Paying Agent/Registrar, if material.
9

10 As used in clause 12 above, the phrase “bankruptcy, insolvency, receivership or similar event”
11 means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the
12 U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or
13 governmental authority has assumed jurisdiction over substantially all of the assets or business of the
14 City, or if jurisdiction has been assumed by leaving Council and officials or officers of the City in
15 possession but subject to the supervision and orders of a court or governmental authority, or the entry of
16 an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental
17 authority having supervision or jurisdiction over substantially all of the assets or business of the City.

18 The City shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely
19 manner, of any failure by the City to provide financial information or operating data in accordance with
20 subsection (b) of this Section by the time required by subsection (a).

21 (c) *Limitations, Disclaimers, and Amendments.*

22 The City shall be obligated to observe and perform the covenants named in this PART for only
23 so long as the City remains an “obligated person” with respect to the Certificates within the meaning of
24 the Rule, except that the City will give written notice of any deposit made in accordance with this
25 Ordinance, or applicable law, that causes any Certificate no longer to be outstanding.

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

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

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

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

3 The provisions of this PART may be amended by the City from time to time to adapt to changed
4 circumstances that arise from a change in legal requirements, a change in law, or a change in the
5 identity, nature, status, or type of operations of the City, but only if (1) the provisions of this PART, as
6 amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of
7 the Certificates in compliance with the Rule, taking into account any amendments or interpretations of
8 the Rule since the offering as well as the changed circumstances and (2) either (a) the holders of a
9 majority in aggregate principal amount (or any greater amount required by any other provision of this
10 Ordinance that authorizes an amendment) of the outstanding Certificates consent to the amendment or
11 (b) a person that is unaffiliated with the City (such as nationally-recognized bond counsel) determines
12 that the amendment will not materially impair the interest of the holders and beneficial owners of the
13 Certificates. If the City amends the provisions of this PART, it shall include with the next financial
14 information and operating data provided in accordance with subsection (a) of this PART an explanation,
15 in narrative form, of the reason for the amendment and of the impact of any change in the type of
16 financial information or operating data so provided. The City may also amend or repeal the provisions of
17 this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule
18 or a court of final jurisdiction enters judgment that the provisions of the Rule are invalid, but only if and
19 to the extent that the provisions of this sentence would not prevent an underwriter from lawfully
20 purchasing or selling Certificates in the primary offering of the Certificates.

21 **PART 16. DTC REGISTRATION.**

22 The Certificates initially shall be issued and delivered in the manner that no physical distribution
23 of the Certificates will be made to the public, and DTC initially will act as depository for the
24 Certificates. DTC has represented that it is a limited purpose trust company incorporated under the laws
25 of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the
26 meaning of the New York Uniform Commercial Code, and a “clearing agency” registered under Section
27 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies,
28 the representations. The Certificates initially authorized by this Ordinance intended to be held by DTC
29 shall be delivered to and registered in the name of Cede & Co., the nominee of DTC. It is expected that
30 DTC will hold the Certificates on behalf of the Purchasers and their participants. So long as each
31 Certificate is registered in the name of Cede & Co., the Paying Agent/Registrar shall treat and deal with
32 DTC the same in all respects as if it were the actual and beneficial owner. It is expected that DTC will
33 maintain a book-entry system which will identify ownership of the Certificates in Authorized
34 Denominations, with transfers of ownership being effected on the records of DTC and its participants
35 pursuant to rules and regulations established by them, and that the Certificates initially deposited with
36 DTC shall be immobilized and not be further exchanged for substitute Certificates except as set forth in
37 this Ordinance. The City and the Paying Agent/Registrar are not responsible or liable for any functions
38 of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be
39 responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or
40 protecting any interests or rights of the beneficial owners of the Certificates. It shall be the duty of the
41 DTC Participants, as defined in the Official Statement, to make all arrangements with DTC to establish
42 this book-entry system, the beneficial ownership of the Certificates, and the method of paying the fees
43 and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-
44 entry system established with DTC will be maintained in the future. Notwithstanding the initial
45 establishment of the foregoing book-entry system with DTC, if for any reason any of the originally
46 delivered Certificates is duly filed with the Paying Agent/Registrar with proper request for transfer and

1 substitution, as provided for in this Ordinance, substitute Certificates will be duly delivered as provided
2 in this Ordinance, and there will be no assurance or representation that any book-entry system will be
3 maintained for the Certificates. In connection with the initial establishment of the foregoing book-entry
4 system with DTC, the City has executed a “Blanket Letter of Representations” prepared by DTC in
5 order to implement the book-entry system described above.

6 **PART 17. DEFEASANCE.**

7 (a) *Defeased Certificates.* Any Certificate will be treated as a Defeased Certificate, except to
8 the extent provided in subsection (d) of this PART, when payment of the principal of the Certificate,
9 plus interest to the due date (whether the due date be by reason of maturity, redemption or otherwise)
10 either (i) shall have been made or caused to be made in accordance with the terms of this Ordinance, or
11 (ii) shall have been provided for on or before the due date by irrevocably depositing with or making
12 available to the Paying Agent/Registrar or any commercial bank or trust company authorized to serve as
13 escrow agent for the Certificates in accordance with a Future Escrow Agreement for the payment of the
14 Certificate (1) lawful money of the United States of America sufficient to make the payment or (2)
15 Defeasance Securities, certified by an independent public accounting firm of national reputation to
16 mature as to principal and interest in the amounts and at the time as will insure the availability, without
17 reinvestment, of sufficient money to provide for the payment, and when proper arrangements have been
18 made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased
19 Certificates shall have become due and payable. There shall be delivered to the Paying Agent/Registrar a
20 certificate or report from a firm of certified public accountants evidencing the sufficiency of the deposit
21 made pursuant to clause (ii) above. The Paying Agent/Registrar shall also receive an opinion of bond
22 counsel acceptable to the City that reflects this payment does not adversely affect the exclusion under
23 the Code of interest on the Defeased Certificates from the gross income of the holders for federal
24 income taxation purposes. At the time as a Certificate shall be considered to be a Defeased Certificate,
25 the Certificate and the interest on that Certificate shall no longer be secured by, payable from, or entitled
26 to the benefits of the ad valorem taxes levied and pledged as provided in this Ordinance, and the
27 principal and interest shall be payable solely from the money or Defeasance Securities.

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

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

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

5 **PART 18. DEFAULT AND REMEDIES.**

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

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

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

14 (b) *Remedies for Default.*

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

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

26 (c) *Remedies Not Exclusive.*

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

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

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

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

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

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

4 (a) The Mayor, the City Clerk, the City Manager, any Assistant City Manager, the Chief
5 Financial Officer of the City, or any Deputy Chief Financial Officer of the City, and all other officers,
6 employees, and agents of the City, and each of them, shall be authorized, empowered, and directed to do
7 and perform all acts and things and to execute, acknowledge, and deliver in the name and under the seal
8 and on behalf of the City all instruments as may be necessary or desirable in order to carry out the terms
9 and provisions of this Ordinance, the Certificates, the offering documents prepared in connection with
10 the sale of the Certificates, or the Paying Agent/Registrar Agreement. In case any officer whose
11 signature appears on any Certificate shall stop being the officer before the delivery of the Certificate, the
12 signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office
13 until the delivery.

14 (b) The Mayor and Mayor Pro Tem are each authorized to make or approve such revisions,
15 additions, deletions, and variations to this Ordinance that, in their judgment and in the opinion of Bond
16 Counsel to the City, may be necessary or convenient to carry out or assist in carrying out the purposes of
17 this Ordinance, the Paying Agent/Registrar Agreement, the Preliminary Official Statement and the final
18 Official Statement or as may be required for approval of the Certificates by the Attorney General of
19 Texas.

20 **PART 20. RULES OF CONSTRUCTION.**

21 For all purposes of this Ordinance, unless the context requires otherwise, all references to
22 designated PARTS and other subdivisions are to the PARTS and other subdivisions of this Ordinance.
23 Except where the context otherwise requires, terms defined in this Ordinance to impart the singular
24 number shall be considered to include the plural number and vice versa. References to any named
25 person shall mean that party and his or her successors and assigns. References to any constitutional,
26 statutory or regulatory provision means the provision as it exists on the date this Ordinance is adopted
27 by the City. Any reference to the payment of principal in this Ordinance shall include the payment of
28 any mandatory sinking fund redemption payments as described in this Ordinance. Any reference to
29 "Form of Certificate" refers to the form of the Certificates in Exhibit A to this Ordinance. The titles and
30 headings of the PARTS and subsections of this Ordinance have been inserted for convenience of
31 reference only and are not a part of this Ordinance and shall not in any way modify or restrict any of its
32 terms or provisions.

33 **PART 21. CONFLICTING ORDINANCES REPEALED.**

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

35 **PART 22. IMMEDIATE EFFECT.**

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

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

1 PASSED AND APPROVED AND EFFECTIVE _____, 2013.

2
3
4 _____
5 Lee Leffingwell,
6 Mayor,
7 City of Austin, Texas

8 ATTEST:

9
10
11 _____
12 Jannette S. Goodall,
13 City Clerk,
14 City of Austin, Texas

(SEAL)

15
16
17 APPROVED:

18
19
20 _____
21 Karen M. Kennard,
22 City Attorney,
23 City of Austin, Texas

EXHIBIT A

Form of Certificate

1

2

NO. R-__¹

\$_____

3

4

UNITED STATES OF AMERICA
STATE OF TEXAS

5

6

CITY OF AUSTIN, TEXAS
CERTIFICATE OF OBLIGATION,
SERIES 2013

7

8

<u>Maturity Date</u> ²	<u>Interest Rate</u> ²	<u>Dated Date</u>	<u>CUSIP No.</u> ²
September 1, 20__	%	September 1, 2013	

9

10

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

11

12

13

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

14

15

_____ DOLLARS

16

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, 2014, 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, 2014, such
interest is payable semiannually on each September 1 and March 1 following such date.³

17

18

19

20

21

¹ The initial Certificate shall be numbered T-1.

² To be omitted from the initial Certificate.

³ The first paragraph of the initial Certificate shall read as follows:

"ON THE MATURITY DATES SPECIFIED BELOW, 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 amounts shown below: [Insert information regarding
maturity dates, principal amounts and interest rates from Schedule II of the Ordinance] and to pay
interest thereon, from the Dated Date specified above, to the Maturity Dates specified above, or
the date of its redemption prior to scheduled maturity, at the rates of interest per annum specified
above, with said interest being payable on March 1, 2014, 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, 2014, such interest is payable
semiannually on each September 1 and March 1 following such date."

1 THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money
2 of the United States of America, without exchange or collection charges. The principal of this
3 Certificate shall be paid to the registered owner hereof upon presentation and surrender of this
4 Certificate at maturity or redemption prior to maturity at the designated corporate trust office in
5 Dallas, Texas (the "Designated Payment/Transfer Office") of Wilmington Trust, N.A., which is
6 the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall
7 be made by the Paying Agent/Registrar to the registered owner hereof as shown by the
8 Registration Books kept by the Paying Agent/Registrar at the close of business on the 15th day
9 of the month next preceding such interest payment date by check, dated as of such interest
10 payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the
11 City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter
12 provided; and such check shall be sent by the Paying Agent/Registrar by United States mail,
13 first-class postage prepaid, on each such interest payment date, to the registered owner hereof at
14 its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as
15 hereinafter described. Any accrued interest due at maturity or upon redemption of this Certificate
16 prior to maturity as provided herein shall be paid to the registered owner upon presentation and
17 surrender of this Certificate for redemption and payment at the Designated Payment/Transfer
18 Office of the Paying Agent/Registrar. The City covenants with the registered owner of this
19 Certificate that no later than each principal payment and/or interest payment date for this
20 Certificate it will make available to the Paying Agent/Registrar from the Interest and Sinking
21 Fund as defined by the ordinance authorizing the Certificates (the "Ordinance") the amounts
22 required to provide for the payment, in immediately available funds, of all principal of, premium,
23 if any, and interest on the Certificates, when due.

24 IN THE EVENT OF A NON-PAYMENT of interest on a scheduled payment date, and
25 for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record
26 Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of
27 such interest have been received from the City. Notice of the Special Record Date and of the
28 scheduled payment date of the past due interest ("Special Payment Date," which shall be fifteen
29 (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the
30 Special Record Date by United States mail, first class postage prepaid, to the address of each
31 registered owner of a Certificate appearing on the registration books of the Paying
32 Agent/Registrar at the close of business on the last business day next preceding the date of
33 mailing of such notice.

34 IF THE DATE for the payment of the principal of, premium, if any, or interest on this
35 Certificate shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in
36 the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located
37 are authorized by law or executive order to close, then the date for such payment shall be the
38 next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which
39 banking institutions are authorized to close; and payment on such date shall have the same force
40 and effect as if made on the original date payment was due. Notwithstanding the foregoing,
41 during any period in which ownership of the Certificates is determined only by a book entry at a
42 securities depository for the Certificates, any payment to the securities depository, or its nominee
43 or registered assigns, shall be made in accordance with existing arrangements between the City
44 and the securities depository.

1 THIS CERTIFICATE is one of a series of Certificates of like tenor and effect except as
2 to number, principal amount, interest rate, maturity and option of redemption, authorized in
3 accordance with the Constitution and laws of the State of Texas in the principal amount of
4 \$ _____, for the purpose of providing funds with which to pay contractual Certificates
5 to be incurred by the City, to-wit: making and acquiring various public improvements for the
6 City, as described in the Ordinance, and the payment of fiscal, engineering and legal fees
7 incurred in connection therewith..

8 ON SEPTEMBER 1, 20___, or on any date thereafter, the Certificates of this series
9 maturing on September 1, 20___, and thereafter may be redeemed prior to their scheduled
10 maturities, at the option of the City, in whole, or in part, at a price equal to the principal amount
11 thereof, without premium, plus accrued interest to the date fixed for redemption. The years of
12 maturity of the Certificates called for redemption at the option of the City prior to stated maturity
13 shall be selected by the City. The Certificates or portions thereof redeemed within a maturity
14 shall be selected by lot or other customary random selection method by the Paying
15 Agent/Registrar; *provided*, that during any period in which ownership of the Certificates is
16 determined only by a book entry at a securities depository for the Certificates, if fewer than all of
17 the Certificates of the same maturity and bearing the same interest rate are to be redeemed, the
18 particular Certificates of such maturity and bearing such interest rate shall be selected in
19 accordance with the arrangements between the City and the securities depository.

20 THE CERTIFICATES maturing on September 1, 20___ (the "Term Certificates") are
21 subject to mandatory sinking fund redemption in part, by lot or other customary random
22 selection method, pursuant to the terms of the Ordinance on September 1 in the following years
23 and in the following amounts, at a price equal to the principal amount thereof, plus accrued and
24 unpaid interest to the date of redemption, without premium:

<u>Year</u>	<u>Principal Amount</u>
*	\$

25 _____
26 * Final Maturity
27

28 THE PRINCIPAL AMOUNT of the Term Certificates required to be redeemed pursuant
29 to the operation of such mandatory redemption provisions may be reduced, at the option of the
30 City, by the principal amount of the Term Certificates of the same maturity which (i) have been
31 acquired by the City with funds on deposit in the Interest and Sinking Fund for the Bonds at a
32 price not exceeding the principal amount of such Term Certificates plus accrued interest to the
33 date of purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) have been
34 redeemed pursuant to the optional redemption provisions above and not theretofore credited
35 against a mandatory redemption requirement.
36

37 AT LEAST 30 days prior to the date fixed for any redemption a written notice of
38 redemption shall be given to the registered owner of each Certificate or a portion thereof being
39 called for redemption by depositing such notice in the United States mail, first-class postage
40 prepaid, addressed to each such registered owner at his address shown on the Registration Books
41 of the Paying Agent/Registrar. By the date fixed for any redemption due provision shall be made

1 by the City with the Paying Agent/Registrar for the payment of the required redemption price for
2 this Certificate or the portion hereof which is to be so redeemed, plus accrued interest thereon to
3 the date fixed for redemption. If notice of redemption is given, and if due provision for such
4 payment is made, all as provided above, this Certificate, or the portion hereof which is to be so
5 redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not
6 bear interest after the date fixed for its redemption, and shall not be regarded as being
7 outstanding except for the right of the registered owner to receive the redemption price plus
8 accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the
9 funds provided for payment. The Paying Agent/Registrar shall record in the Registration Books
10 all redemptions of principal of this Certificate or any portion hereof. If a portion of any
11 Certificate shall be redeemed a substitute Certificate or Certificates having the same maturity
12 date, bearing interest at the same rate, in any denomination or denominations in any integral
13 multiple of \$5,000, at the written request of the registered owner, and in aggregate principal
14 amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the
15 surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

16 ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without
17 interest coupons, in the denomination of any integral multiple of \$5,000 (an "Authorized
18 Denomination"). As provided in the Ordinance, this Certificate may, at the request of the
19 registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for
20 a like aggregate principal amount of fully registered bonds, without interest coupons, payable to
21 the appropriate registered owner, assignee, or assignees, as the case may be, having the same
22 maturity date, and bearing interest at the same rate, in any Authorized Denomination as
23 requested in writing by the appropriate registered owner, assignee, or assignees, as the case may
24 be, upon surrender of this Certificate to the Paying Agent/Registrar at its Designated
25 Payment/Transfer Office for cancellation, all in accordance with the form and procedures set
26 forth in the Ordinance. Among other requirements for such assignment and transfer, this
27 Certificate must be presented and surrendered to the Paying Agent/Registrar, together with
28 proper instruments of assignment, in form and with guarantee of signatures satisfactory to the
29 Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions
30 hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names
31 this Certificate or any such portion or portions hereof is or are to be transferred and registered.
32 The form of Assignment printed or endorsed on this Certificate may be executed by the
33 registered owner to evidence the assignment hereof, but such method is not exclusive, and other
34 instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence
35 the assignment of this Certificate or any portion or portions hereof from time to time by the
36 registered owner. The one requesting such exchange shall pay the Paying Agent/Registrar's
37 reasonable standard or customary fees and charges for exchanging any Certificate or portion
38 thereof. The foregoing notwithstanding, in the case of the exchange of an assigned and
39 transferred Certificate or Certificates or any portion or portions thereof, such fees and charges of
40 the Paying Agent/Registrar will be paid by the City. In any circumstance, any taxes or
41 governmental charges required to be paid with respect thereto shall be paid by the one requesting
42 such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege.
43 In any circumstance, neither the City nor the Paying Agent/Registrar shall be required to transfer
44 or exchange any Certificate so selected for redemption, in whole or in part, within 45 calendar
45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be
46 applicable to an exchange by the registered owner of the uncalled principal of a Certificate.

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

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

10 IT IS HEREBY CERTIFIED AND RECITED that this Certificate has been duly and
11 validly authorized, issued, and delivered; that all acts, conditions, and things required or proper
12 to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of
13 this Certificate have been performed, existed, and been done in accordance with law; that this
14 Certificate is a direct obligation of said Issuer, issued on the full faith and credit thereof, that
15 annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of
16 this Certificate, as such interest comes due and such principal matures, have been levied and
17 ordered to be levied against all taxable property in said Issuer, and have been pledged for such
18 payment, within the limits prescribed by law, and that a limited pledge (not to exceed \$1,000) of
19 the surplus revenues from the operation of the City's solid waste disposal system remaining after
20 payment of all operation and maintenance expenses thereof and any other obligations heretofore
21 or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and
22 pledge of such revenues superior to the lien on and pledge of such revenues to the Certificates,
23 have been pledged as additional security for the Certificates.

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

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

City Clerk,
City of Austin, Texas

Mayor,
City of Austin, Texas

(SEAL)

32
33

* * * * *

1 FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE:

2 PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

6 It is hereby certified that this Certificate has been issued under the provisions of the
7 proceedings adopted by the City as described in the text of this Certificate; and that this
8 Certificate has been issued in conversion of and exchange for or replacement of a bond, bonds,
9 or a portion of a bond or bonds of an issue which originally was approved by the Attorney
10 General of the State of Texas and registered by the Comptroller of Public Accounts of the State
11 of Texas.

Dated: Wilmington Trust, N.A.,
Paying Agent/Registrar

By: _____
Authorized Representative

12

13

* * * * *

14

FORM OF COMPTROLLER'S CERTIFICATE (ATTACHED TO
15 THE CERTIFICATES UPON INITIAL DELIVERY THEREOF):

16

OFFICE OF COMPTROLLER :
17 : REGISTER NO. _____
18 STATE OF TEXAS :
19 :

20

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

26

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

27

Comptroller of Public Accounts of the
28 State of Texas

29

30

(SEAL)

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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.

EXHIBIT B

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Description of Annual Financial Information

The following information is referred to in PART 15 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 PART 15 are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

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

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

Accounting Principles

The accounting principles referred to in PART 15 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.

SCHEDULE I

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

- 2 1. Environmental remediation and slope stabilization of the Harold Court site at 6101
3 1/2 Harold Court, a site owned by the City and used by Austin Water Utility,
4 Watershed Protection, Public Works, and Fleet for operations.
- 5 2. Design and construction of the Waller Creek Tunnel Project.
- 6 3. Payment of fiscal, engineering and legal fees incurred in connection with the projects
7 funded with the proceeds of the Certificates.

DRAFT

SCHEDULE II

1 AGGREGATE PRINCIPAL AMOUNT, STATED MATURITIES AND INTEREST RATES:

2 The Certificates shall be issued in the aggregate principal amount of \$_____, maturing on
3 the dates and in the amounts as follows:

<u>September 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>September 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
--------------------	-----------------------------	--------------------------	--------------------	-----------------------------	--------------------------

4
5 PURCHASERS:

6 _____, and syndicate members.

7 PURCHASE PRICE:

8 The Purchase Price for the Certificates shall be par plus a cash premium of \$_____, plus
9 accrued interest to the date of delivery.

10 OPTIONAL REDEMPTION:

11 The Certificates maturing on or after September 1, 20__, are subject to redemption, in whole or
12 in part in any Authorized Denomination, at the option of the City, on September 1, 20__, or on
13 any date thereafter, at a price equal to the principal amount thereof, without premium, plus
14 accrued interest to the date fixed for redemption.

15 MANDATORY SINKING FUND REDEMPTION:

16 THE CERTIFICATES maturing on September 1, 20__ (the "Term Certificates") are subject to
17 mandatory sinking fund redemption on September 1 in the following years and in the following
18 amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the
19 date of redemption, without premium:

Year Principal Amount

1 _____
2 * Final Maturity

3
4 The principal amount of the Term Certificates required to be redeemed pursuant to the operation
5 of such mandatory redemption provisions may be reduced, at the option of the City, by the
6 principal amount of the Term Certificates of the same maturity which (i) have been acquired by
7 the City, with funds on deposit in the Interest and Sinking Fund for the Certificates at a price not
8 exceeding the principal amount of such Term Certificates plus accrued interest to the date of
9 purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) have been redeemed
10 pursuant to the optional redemption provisions and not theretofore credited against a mandatory
11 redemption requirement.

12 DISPOSITION OF PROCEEDS:

13 Proceeds from the sale of the Certificates in the amount of \$_____ (representing
14 \$_____ of principal and \$_____ of premium) shall be used for the purposes described in
15 clause (i) of PART 3, \$_____ of premium shall be used for the purposes described in clause
16 (ii) of PART 3, and \$_____ (representing \$_____ of premium and \$_____ of accrued
17 interest) shall be deposited to the Interest and Sinking Fund.

