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PRELIMINARY OFFICIAL STATEMENT
Dated __________, 2013

Ratings: Moody's: "___"
Standard & Poor's: "___"
(See "OTHER RELEVANT INFORMATION – Ratings")

NEW ISSUE – Book-Entry-Only

Delivery of the Bonds (as defined below) is subject to the receipt of the opinion of Fulbright & Jaworski LLP, Bond Counsel, to the effect that, assuming continuing compliance by the City (as defined below) with certain covenants contained in the Ordinance described herein, interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

$27,005,000*
CITY OF AUSTIN, TEXAS
(Travis, Williamson and Hays Counties)
4.5% Hotel Occupancy Tax
Revenue Refunding Bonds, Series 2013

Dated Date: ________, 2013, (Interest to accrue from Delivery Date) Due: As shown on the inside cover page)

Interest on the $27,005,000* City of Austin, Texas 4.5% Hotel Occupancy Tax Revenue Refunding Bonds, Series 2013 (the "Bonds") will accrue from the date of initial delivery of the Bonds and will be payable May 15, 2014, and each November 15 and May 15 thereafter until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The City of Austin, Texas (the "City") intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer (see "BOOK-ENTRY-ONLY SYSTEM").

The Bonds are issued pursuant to Chapters 1207 and 1371 of the Government Code, as amended (jointly, the "Act"), and other applicable laws of the State of Texas, and an ordinance (the "Bond Ordinance") adopted by the City on November 21, 2013 in which the City Council delegated to certain officials of the City the authority to complete the sale of the Bonds through the execution of a "Pricing Certificate" (the Bond Ordinance and the Pricing Certificate are jointly referred to as the "Ordinance"). The Bonds are special limited obligations of the City, equally and ratably payable from and secured by a lien on and pledge of the "Pledged Revenues", which consist primarily of that portion of the revenues derived by the City from the hotel occupancy tax levied by the City pursuant to Chapter 351, Texas Tax Code, as amended, which is equal to at least 4.5% of the consideration paid by occupants of sleeping rooms furnished by hotels located within the corporate limits of the City in which the cost of occupancy is $2.00 or more each day (the "4.5% HOT" or the "Pledged Hotel Occupancy Tax Revenues"), together with certain investment earnings, all as described herein. The City, pursuant to the Ordinance, does not grant any lien on or security interest in, or any mortgage on any of the physical properties of the City. See "SECURITY FOR THE BONDS – Pledge" herein. The lien on and pledge of the 4.5% HOT to the payment of the Bonds is subordinate to the pledge of the 4.5% HOT to the Prior Lien Obligations (hereinafter defined). The Special Hotel Occupancy Tax (hereinafter defined) has also been pledged to the Prior Lien Bonds, but is **not** pledged to or available to pay the Bonds.

THE BONDS DO NOT CONSTITUTE OR CREATE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY, AND NEITHER THE TAXING POWER OF THE CITY (EXCEPT WITH RESPECT TO THE 4.5% HOT, AS DESCRIBED HEREIN) NOR THE TAXING POWER OF THE STATE OF TEXAS IS PLEDGED AS SECURITY FOR THE BONDS. SEE "SECURITY FOR THE BONDS – PLEDGE" HEREIN.

Maturity Schedule on Inside Cover Page

The Bonds are offered for delivery when, as, and if issued and subject, among other things, to the opinions of the Attorney General of Texas and Fulbright & Jaworski LLP, Bond Counsel for the City, a member of Norton Rose Fulbright, as to the validity of the issuance of the Bonds under the Constitution and laws of the State. The opinion of Bond Counsel will be printed on or attached to the Bonds. (See APPENDIX D - Form of Bond Counsel's Opinion). Certain legal matters will be passed on for the Underwriters by their counsel, Bracewell & Giuliani LLP.

The Bonds are expected to be available for delivery on or about __________, 2013.

Mesirow Financial, Inc.

RBC Capital Markets **Piper Jaffray & Co.**
RW Baird & Co. **Cabrera Capital Markets**

____

*Preliminary; subject to change.

$27,005,000*

CITY OF AUSTIN, TEXAS

4.5% Hotel Occupancy Tax

Revenue Refunding Bonds, Series 2013

MATURITY SCHEDULE

Base CUSIP No. 052422 (1)

Maturity (November 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (November 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are provided for convenience of reference only. None of the City, the Financial Advisor for the City, or the Underwriters take any responsibility for the accuracy of such numbers.

*Preliminary; subject to change.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), as amended, and in effect on the date of this Official Statement, this document constitutes an official statement of the City with respect to the Bonds that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, salesman or any other person has been authorized by the City or by the Underwriters to give any information or to make any representations, other than the information and representations contained herein, in connection with the offering of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, any of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information set forth in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The delivery of this Official Statement at any time does not imply that the information herein is correct as to any time subsequent to its date. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis. No representation is made by the City regarding the use, presentation and interpretation of the financial information of the City made by third parties, including, without limitation, the Municipal Securities Rulemaking Board.

The price and other terms representing the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering and sale of the Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in open markets. Such stabilizing, if commenced, may be discontinued at any time.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SEC AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED FROM REGISTRATION SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Deloitte & Touche LLP, independent auditors, have not been engaged to perform and have not performed, since the date of their report included herein, any procedures on the financial statements addressed in their report.

None of the City, the Financial Advisor to the City or the Underwriters make any representation regarding the information contained in this Official Statement regarding The Depository Trust Company, or its book-entry-only system, as such information has been furnished by The Depository Trust Company. This Official Statement contains "forward–looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. See "OTHER RELEVANT INFORMATION - Forward-Looking Statements."

TABLE OF CONTENTS

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CITY OF AUSTIN

Elected Officials (1)

Lee Leffingwell	Mayor
Chris Riley	Councilmember Place 1
Mike Martinez	Councilmember Place 2
Kathryne B. Tovo	Councilmember Place 3
Laura Morrison	Councilmember Place 4
William Spelman	Councilmember Place 5
Sheryl Cole, Mayor Pro Tem	Councilmember Place 6

(1) As a result of an amendment to the Austin City Charter approved at an election held November 2012, all current terms of the City Council will expire November 2014. In November 2014, the configuration of the City Council will change to an eleven member council, with the Mayor to be elected at large and the remainder of the council to be elected from ten single member districts. See APPENDIX A – "GENERAL INFORMATION REGARDING THE CITY – General Information and – Governance".

Appointed Officials

Marc A. Ott	City Manager
Mike McDonald	Deputy City Manager
Robert Goode	Assistant City Manager
Sue Edwards	Assistant City Manager
Bert Lumbreras	Assistant City Manager
Anthony Snipes	Assistant City Manager
Rey Arellano	Assistant City Manager
Elaine Hart, CPA	Chief Financial Officer
Greg Canally	Deputy Chief Financial Officer
Ed Van Eenoo	Deputy Chief Financial Officer
Karen Kennard	City Attorney
Jannette S. Goodall	City Clerk

BOND COUNSEL
Fulbright & Jaworski LLP
a member of Norton Rose Fulbright
Austin and Dallas, Texas

SECURITIES COUNSEL FOR THE CITY
McCall, Parkhurst & Horton LLP
Austin and Dallas, Texas

FINANCIAL ADVISOR
Public Financial Management, Inc.
Austin, Texas

INDEPENDENT AUDITORS
Deloitte & Touche LLP
Austin, Texas

For additional information regarding the City, please contact:

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City of Austin
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Austin, TX 78701
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art.alfaro@ austintexas.gov

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Public Financial Management, Inc.
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Suite 1900
Austin, TX 78701
(512) 614–5323
waleyd@ pfm.com

OFFICIAL STATEMENT

$27,005,000*

CITY OF AUSTIN, TEXAS

(Travis, Williamson and Hays Counties)

4.5% Hotel Occupancy Tax

Revenue Refunding Bonds, Series 2013

INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, is being furnished in connection with the issuance by the City of Austin, Texas (the "City"), of its $27,005,000* City of Austin, Texas 4.5% Hotel Occupancy Tax Revenue Refunding Bonds, Series 2013 (the "Bonds"). The Bonds are being issued pursuant to Chapters 1207 and 1371 of the Government Code, as amended (jointly, the "Act"), and other applicable laws of the State of Texas and an ordinance of the City Council (the "Bond Ordinance") adopted on November 21, 2013 in which the City Council delegated to certain officials of the City authority to complete the sale of the Bonds through the execution of a "Pricing Certificate" (the Bond Ordinance and the Pricing Certificate are jointly referred to as the "Ordinance"). Unless otherwise indicated, capitalized terms used in this Official Statement shall have the meanings established in the Ordinance. See APPENDIX C hereto for selected definitions of terms used in this Official Statement.

The Bonds are special limited obligations of the City that are equally and ratably payable from and secured by a lien on and pledge of the Pledged Revenues (as hereinafter described). The Pledged Revenues consist primarily of that portion of the revenues derived by the City from the hotel occupancy tax levied by the City pursuant to Chapter 351, Texas Tax Code, as amended, which is equal to at least 4.5% of the consideration paid by occupants of sleeping rooms furnished by hotels located within the corporate limits of the City in which the cost of occupancy is $2.00 or more each day (the "4.5% HOT" or the "Pledged Hotel Occupancy Tax Revenues"), together with certain investment earnings, all as described herein. The City, pursuant to the Ordinance, does not grant any lien on or security interest in, or any mortgage on any of the physical properties of the City. See "SECURITY FOR THE BONDS – Pledge" herein. In the Ordinance, the term Pledged Hotel Occupancy Tax Revenues is used to describe the hotel occupancy tax securing the payment of the Bonds.

The lien on and pledge of the 4.5% HOT to the payment of the Bonds is subordinate to the lien on and pledge of the 4.5% HOT to the payment of the Prior Lien Obligations. The Prior Lien Obligations include, among other obligations hereinafter described, the Prior Lien Bonds. After the issuance of the Bonds and the refunding of the Refunded Obligations, the Prior Lien Bonds will consist of the outstanding (i) "City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008", dated August 14, 2008, and (ii) "City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (Convention Center/Waller Creek)", dated March 1, 2012. The lien on and pledge of the 4.5% HOT to the payment of the Bonds is subordinate to the pledge of the 4.5% HOT to the Prior Lien Obligations (hereinafter defined). The Special Hotel Occupancy Tax (hereinafter defined) has also been pledged to the Prior Lien Bonds, but is **not** pledged to or available to pay the Bonds. See "SECURITY FOR THE BONDS – 2008 Credit and Swap Agreements."

The Bonds constitute "Junior Subordinate Lien Bonds", as such term is used in the ordinances authorizing the issuance of the Prior Lien Bonds.

THE BONDS DO NOT CONSTITUTE OR CREATE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY, AND NEITHER THE TAXING POWER OF THE CITY (EXCEPT WITH RESPECT TO THE 4.5% HOT, AS DESCRIBED HEREIN) NOR THE TAXING POWER OF THE STATE OF TEXAS IS PLEDGED AS SECURITY FOR THE BONDS. SEE "SECURITY FOR THE BONDS – PLEDGE".

PLAN OF FINANCING

General

The Bonds are being issued to refund $28,890,000.00* of the City's currently outstanding bond indebtedness described in APPENDIX E attached hereto (the "Refunded Obligations"). The refunding of the Refunded Obligations will result in a net present value savings to the City. The refunding of the Refunded Obligations will extinguish a prior lien on the 4.5%

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*Preliminary, subject to change

HOT securing the Refunded Obligations. Proceeds from the Bonds will also be used to purchase a surety bond from _______________ which will fund the Reserve Fund Requirement established for the benefit of the Bonds and to pay costs of issuance of the Bonds. See "SOURCES AND USES OF FUNDS".

Refunded Obligations

The Refunded Obligations, and interest due thereon, are to be paid on the scheduled interest payment dates and the maturity or redemption date of such Refunded Obligations from funds to be deposited pursuant to that certain Escrow Agreement (the "Escrow Agreement") between the City and U.S. Bank National Association, Houston, Texas (the "Escrow Agent"). The Ordinance provides that the proceeds of the sale of the Bonds, together with other lawfully available funds of the City, if any, will be deposited with the Escrow Agent in an amount necessary to accomplish the discharge and final payment of the Refunded Obligations. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") without investment. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

The Arbitrage Group, Inc., a nationally recognized accounting firm (the "Verification Agent"), will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate that such amounts on deposit in the Escrow Fund, without reinvestment, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations.

By the deposit of cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Obligations pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the ordinance authorizing the issuance of the Refunded Obligations. It is the opinion of Bond Counsel that, as a result of such defeasance, the Refunded Obligations will no longer be payable from or secured by the Pledged Hotel Occupancy Tax Revenues but will be payable solely from cash held for such purpose by the Escrow Agent, and that the Refunded Obligations will be defeased and thus will not be included in or considered to be an obligation of the City for the purpose of a limitation on the issuance of debt obligations.

The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund from lawfully available funds, or any additional amounts required to pay the principal of and interest on the Refunded Obligations, if, for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the Bonds are as follows.

Sources:	
Par Amount	
Net Premium	
Transfer from Debt Service Fund	
Total Available Funds	
Uses:	
Refunded Obligations Escrow	
Costs of Issuance*	
Underwriters' Discount	
Total Available Funds	

*Includes premium for bond surety policy.

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DEBT SERVICE REQUIREMENTS (a)

Fiscal Year			The Bonds (c)		Total
Ending	Series 2008 (b)	Series 2012	Principal	Interest	Debt Service
9/30/2014	$ 8,261,290	$ 1,338,950	$ -	$ 480,847	$ 10,081,087
9/30/2015	8,243,900	1,339,250	4,055,000	1,124,825	14,762,975
9/30/2016	8,246,120	1,765,050	4,175,000	1,001,375	15,187,545
9/30/2017	8,218,491	1,763,875	4,350,000	830,000	15,162,366
9/30/2018	8,200,743	1,764,813	4,570,000	607,000	15,142,556
9/30/2019	8,206,982	1,762,375	4,805,000	372,625	15,146,982
9/30/2020	8,207,044	1,765,500	5,050,000	126,250	15,148,794
9/30/2021	8,210,660	1,761,000	-	-	9,971,660
9/30/2022	8,212,639	1,758,875	-	-	9,971,514
9/30/2023	8,169,038	1,758,875	-	-	9,927,913
9/30/2024	8,183,313	1,751,000	-	-	9,934,313
9/30/2025	8,194,977	1,750,125	-	-	9,945,102
9/30/2026	8,213,595	1,750,875	-	-	9,964,470
9/30/2027	8,209,494	1,743,250	-	-	9,952,744
9/30/2028	8,226,941	1,742,125	-	-	9,969,066
9/30/2029	8,245,504	1,732,375	-	-	9,977,879
9/30/2030	8,274,586	1,730,813	-	-	10,005,399
	$ 139,725,318	$ 28,979,125	$ 27,005,000	$ 4,542,922	$ 200,252,365

(a) Includes the Bonds, excludes the Refunded Obligations.
(b) Calculated using an assumptive interest rate of 3.2505%; see "SECURITY FOR THE BONDS - 2008 Credit and Swap Agreements".
(c) Preliminary, subject to change.

DESCRIPTION OF THE BONDS

General

Interest on the Bonds will accrue from the date of delivery and will be payable on May 15, 2014, and on each November 15 and May 15 thereafter until maturity. The Bonds will mature on the dates and in the principal amounts and bear interest at per annum rates set forth on the inside cover page hereof. Interest to be paid on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of the Bonds is payable at maturity. The Bonds are not subject to redemption at the option of the City prior to their scheduled maturities.

Purpose of the Bonds

The Bonds are being issued to refund the Refunded Obligations, to fund the Reserve Fund Requirement through the purchase of a surety bond, and to pay costs of issuance incurred in connection with the sale of the Bonds. See "PLAN OF FINANCING."

Defeasance

The City may defease and discharge its obligation to the holders of any or all of the Bonds to pay the principal of, premium, if any, and interest thereon by depositing with the Paying Agent/Registrar or other authorized escrow agent in trust: (a) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (b) Government Obligations, consisting of: (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 are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (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 of acquisition by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Bonds. As of the date of this Official Statement, Government Obligations consist of those obligations described in clauses (i), (ii) and (iii). Government Obligations deposited in trust to defease the Bonds are required to have been certified by an independent public accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to pay when due if the City first obtains a rating confirmation notice the principal of, premium, if any, and interest on such Bonds.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is U.S. Bank National Association. The City retains the right to replace the Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City will promptly cause written notice thereof to be given to each registered owner of the Bonds then outstanding, which notice will also give the address of the new Paying Agent/Registrar. Any Paying Agent/Registrar selected by the City shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve in the capacity and perform the duties of Paying Agent/Registrar for the Bonds.

Interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent by United States mail, first-class postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. Principal on the Bonds will be paid to the registered owner at their stated maturity or redemption prior to maturity upon their presentation to the designated payment/transfer office of the Paying Agent/Registrar, which, on the date of delivery of the Bonds, is the Paying Agent/Registrar's office in Houston, Texas. If a date for making a payment on the Bonds, the taking of any action or the mailing of any notice by the Paying Agent Registrar shall be a Saturday, Sunday, a legal holiday, or a day when 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, taking action or mailing of a notice will be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and a payment, action or mailing on such date shall have the same force and effect as if made on the original date the payment was due, or the action was required to be taken or the mailing was required to be made.

Record Date for Interest Payment

The record date ("Record Date") for the interest payable on any interest payment date with respect to the Bonds means the close of business on the last business day of the month preceding such interest payment date. In the event of a non-payment of interest on one or more maturities of the Bonds on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if any, when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each registered owner of such maturity or maturities of the Bonds appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated payment/transfer office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Amendments

Alteration of Rights and Duties. The rights, duties and obligations of the City and the registered owners of the Bonds are subject in all respects to all applicable federal and state laws including, and without limitation, the provisions of federal law regarding the composition of indebtedness of political subdivisions, as the same now exist or may hereafter be amended.

Amendment of Ordinance Without Consent. The City may, without the consent of or notice to any of the registered owners of the Bonds, amend the Ordinance for certain purposes including, but not limited to, (i) to cure any ambiguity, defect, omission or inconsistent provision in the Ordinance or in the Bonds; or to comply with any applicable provision of law or regulation of federal agencies; provided, however, that such action shall not adversely affect the interests of the registered owners of the Bonds; (ii) to change the terms or provisions of the Ordinance to the extent necessary to prevent the interest on the Bonds from being includable within the gross income of the registered owners thereof for federal income tax purposes; (iii) to grant to or confer upon the registered owners of the Bonds any additional rights, remedies, powers or authority; (iv) to add to the covenants and agreements of the City contained in the Ordinance other covenants and agreements of, or conditions or restrictions upon, the City or to surrender or eliminate any right or power reserved to or conferred upon the City; (v) to amend any provisions thereof relating to the issuance of Additional Bonds if the City first obtains a Rating Confirmation Notice with respect to such amendment; and (vi) to subject to the lien and pledge of the Ordinance additional Pledged Revenues, provided such amendment does not cause any reduction in any rating assigned to the Bonds by any major municipal securities evaluation service then rating the Bonds; provided, however, that if and to the extent required by a Credit Agreement, the City shall first obtain the consent of the related credit facility provider to any such amendment pursuant to the Ordinance.

Amendments of Ordinance Requiring Consent. The City may at any time adopt one or more ordinances amending, modifying, adding to or eliminating any of the provisions of the Ordinance, but if such amendment is not of the character described in the Ordinance as permitted without the consent of or notice to any of the registered owners of the Bonds, only with the consent of the registered owner or owners of not fewer than a majority of the aggregate unpaid principal amount of the

Parity Bonds then outstanding and affected by such amendment, modification, addition, or elimination; provided, however, that the foregoing shall not permit (a) an extension of the maturity of the principal of or interest on any Bond issued under the Ordinance, or (b) a reduction in the principal amount of any Bond or the rate of interest on any Bond or redemption price therefor, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such amendment.

Bondholders' Remedies

If the City defaults in the payment of principal, interest or redemption price on the Bonds when due, or the City defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel the City or City officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the courts, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The City may exercise authority to issue obligations and enter into credit agreements pursuant to Chapter 1371, Texas Government Code ("Chapter 1371"). In the proceedings authorizing the issuance of obligations or the execution and delivery of credit agreements, the City may agree to waive sovereign immunity from suit or liability for the purposes of adjudicating a claim to enforce the credit agreement or obligation or for damages for breach of the credit agreement or obligation. Notwithstanding it reliance on Chapter 1371 in connection with the issuance of the Bonds (as described in "INTRODUCTION"), the City has not waived the defense of sovereign immunity with respect to the Bonds under Chapter 1371. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the State legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or covenants contained in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

The City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenue, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Bonds of an entity that has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce any other remedies available to the registered owners would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

BOOK-ENTRY-ONLY SYSTEM

The City has elected to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), as described under this heading. The City is obligated to timely pay the Paying Agent/Registrar the amount due under the Ordinance. See "DESCRIPTION OF THE BONDS - Paying Agent/Registrar". The responsibilities of DTC, the Direct Participants and the Indirect Participants to the Beneficial Owner of the Bonds are described herein.

The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes this information to be reliable, but none of the City, the financial advisor to the City or the Underwriters take any responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payment of debt service on the Bonds, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the beneficial owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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 pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to herein as "Participants". DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for each series of the Bonds will be printed and delivered to DTC.

SECURITY FOR THE BONDS

Pledge

The Bonds are special limited obligations of the City, payable solely from and equally and ratably secured by a parity lien on and pledge of the Pledged Revenues, in the manner provided in the Ordinance. Pledged Revenues include the Pledged Hotel Occupancy Tax Revenues; the lien on and pledge of the Pledged Hotel Occupancy Tax Revenues securing the Bonds is subordinate to the lien on and pledge of the Pledged Hotel Occupancy Tax Revenues securing the Prior Lien Obligations, as defined in the Ordinance, currently outstanding or hereafter issued in the manner provided in the Ordinance. In addition to the Pledged Hotel Occupancy Tax Revenues, Pledged Revenues include certain investment earnings, all as described herein. The City, pursuant to the Ordinance, does not grant any lien on or security interest in, or any mortgage on any of the physical properties of the City.

The City, pursuant to the Ordinance, further grants a lien on the Bond Fund and the Series 2013 Reserve Account within the Reserve Fund to secure the payment of principal of, premium, if any, and interest on the Bonds. See "Accounts and Flow of Funds" herein.

THE BONDS DO NOT CONSTITUTE OR CREATE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY, AND NEITHER THE TAXING POWER OF THE CITY (EXCEPT WITH RESPECT TO THE 4.5% HOT AS SPECIFICALLY DESCRIBED HEREIN) NOR THE TAXING POWER OF THE STATE OF TEXAS IS PLEDGED AS SECURITY FOR THE BONDS.

Pledge of 4.5% HOT

The ordinances authorizing the issuance of the Prior Lien Bonds (the "Prior Lien Bond Ordinances") will be amended to clarify any existing ambiguity to provide that the Special Hotel Occupancy Tax will be used first to pay the debt service on the Prior Lien Bonds and should the Special Hotel Occupancy Tax be insufficient to fully pay the debt service on the Prior Lien Bonds, the 4.5% HOT will be applied to that purpose prior to the 4.5% HOT being available to pay the Bonds. In addition, the Prior Lien Bond Ordinances will be amended to clarify an existing ambiguity to provide that transfers of the 4.5% HOT in support of Junior Subordinate Lien Bonds, such as the Bonds, will occur prior to transfers in support of Junior Obligations, as such term is defined in the Prior Lien Bond Ordinances.

Levy of Hotel Occupancy Tax

(a) The City has levied, and while any Bonds and other Parity Obligations or Termination Obligations remain Outstanding the City levies and covenants that it shall continue to levy, a Hotel Occupancy Tax on the cost of occupancy of any sleeping room furnished by any hotel within the corporate limits of the City, in which the cost of occupancy is $2.00 or more each day, at a rate of at least 7% of the consideration paid by the occupant of the sleeping room to the hotel, all as authorized by the Tax Act. The City further covenants that it shall enforce the provisions of the Ordinance, or any other ordinance levying a Hotel Occupancy Tax, concerning the collection, remittance and payment of the Hotel Occupancy Tax.

(b) In addition to the Hotel Occupancy Tax levied and to be collected pursuant to (a) above, the City has levied, and while any Prior Lien Bonds remain Outstanding, the City covenants that it shall continue to levy, a Special Hotel Occupancy Tax on the cost of occupancy of any sleeping room furnished by any hotel within the corporate limits of the City, in which the cost of occupancy is $2.00 or more each day, at a rate of at least 2% of the consideration paid by the occupant of the sleeping room to the hotel, to finance or refinance the costs of the Convention Center/Waller Creek Venue Project (the "Special Hotel Occupancy Tax"). **The Special Hotel Occupancy Tax is <u>not</u> pledged to or available to pay the Bonds.**

Prior Lien Obligations

Upon the delivery of the Bonds, the City will have outstanding two series of bonds, the City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (the "Series 2008 Bonds") and the City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"), that are secured by a prior lien on and pledge of the 4.5% HOT and a first lien on and pledge of the Special Hotel Occupancy Tax (together, the "Prior Lien Pledged Revenues"). The Prior Lien Pledged Revenues also are pledged to the payment of obligations the City has incurred under certain agreements executed in connection with the issuance and delivery of the Series 2008 Bonds (see "SECURITY FOR THE BONDS - 2008 Credit and Swap Agreements"), which constitute "Prior Lien Obligations" under the terms of the Ordinance. The pledge of the 4.5% HOT securing the Prior Lien Obligations is senior to the pledge of the 4.5% HOT securing the Bonds. The Special Hotel Occupancy Tax is not pledged to or available to pay the Bonds.

In the Ordinance, the City has limited its ability to issue obligations secured by a lien on and pledge of the 4.5% HOT senior to the lien on and pledge of the 4.5% HOT related to the Bonds to refundings of the Series 2008 Bonds or the Series 2012 Bonds, or refundings of those refundings, for debt service savings. When the Prior Lien Obligations are no longer Outstanding the Bonds will be secured by a first lien on and pledge of the 4.5% HOT.

2008 Credit and Swap Agreements

The Series 2008 Bonds are issued as two subseries, Subseries A and Subseries B. The payment of scheduled principal of and interest on each subseries of the Series 2008 Bonds, as well as the purchase price of Series 2008 Bonds subject to optional or mandatory tender for purchase, will be payable from amounts received under separate letters of credit, the "Subseries A Letter of Credit" and the "Subseries B Letter of Credit", respectively, each issued by JPMorgan Chase Bank, National Association ("JPM"). The Subseries A Letter of Credit and the Subseries B Letter of Credit each is calculated on the basis of the currently outstanding principal amount of the Subseries of Series 2008 Bonds for which it is issued, plus forty-eight (48) days accrued interest thereon at the rate of twelve percent (12%) per annum calculated on the basis of a 365/366 day year. Each Letter of Credit will expire on July 25, 2014, unless extended or terminated sooner in accordance with the terms of the reimbursement agreement pursuant to which each Letter of Credit was issued (the "Reimbursement Agreement") and the terms of the Subseries A Letter of Credit and Subseries B Letter of Credit. The Prior Lien Pledged Revenues will be used to reimburse JPM for draws on the respective Letters of Credit in the payment of scheduled principal of and interest on each subseries of the Series 2008 Bonds.

In addition to the payment obligations of the City under the terms of the Reimbursement Agreement, in conjunction with the delivery of the Series 2008 Bonds, the City entered into an ISDA Master Agreement dated as of August 7, 2008, a schedule attached thereto and a confirmation, dated as of August 7, 2008, all between the City and Morgan Keegan Financial Products, Inc. ("MKFP"), a Replacement Transaction Agreement, dated as of August 7, 2008, between the City, MKFP and Deutsche Bank AG, New York Bank ("Deutsche Bank") and a Credit Support Annex, dated as of August 7, 2008, between the City and Deutsche Bank (collectively, the "Series 2008 Interest Rate Management

Agreement"). Under the terms of the Series 2008 Interest Rate Management Agreement, the City is obligated to make payments to MKFP calculated on a notional amount equal to the scheduled outstanding principal amount of the Series 2008 Bonds and a fixed interest rate of 3.2505% per annum, and MKFP is obligated to make reciprocal payments to the City calculated on a notional amount equal to the scheduled outstanding principal amount of the Series 2008 Bonds and a variable rate equal to 67% of the one-month London Interbank Borrowing Rate ("LIBOR") for U.S. deposits. Payments under the Series 2008 Interest Rate Management Agreement will be made on a net basis on the fifteenth day of each month, commencing in September 2008 and ending in November 2029. Interest on the Series 2008 Bonds is calculated on the basis of an index that differs from the LIBOR index used to calculate amounts payable to the City under the terms of the Series 2008 Interest Rate Management Agreement. The City entered into the Series 2008 Interest Rate Management Agreement in conjunction with the issuance of the Series 2008 Bonds in order to effect and quantify a debt service savings on outstanding bonds that were refunded with the proceeds of variable rate bonds. On the effective date of the Series 2008 Interest Rate Management Agreement, MKFP, as a result of the Credit Support Agreement with Deutsche Bank, was rated Aa1 by Moody's, and AA by S&P. Payments to be made by the City, if any, under the terms of the Series 2008 Interest Rate Management Agreement (other than a "termination payment" as discussed below) are payable solely from and equally and ratably secured by a lien on the revenues securing the Series 2008 Bonds of equal rank and dignity with the lien and pledge securing the payment of the Series 2008 Bonds. As of October 15, 2013, the net aggregate monthly payments the City has made under the Series 2008 Interest Rate Management Agreement equal ($2,593,840.86).

Market Factors and Hotel Occupancy Taxes

The generation of revenues from Hotel Occupancy Taxes is subject to a variety of factors, none of which are within the City's control. Collections can be adversely affected by (a) changes in State law and administrative practices governing the remittance and allocation of Hotel Occupancy Tax receipts and (b) changes in economic activity and conditions within the City and general geographic area. The amount of Hotel Occupancy Taxes received by the City is dependent upon people visiting the City and staying in hotels and motels. Many factors may affect the City's collection of these revenues, including (but not limited to) fuel prices, general costs of living, employment levels of employers within and outside the City, discretionary spending on items that would produce revenues from Hotel Occupancy Taxes, and the overall impact of the economy to individuals that would otherwise be contributing to the Hotel Occupancy Tax base. The City is unable to predict what impact economic conditions such as these may have on its continued collection of Hotel Occupancy Taxes.

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Historical Hotel Occupancy Tax Receipts

Effective January 1, 1971, pursuant to state law and an implementing ordinance, the City began levying a tax upon the cost of occupancy of any qualified hotel room. The City ordinance authorizing this tax also provides rules and regulations for collection, describes violations, requires reports and provides penalties for violations. The current tax is levied at a rate of at least 7% on the cost of occupancy of any qualified hotel room to the hotel. In addition, beginning in Fiscal Year 1998, an additional 2% tax is levied on the cost of occupancy of any qualified hotel room, and has been collected since August 1, 1998 as the Special Hotel Occupancy Tax. **The Special Hotel Occupancy Tax is not pledged to or available to pay the Bonds.**

The following table summarizes historical Hotel Occupancy Tax receipts for fiscal years 1995 through 2013.

	(In thousands)						
Fiscal Year Ended September 30	1st Quarter October -December	2nd Quarter January - March	3rd Quarter April - June	4th Quarter July - September	Total	Total Hotel Tax Revenue	Annual Increase/ (Decrease)
1995	$ 3,115	$ 2,870	$ 3,501	$ 3,622	$13,108	$ 8,447	14.90%
1996	3,494	3,203	3,763	3,756	14,216	9,167	8.45%
1997	3,537	3,353	3,860	4,447	15,197	9,783	6.90%
1998 (1)	4,539	4,284	4,936	5,030	18,789	12,107	23.64%
1999	5,612	5,552	6,375	7,048	24,587	17,613	30.86%
2000	6,637	6,264	7,573	8,258	28,732	20,758	16.86%
2001 (2)	7,595	7,670	8,043	7,809	31,117	22,488	8.30%
2002	5,832	5,355	6,350	7,212	24,749	17,881	-20.46%
2003	5,766	5,874	7,045	6,793	25,478	18,422	2.95%
2004	6,136	5,413	6,537	7,268	25,354	18,328	-0.49%
2005	6,847	6,393	7,901	8,936	30,077	21,763	18.63%
2006	7,730	8,673	9,610	10,545	36,558	26,455	21.55%
2007	9,739	9,481	11,485	11,428	42,133	30,495	15.25%
2008	10,923	10,087	11,641	12,431	45,082	32,609	7.00%
2009	10,690	9,797	10,779	9,886	41,152	29,734	-8.72%
2010	9,177	9,013	10,832	10,639	39,661	28,669	-3.62%
2011	10,157	10,872	13,153	12,545	46,727	33,806	17.82%
2012	11,279	11,503	14,511	13,666	50,959	36,868	9.06%
2013 Unaudited	11,631	15,010	16,703	16,211	59,555	43,059	16.87%

(1) Fiscal Year 1998 and each Fiscal Year thereafter includes the Special Hotel Occupancy Tax. Tax levy increased from 7% to 9% effective August 1, 1998, pursuant to Ordinance No. 980709-G, which amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.
(2) Beginning in fiscal year 2001, the City implemented GASB Statement No. 33, which changes the method of reporting tax collections in the City's financial statements. This table will continue to be reported on a cash basis to provide a more meaningful comparison.
Source: City of Austin, Texas Convention Center.

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Annual Collection of 4.5% and 2.0% HOT (1)

Fiscal Year Ended September 30	Hotel Tax Revenues 4.5% (2)	2.0% (3)	Total
1999	$12,598,455	$ 5,014,509	$17,612,964
2000	14,398,555	6,359,687	20,758,242
2001	15,579,972	6,908,352	22,488,324
2002	12,379,696	5,501,539	17,881,235
2003	12,753,939	5,667,852	18,421,791
2004	12,689,169	5,639,067	18,328,236
2005	15,066,905	6,695,733	21,762,638
2006	18,315,857	8,139,567	26,455,424
2007	21,112,260	9,382,288	30,494,548
2008	22,575,874	10,032,718	32,608,592
2009	20,585,976	9,148,406	29,734,382
2010	19,848,506	8,820,676	28,669,182
2011	23,404,852	10,401,132	33,805,984
2012	25,524,938	11,343,283	36,868,221
2013 Unaudited	29,811,094	13,248,050	43,059,144

(1) Includes interest earnings.
(2) Constitutes the "Pledged Hotel Occupancy Tax Revenues" under the Ordinance.
(3) Constitutes the "Special Hotel Occupancy Tax Revenues" under the Ordinance.
Source: City of Austin, Texas Convention Center.

Flow of Funds

The Ordinance provides for the following flow of funds with respect to the Pledged Hotel Occupancy Tax Revenues.

(a) Flow of Funds Regarding Pledged Hotel Occupancy Tax Revenues. The City covenants and agrees that all Pledged Hotel Occupancy Tax Revenues shall be deposited as received into the Tax Fund. Money from time to time credited to the Tax Fund shall be applied as follows in the following order of priority:

First, to transfer all amounts to the Prior Lien Bond Fund required by the ordinances authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances) after taking into account the Special Hotel Occupancy Tax Revenues available for such purpose and deposited to the Prior Lien Bond Fund.

Second, to transfer all amounts to the Prior Lien Debt Service Reserve Fund required by the ordinances authorizing the issuance of the Prior Lien Bonds (in such relative order of priority as is required by the related ordinances) after taking into account the Special Hotel Occupancy Tax Revenues available for such purpose and deposited to the Prior Lien Debt Service Reserve Fund.

Third, to transfer to the 4.5% Hotel Occupancy Tax Bond Fund (the "Bond Fund") all amounts necessary to provide for the payment of Parity Obligations.

Fourth, to transfer to the 4.5% Hotel Occupancy Tax Reserve Fund (the "Reserve Fund") the amounts required pursuant to the provisions of the Ordinance with respect to the Reserve Fund (see "- Reserve Fund" below).

Fifth, to the payment of all Termination Obligations on a *pari passu* basis; and

Sixth, for any lawful purpose under the Tax Act.

Bond Fund

Subject to satisfying the required payments for the benefit of the Prior Lien Bonds in accordance with the ordinances authorizing their issuance, the City covenants and agrees that before each interest payment date, stated maturity date and mandatory redemption date for the Parity Bonds (and before the dates payments are due on other Parity Obligations) there shall be deposited into the Bond Fund from the Pledged Revenues, an amount equal to one hundred percent (100%) of the amount required to fully pay the amount then due and payable on the Parity Obligations, and such deposits shall be made in substantially equal quarterly installments (based on the total annual Debt Service Requirements to be paid on the Parity Obligations divided by the number of Transfer Dates to occur during the period covered by such calculation) on or before each Transfer Date, beginning on the first Transfer Date to occur after the delivery of the Bonds.

In addition, on each Transfer Date, the City covenants and agrees to cause to be deposited into the Bond Fund from the Pledged Revenues an amount calculated to pay all expenses of providing for the full and timely payment of the principal of, premium, if any, and interest on the Parity Bonds in accordance with their terms, including without limitation, all fees charged or incurred for paying agent/registrar services rendered in connection with the Parity Bonds.

Money credited to the Bond Fund shall be used solely for the purpose of paying on a *pari passu* basis (except as otherwise provided) principal (at maturity or prior redemption or to purchase Parity Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and redemption premiums on Parity Bonds and all other amounts due on other Parity Obligations, plus all other charges, costs and expenses relating to such payment, including those described in the preceding paragraph. On the Business Day immediately preceding each payment due date for the Parity Obligations, the City shall transfer from the Bond Fund and Reserve Fund, if necessary, to the appropriate paying agent/registrar amounts equal to the amounts due on the Parity Obligations on such date.

The City may establish and utilize such accounts within the Bond Fund as it may, from time to time, deem appropriate.

Reserve Fund

(a) The Reserve Fund is established for the benefit of the Parity Bonds. The City reserves the right, in connection with the issuance of a series of Parity Bonds, to establish within the Reserve Fund as account to provide additional security for Holders of a series of Parity Bonds. If an account within the Reserve Fund is established for the benefit of Holders of a series of Parity Bonds, the Required Reserve Requirement for a series of Parity Bonds will be funded either with cash or with a Reserve Fund Surety Bond issued by an insurance company or other entity that is rated as of the date of acquisition of the Reserve Fund Surety Bond (either for the long term unsecured debt of the issuer of such Reserve Fund Surety Bond or for obligations insured, secured or guaranteed by such issuer) no lower than A or its equivalent by one major municipal securities credit rating service.

(b) With respect to the Bonds, the City shall establish within the Reserve Fund a "Series 2013 Reserve Account" and maintain a balance the Series 2013 Reserve Account equal to the Reserve Fund Requirement for the Bonds. A Reserve Fund Surety Bond in the amount of the Reserve Fund Requirement for the Bonds will be issued by the Surety Bond Provider (as specified in the Pricing Certificate) and shall be deposited to the credit of the Series 2013 Reserve Account of the Reserve Fund to fully fund the Reserve Fund Requirement for the Bonds. The Reserve Fund Requirement for the Bonds will be specified in the Pricing Certificate and a substantial copy of the agreement by and between the City and Surety Bond Provider will be attached to and approved in the Pricing Certificate by the Pricing Officer.

(c) Any draws on the Reserve Fund Surety Bond or other credit agreements funding the Reserve Fund Requirement for a series of Parity Bonds on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such surety bond or credit agreement) after applying available cash and investments in the Reserve Fund.

(d) At the end of any Transfer Period in which the Reserve Fund contains less than the Reserve Fund Requirement, or in which the City is obligated to repay or reimburse any issuer of a Reserve Fund Surety Bond (in the event such Reserve Fund Surety Bond is drawn upon), then after making all required transfers to the Bond Fund, there shall be transferred into the Reserve Fund from the available Pledged Revenues on each Transfer Date amounts necessary to reestablish the Reserve Fund Requirement and satisfy any repayment obligations to the issuer of any Reserve Fund Surety Bond. After such amount has been accumulated in the Reserve Fund and after satisfying any repayment obligation to any issuer of a Reserve Fund Surety Bond and so long thereafter as such fund contains such amount and all such repayment obligations have been satisfied, no further transfers shall be required to be made, and any excess amounts in such fund may be transferred to the Bond Fund. But, if and whenever the balance in the Reserve Fund is reduced below the Reserve Fund Requirement, or any Reserve Fund Surety Bond repayment obligations arise, transfers to the Reserve Fund shall be resumed and continued in the manner stated above to restore the Reserve Fund Requirement and to pay such reimbursement obligations.

(e) The Reserve Fund shall be used to pay the principal of and interest on a series of Parity Bonds for which an account within the Reserve Fund is established at any time when there is not sufficient money available in the Bond Fund for such purpose and to make any payments required to satisfy repayment obligations to issuers of Reserve Fund Surety Bonds, and may also be used to make the final payments for the retirement or defeasance on a series of Parity Bonds for which a subaccount within the Reserve Fund is established.

(f) When and if a series of Additional Bonds is issued, Council shall determine whether a reserve account shall be created and a Reserve Fund Requirement maintained for the payment and security of a series of Additional Bonds then being issued. To the extent a reserve account is created for a series of Additional Bonds, the Reserve Fund Requirement may be funded wholly or partly in cash or by a Reserve Fund Surety Bond as provided in the ordinance authorizing the issuance of the Additional Bonds.

Reserve Fund Surety Bond

In accordance with the provisions of the Ordinance, the Reserve Fund Requirement related to the Bonds will be funded with a surety bond issued by Assured Guaranty Municipal Corp. ("AGM") and will be deposited to the credit of the Series 2013 Reserve Account of the Reserve Fund on the date of delivery of the Bonds.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM

At June 30, 2013, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,453,294,934 and its total net unearned premium reserve was approximately $1,944,533,294, in each case, in accordance with statutory accounting principles.

For additional information relating to the capitalization of AGM, please see the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 22, 2013 (excluding the portion thereof "furnished" under Item 7.01 of such Form).

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "- Reserve Fund Surety Bond" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds offered under this Official Statement and such purchases may constitute a significant proportion of the Bonds offered. AGM or such affiliate may hold such Bonds for investment or may sell or otherwise dispose of such Bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE – Reserve Fund Surety Bond".

Investment of Funds; Transfer of Investment Income

(a) Money in all funds shall, at the option of the City, be invested in the manner provided by Texas law and the City's investment policy; except all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. All such investments shall be valued no less frequently than the last Business Day of the City's Fiscal Year at market value, except that any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the City, in common investments or in a common pool of such investments maintained by the City at an official depository of the City or in any fund or investment vehicle permitted by Texas law, which shall not be considered to be a loss of the segregation of such money or funds if safekeeping receipts, certificates of participation or other documents clearly evidencing the investment or investment pool in which such money is invested and the share purchased with such money or owned by such funds are held by or on behalf of each such fund. If and to the extent necessary, such investments or participations in these funds shall be promptly sold to prevent any default.

(b) All interest and income derived from deposits and investments credited to the Bond Fund and Reserve Fund shall remain a part of the fund from which such investment was made, and such investment interest and income shall reduce by like amount any required transfer to such funds from the Pledged Revenues, except at any time when the Reserve Fund has on deposit an amount more than the Reserve Fund Requirement, all investment interest and income received on any investment of funds in such fund shall be deposited to the credit of the Bond Fund.

(c) Notwithstanding anything to the contrary contained in the Ordinance, any interest and income derived from deposits and investments of any amounts credited to any fund or account may be (i) transferred into any rebate account or subaccount and (ii) paid to the federal government if in the opinion of nationally recognized bond counsel such payment is required to comply with any covenant contained in an order, resolution or ordinance to prevent interest on any Parity Bonds from being includable within the gross income of the owners thereof for federal income tax purposes.

Additional Bonds

(a) *No Prior Lien Bonds*. Other than refunding bonds to refund the Prior Lien Bonds resulting in a debt service savings, the City covenants that it will not issue any additional bonds or incur other obligations payable from and secured by a lien on and pledge of the Pledged Revenues that is senior to the lien securing the Parity Obligations.

(b) *Refunding Bonds*. The City expressly reserves the right to issue refunding bonds resulting in a debt service savings to refund all or a portion of the Parity Bonds or to refund any refunding bonds previously issued to refund all or a portion of the Parity Bonds without having to meet the conditions specified in the Ordinance. Refunding bonds may be secured by a lien on Pledged Revenues on a parity with or subordinate to the lien securing the Parity Bonds.

(c) *Other Additional Bonds.*

(1) In regard to the Pledged Revenues, the City reserves and retains the right to issue or incur additional obligations for any lawful purpose secured wholly or partly by a parity lien on the Pledged Revenues or by a lien junior and subordinate to the lien on the Pledged Revenues securing payment of the Parity Bonds; provided, however, that no Parity Bonds shall be issued unless the following conditions are satisfied:

(i) the City's Chief Financial Officer (or other officer of the City having primary responsibility for the financial affairs of the City) shall provide a certificate showing that, for the City's most recent completed Fiscal Year or for any consecutive 12-month period out of the most recently 18 months preceding the month the ordinance authorizing the issuance of the Parity

Bonds is adopted (the "Coverage Period"), the Pledged Hotel Occupancy Tax Revenues for the Coverage Period are equal to at least 125% of the maximum annual Debt Service Requirement of all Prior Lien Bonds and Parity Bonds then Outstanding scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Parity Bonds, if any, proposed to be issued, and deducting from the maximum annual Debt Service Requirement for the Prior Lien Bonds and Parity Bonds then outstanding an amount equal to the revenues received from the Special Hotel Occupancy Tax for the Coverage Period to be applied to the Debt Service Requirement for any then Outstanding Prior Lien Bonds; and

(ii) if an account within the Reserve Fund is created for a series of Parity Bonds, provision is made in the ordinance authorizing issuance of the Parity Bonds for the complete funding of any required reserves for payment of principal of and interest on the series of Parity Bonds (whether by cash deposits or through a Reserve Fund Surety Bond or a combination of these sources) as of their initial delivery.

(2) Among the future obligations authorized to be issued or incurred pursuant to the Ordinance are Credit Agreements executed in support of Parity Bonds. The City may enter into a Credit Agreement payable from and secured wholly or partly by a lien on Pledged Revenues if it obtains written confirmation from each Rating Agency then rating the Parity Bonds at the request of the City that the issuance of the Credit Agreement will not cause a withdrawal or reduction in the rating then assigned to the Outstanding Parity Bonds. The City may secure its obligations under a future Credit Agreement executed in support of Parity Bonds by a lien on Pledged Revenues if such lien is on a parity with or subordinate to the lien securing the Parity Bonds; provided, however, that confirmation is not required for Interest Rate Management Agreements executed in support of Parity Bonds.

(3) If the City issues additional Parity Bonds that constitute Variable Rate Obligations, it shall use the following procedures for purposes of determining the maximum and the average annual Debt Service Requirements of the Variable Rate Obligations:

(i) At the sole discretion of the City, the Variable Rate Obligations shall be deemed to bear interest at one of the following rates: (A) an interest rate equal to the average rate borne by the Variable Rate Obligations (or by comparable debt if the Variable Rate Obligations have not been outstanding during the preceding 24 months) for any 24-month period ending within 30 days before the date of calculation; (B) if the City has entered into a related Credit Agreement in the nature of an Interest Rate Management Agreement, the rate payable by the City under the Interest Rate Management Agreement; or (C) an interest rate equal to the 30-Year Tax-Exempt Revenue Bond Index rate as published in The Bond Buyer on any date selected by the City within 30 days before the date of calculation. If this index is no longer published in The Bond Buyer, an index of tax-exempt revenue bonds with maturities of 20 years, or more, published in a financial newspaper or journal with national circulation may be selected by the City and used for this purpose.

(ii) If the City has entered into a Credit Agreement in connection with an issue of obligations payable from and secured by Pledged Revenues, (X) payments due under the Credit Agreement, from either the City or the other party to the Credit Agreement, shall be included in this calculation except to the extent that the payments are already taken into account in the debt service calculation, (Y) any payments that would otherwise be included under the debt service calculation which are to be replaced by payments under a Credit Agreement from either the City or the other party to the Credit Agreement shall be excluded from this calculation, and (Z) payments due under a Credit Agreement that are paid at a variable rate shall be deemed to be made at a fixed rate determined in a manner consistent with paragraph (c)(1)(i) above. For any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making this calculation and for prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

(4) If the City has entered into a Credit Agreement to discharge or purchase any of its obligations payable from or secured by Pledged Revenues under arrangements where the City's obligation to repay the amounts advanced under the Credit Agreement for the discharge or purchase is payable over more than one year from the advance under the Credit Agreement, then the portion of the obligations committed to be discharged or purchased pursuant to the Credit Agreement shall be excluded from any calculation of debt service requirements, and the principal of and interest requirements that constitute the City's reimbursement obligation shall be added.

(5) In determining the Pledged Hotel Occupancy Tax Revenues available to satisfy the coverage requirements of condition (c)(1) above, the City may take into consideration an increase in the portion of the Pledged Hotel Occupancy Tax Revenues that became effective during the Coverage Period and, for purposes of satisfying the above coverage tests, make a pro forma determination of the Pledged Hotel Occupancy Tax Revenues for the Coverage Period based on such increased portion of the Pledged Hotel Occupancy Tax Revenues being in effect for the entire Coverage Period.

(6) Any Additional Bonds may bear any name or designation provided by the ordinance authorizing their issuance and may be issued in such form and manner as may be authorized by law at the time of their issuance. Furthermore, the Additional Bonds may be secured by any other source of payment lawfully available for this purpose, including a Credit Agreement, financial guaranty insurance policy or similar credit or liquidity support. Any Reimbursement Obligation or obligation under a Credit Agreement may be secured by Pledged Revenues on a basis *pari passu* with the Parity Bonds.

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THE CITY

Administration

Incorporated in 1839, the City operates under a Council-Manager form of government under its home rule charter. Currently, the City Council is comprised of a Mayor and six council members elected at-large for three-year staggered terms. As a result of an amendment to the Austin City Charter approved at an election held November 2012, all current terms of the City Council will expire November 2014. In November 2014, the configuration of the City Council will change to an eleven member council, with the Mayor to be elected at large and the remainder of the council to be elected from ten single member districts. See APPENDIX A – "GENERAL INFORMATION REGARDING THE CITY - Governance".

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City. Marc Ott was appointed City Manager in January 2008.

City Manager - Marc A. Ott

Mr. Marc A. Ott was selected as City Manager for the City by the Austin City Council in January 2008. Mr. Ott is the 17th person in City history to be appointed City Manager in a full-time capacity. Mr. Ott previously served as Assistant City Manager for infrastructure services for the City of Fort Worth. In that role, he was responsible for Fort Worth's infrastructure operations carried out by the departments of Water, Transportation and Public Works, Engineering and Aviation. Mr. Ott was also responsible for implementing one of the Fort Worth City Council's top strategic priorities: promoting orderly growth. Prior to his position in Fort Worth, Mr. Ott was City Administrator for the City of Rochester Hills, Michigan, where he had administrative and managerial oversight of all municipal operations. In addition, Mr. Ott was City Manager of Kalamazoo, Michigan, from 1993 to 1997. He also served as that city's Deputy City Manager for two years and as an Assistant City Manager for almost a year. Mr. Ott earned his bachelor's degree in management with a concentration in economics from Michigan's Oakland University and master's in public administration from the same university. He is also a graduate of the Program for Senior Executives in State and Local Government at the John F. Kennedy School of Government, Harvard University.

Chief Financial Officer □ Elaine Hart, CPA

Ms. Elaine Hart received her B.B.A. in Accounting from The University of Texas at Arlington. Her career with the City spans more than 20 years including over 10 years in public power. Ms. Hart served as Interim Chief Financial Officer for two months before being appointed to the position of Chief Financial Officer in April 2012. Prior to her appointment as Chief Financial Officer, she served as Senior Vice President Finance and Corporate Services for Austin Energy, the municipally owned electric utility. During her tenure at the City (service not continuous), she has also served in other financial capacities, including the City's Chief Financial Officer in the late 1980s, Assistant Finance Director, City Controller and Deputy City Auditor. Ms. Hart also has private sector auditing, accounting and consulting experience.

Services Provided by the City

The City's major activities include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, general administrative services, solid waste disposal, and maintenance of bridges, streets and storm drains. The City owns and operates several major enterprises including Austin Energy, the Water and Wastewater System, an airport and two public event facilities. See "APPENDIX A - The Convention Center and Venue Project".

Employees

Municipal employees are prohibited from engaging in strikes and collective bargaining under State law. An exception allows fire and police employees to engage in collective bargaining (but not the right to strike) after a favorable vote of the electorate. The voters have approved collective bargaining for fire fighters but not for police officers. Approximately 15% of the City's employees are members of the American Federation of State, County and Municipal Employees, 8% are members of the American Police Association and 7% are members of the International Association of Fire Fighters.

The City does not have automatic escalators in payroll or in its retirement systems. The retirement systems may grant cost-of-living increases up to 6% for the municipal employees and 6% for police officers and a percentage based on the amount of increase in the Consumer Price Index for the firemen only if recommended by the independent actuary and approved by the retirement boards.

Annexation Program

The City annexes territory on a regular basis. Chapter 43 of the Texas Local Government Code regulates annexation of property by Texas municipalities. Before annexing territory, the City must develop a service plan describing the municipal services, police and fire protection, sanitation, provision and maintenance of public facilities such as water and wastewater facilities, roads, streets, and parks to be provided to the annexed area. Generally, those services may not be at a lower level of service than provided in other areas of the City with similar characteristics. The City is not obligated to provide a uniform level of service to all areas of the City where differing characteristics of population, topography, and land use provide a sufficient basis for different service levels.

Pension Plans

There are three contributory defined benefit retirement plans for the Municipal, Fire, and Police employees. State law requires the City to make contributions to the funds in an amount at least equal to the contribution of the employee group.

Effective October 1, 2012, the municipal employees contribute 8.0% and the City contributes 18.0% of payroll. The Firefighters (who are not members of the Social Security System) contribute 16.7% of payroll, and the City contributes 21.05%. The Police Officers contribute 13.0% and the City contributes 21.63% of payroll.

The contributions to the pension funds are designed to fund current service costs and to amortize the unfunded actuarial accrued liability. As of December 31, 2012, the amortization period of the unfunded actuarial accrued liability for the City of Austin Employees Retirement System ("COAERS") was 27.0 years and for the Police Officer's Fund was 29.4 years.

As of December 31, 2012, the actuarial accrued liability for the COAERS was $2,968,400,000 and the funded ratio was 63.9%. The actuarial accrued liability for the Police Officer's Fund was $856,577,000 and the funded ratio was 65.2%.

An actuarial study is conducted in odd number years only for the Firefighters Fund. As of December 31, 2011, the amortization period for the Firefighters Fund was 20.9 years and the actuarial accrued liability for the Firefighters Fund was $746,143,000; the funded ratio was 87.3%.

Although the COAERS funding period had been infinite since December 31, 2002, investment losses in 2008 of 25.9% led to a significant decrease in the actuarial funded ratio and a significant increase to the unfunded actuarial accrued liability. In 2005, a Supplemental Funding Plan ("SFP") was approved that increased the City's annual contribution rate to a maximum of 12%, but even this additional funding was not sufficient to restore the long-term financial health of the COAERS. In 2011, the City Council approved an amendment to the SFP that increased the City contribution rate to a maximum rate of 18% of pay to be contributed by 2013. The City contributed an additional 6% in FY 2011, an additional 8% in FY 2012 and will contribute an additional 10% in FY 2013 pursuant to the terms of the SFP, which will bring the City's contribution rate to the maximum of 18%. In addition, a new benefit tier for new employees hired on or after January 1, 2012, has been approved by the COAERS Board of Trustees, the City Council and the Texas Legislature. The new benefit tier increases the age and service criteria necessary to reach retirement eligibility. It also decreases the pension multiplier, which is used to determine the final pension amount paid to future retirees. These two actions are expected to substantially improve the long-term financial health of the COAERS over time.

See APPENDIX B – "Annual Financial Report – Note 7" for additional information on the City's Pension Plans.

Other Post-Employment Benefits

In addition to providing pension benefits, the City provides certain health care and insurance benefits to its retirees

("OPEB"). Any retiree who is eligible to receive retirement benefits under any of the City's three pension plans is eligible for these benefits. Post-retirement benefits include health, dental, vision, and $1,000 of life insurance. The City pays a portion of the retiree's medical insurance premiums and a portion of the retiree's dependents' medical insurance premium. The portion paid by the City varies according to age, coverage selection and years of service. The City pays the entire cost of the premium for life insurance for the retiree.

The City recognizes the cost of providing these benefits as payroll expenses/expenditures in an operating fund with corresponding revenue in the Employee Benefits Fund and are funded on a pay-as-you-go basis. The estimated cost of providing these benefits for 3,731 retirees was $24.2 million in 2012 and $22.7 million in 2011 for 3,529 retirees.

As of September 30, 2012, the City's unfunded actuarial accrued liability is approximately $1.5 billion; the net OPEB obligation is $493.1 million. The City has worked with a task force consisting of employees and retirees to determine which elements of the retiree health care plan they value most highly. Using their input and information from other sources, the City has run alternate scenarios to assess the effect these would have on reducing retiree benefits or developing other cost-sharing strategies. Cost reduction strategies have also been implemented.

See APPENDIX B – "Annual Financial Report – Note 8" for additional information on the City's OPEB.

Insurance

The Liability Reserve Fund is the insurance fund of the City for settled claims, expenses, and reserves relating to third party liability claims for injury and property damage, including professional liability. The Liability Reserve Fund is used to pay for actual claims incurred and related expenses for settling these claims, for budgeted administrative costs for the fund's operations, and to estimate incurred, but not reported claims. The Liability Reserve Fund had accrued liabilities of approximately $6.3 million for claims and damages at the end of fiscal year 2012. Employee injuries are covered by the Workers' Compensation Fund, and health claims are protected by the Employee Benefits Fund.

INVESTMENTS

The City invests its available funds in investments authorized by State law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Legal Investments

Under Texas law, the City is authorized to invest in: (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by a combination of cash and the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits or (ii) that are invested by the City through a depository institution that has its main office or a branch office in the State of Texas and that otherwise meets the requirements of the PFIA; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share; (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent; and (13) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Act, as amended), whose assets consist of obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA", "AAA-m" or at an equivalent rating by at least one nationally recognized rating service. The City may also invest bond proceeds in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if: (i) the value of securities loaned under the program must not be collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

Effective September 1, 2005, the City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code (commonly referred to as the "Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City may also contract with an investment management firm registered under the Investment Advisor Act of 1940 (15 U.S.C. Section 80b.1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the City retains ultimate responsibility as fiduciary of its assets.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and also that address the quality and capability of investment personnel. The policy includes a list of the type of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities: (1) suitability of investment type; (2) preservation and safety of principal; (3) liquidity; (4) marketability of each investment; (5) diversification of the portfolio; and (6) yield.

The City's investment policy authorizes the City to invest its funds and funds under its control in all of the eligible investments described above under "Legal Investments", except those investments described in clauses (3) and (6).

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority of the City Council or the Chief Financial Officer of the City.

Additional Provisions

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) require the registered representative of firms seeking to sell securities to the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and (5) provide specific investment training for the Chief Financial Officer of the City, the City Treasurer and Investment Officers.

Current Investments

As of September 30, 2013, the City's investable funds were invested in the following categories.

Type of Investment	Percentage
U. S. Treasuries	2%
U. S. Agencies	54%
Money Market Funds	3%
Local Government Investment Pools	41%

The dollar weighted average maturity for the combined City investment portfolios is 321 days. The City prices the portfolios weekly utilizing a market pricing service.

TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. The form of Bond Counsel's opinion is attached hereto as APPENDIX D.

Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service ("IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United

States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the Holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the main text of this Official Statement within the various tables and in APPENDIX B. The City will update and provide this information within six (6) months after the end of each fiscal year, beginning with the fiscal year ending in 2013. The City will provide the updated information to the MSRB through its EMMA system.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not provided by that time, the City will provide unaudited financial information by the required time and audited financial statements when and if they become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year is October 1 to September 30. Accordingly, it must provide updated information by March 31 of each year unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Disclosure Event Notices

The City shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) modifications to rights of holders of the Bonds, if material;
(8) Bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the City;
(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

The Bonds do not make any provision for credit or liquidity enhancement. The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data by the time required by the Bond Ordinance.

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

Availability of Information

In connection with its continuing disclosure agreement entered into with respect to the Bonds, the City will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described in this document in compliance with the Rule, taking into account any amendments or interpretations of the rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

Except as described in this paragraph, during the last five (5) years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. The City did not file its unaudited or audited financial statements for the fiscal years ending September 30 in each of the years 2008 and 2011 by the required deadline of March 31 of the next succeeding year. The audited financial statements of the City for each such fiscal year were filed no later than 31 days after March 31 of the next succeeding year. Annual financial information and operating data of the City was filed by the required time in accordance with the City's continuing disclosure agreements in the above-cited years in which the audited financial statements were filed after March 31 of the next succeeding year. The City has filed event notices in connection with each late filing. In addition, multiple rating changes occurred with respect to certain obligations of the City between 2008 and 2012, and the City did not file event notices with respect to certain of such rating changes. The City has filed event notices with respect to the current ratings of certain of its outstanding obligations. The City has implemented procedures to ensure timely filing of all future financial statements and event notices.

OTHER RELEVANT INFORMATION

Ratings

The Bonds have received ratings of "__" by Moody's and "__" by S&P. An explanation of the significance of such ratings may be obtained from the organization furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or all of such rating companies, if in the judgment of one or more companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Public Financial Management, Inc. ("PFM"), the City's financial advisor, will not undertake any responsibility to notify bondholders of any such revisions or withdrawals of rating.

Registration and Qualification of Bonds

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER RELEVANT INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Legal Opinions

The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding special obligations of the City in accordance with their terms payable solely from Pledged Revenues in the manner provided in the Ordinance and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. The form of Bond Counsel's opinion is attached hereto as APPENDIX D. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in their capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions "PLAN OF FINANCING," "DESCRIPTION OF THE BONDS" (except for the information under the subheading "Bondholders' Remedies"), "SECURITY FOR THE BONDS" (except for the information under the subheading "Historical Hotel Occupancy Receipts"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subheading "Compliance with Prior Undertakings"), "OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds," "OTHER RELEVANT INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER RELEVANT INFORMATION - Legal Opinions," and in "APPENDIX C," "APPENDIX D" and "APPENDIX E" to verify that the information relating to the Bonds and the Ordinance contained under such captions and in APPENDIX C, APPENDIX D and APPENDIX E in all respects accurately and fairly reflect the provisions thereof and, insofar as such information relates to matters of law, is true and accurate. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the delivery of the Bonds. The opinion of Bond Counsel will accompany the global certificates deposited with DTC in connection with the use of the Book-Entry-Only System. Certain legal matters will be passed on for the Underwriters by their counsel, Bracewell & Giuliani LLP. The fee to be paid to the counsel for the Underwriters is contingent on the delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Financial Advisor

PFM, Austin, Texas, is employed as Financial Advisor to the City in connection with the issuance of the Bonds. PFM's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. PFM, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the bond documentation with respect to the federal income tax status of the Bonds.

Independent Auditors

The financial data as of and for the fiscal year ended September 30, 2013 herein has been derived from the unaudited internal records of the City. The City's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited financial information. The unaudited information is preliminary and is subject to change as a result of the audit and may differ from the audited financial statements when they are released.

The financial statements of the City included in APPENDIX B to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, to the extent and for the period indicated in their report.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City at a price equal to the initial offering prices to the public, as shown on the inside cover page of this Official Statement, less an underwriting discount of $__________. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Piper Jaffray & Co. ("Piper") and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

Forward-Looking Statements

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Verification of Arithmetical and Mathematical Calculations

Upon the delivery of the Bonds, the Arbitrage Group, Inc. (the "Verification Agent"), a firm of independent certified public accountants, will deliver to the City its report indicating that they have examined (a) the mathematical accuracy of computations prepared by PFM relating to the sufficiency of the proceeds of the Bonds and the City contribution deposited to the credit of the Escrow Fund to effect the defeasance of the Refunded Bonds and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

Miscellaneous Information

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The City approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the offering of the Bonds by the Underwriters.

/s/
Mayor
City of Austin, Texas

ATTEST:
/s/
City Clerk
City of Austin, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

The following information has been presented for informational purposes only.

General Information

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor and six Councilmembers. The Mayor and Councilmembers are elected at large for three-year staggered terms with a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to them for the management of all City employees and the administration of all City affairs. With the passage of Propositions 1 – 3 on November 6, 2012, several changes to the Austin City Council will take place beginning with the November 2014 election. The Austin City Council will expand from 7 to 11 members; elections will move from May to November in even-numbered years, Council terms will lengthen from 3 years to 4, and 10 geographic districts will be established for City Council representation, mandating that a Council Member live within the district that he/she represents. The Mayor still will be elected citywide.

Austin, the capital of Texas, is the fourth largest city in the state (behind Houston, Dallas, and San Antonio) with a September 2012 population of 821,012, according to the City's estimates. Over the past ten years, Austin's population has increased by approximately 146,293 residents, or 21.7%. Geographically, Austin consists of approximately 319 square miles. The current estimated median household income for Austin residents is $46,436, according to Claritas, a Nielsen company. Austin's per capita income is estimated to be $39,405 based on analysis of the Bureau of Economic Analysis information.

Austin is nationally recognized as a great place to live due in part to its diverse and eclectic population, as well as its promotion of a year-round outdoor active lifestyle. Austin draws its special character from its physical setting along the Balcones Escarpment, a city wedged between coastal plains and dramatic cliffs, canyons and juniper-carpeted rolling hills; it sits on the edge of the Chihuahuan desert existing as a physical and cultural oasis where talented, entrepreneurial, hard-working people are drawn from all over the world. Austin's quality of life has become its biggest economic development engine, and the City's diverse demographic structure serves to support and enrich its quality of life. According to the City Demographer, the City of Austin has crossed the threshold of becoming a Majority-Minority city, meaning no ethnic or demographic group exists as a majority of the city's population. The growth of other ethnic groups has outpaced the growth of Anglo households. The result is a reduction in the City's Anglo share of total population to below 50%, where it is expected to stay for the foreseeable future.

The City of Austin is fortunate to offer a host of broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with approximately 45 percent of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 28 percent for the U.S. as a whole. Higher education is a significant aspect of life in the Austin area. The Austin metropolitan area is host to seven universities and six other institutions of higher learning. The University of Texas at Austin (UT), the fifth largest public university in the nation, is known as a world-class center of education and research and was ranked 45th nationally and 13th among public universities in the 2012 U.S. News and World Report survey of undergraduate programs.

Local Economy

The City of Austin's vision of being the most livable city in the country means that Austin is a place where all residents participate in its opportunities, vibrancy and richness of culture and diversity. Austin residents share a sense of community pride and a determination that the City's vision is not just a slogan, but a reality for everyone who lives in the City. Local government plays a critical role in determining a city's quality of life and Austinites clearly play a critical role in local government. In June 2012, the City Council unanimously voted to adopt Imagine Austin, the City's comprehensive plan for Austin's future. The plan defines where the City is today and where the City wants to go, setting a context to guide decision-makers for the next 30 years. This plan, headed by a 38-member Citizens' Advisory Task Force, took more than two years to develop, with tens of thousands of Austinites helping to shape it throughout the public process. The resulting plan adheres to 6 core principles established by the citizens of Austin:

1. Grow as a compact, connected city

2. Integrate nature into the city
3. Provide paths to prosperity for all
4. Develop as an affordable and healthy community
5. Sustainably manage water, energy, and other environmental resources
6. Think creatively and work together

Austin set the standard for community engagement with the public input process of the Imagine Austin Comprehensive Plan, with the City's efforts being cited by the Alliance for Innovation, the National League of Cities and the Texas Transportation Institute as a "best practice". Austin's success is attributable to the hard work, thoughtfulness, and passion of the City Council, City employees, and Austinites themselves. Austin's rankings reflect a City government that keeps its vision in the forefront while planning for the future.

For the third year in a row, Austin topped Forbes' list of America's Fastest-Growing Cities, citing Austin as an economic powerhouse. The Austin metropolitan area ranked number 2 in the 2012 Milken Institute Best-Performing Cities Index, up 2 spots from number 4 in 2011. The index ranks U.S. metropolitan areas by how well they are creating and sustaining jobs and economic growth. The components include job, wage and salary, and technology growth. Five other Texas cities and metropolitan areas, including Houston, Fort Worth, Dallas, El Paso, Lubbock, and San Antonio were also included in the report's top 25 best performing large cities. NerdWallet listed Austin as the clear winner as the best choice for job-seekers due to Austin's high percentage growth in population, income, low cost of living, and low unemployment rate.

Nearly all Texas metro areas had more jobs in December 2012 than in December 2011; the Austin metro area, with a 4.3% employment growth rate, ranked first in job creation. Austin's unemployment rate was at 5.0% in December 2012, down from 6.1% in December 2011; the State and National unemployment rates in December 2012 were 6.0% and 7.7%, respectively.

Austin-area home sales hit a six-year high for the month of December 2012 and saw 2012 end with increased sales volume, stable prices, and strong demand. Sales tax revenue has shown positive growth over the past three fiscal years. Fiscal year 2012 experienced a robust 8.6% increase over fiscal year 2011, which was a 4.4% increase over the previous fiscal year. During 2012, Austin-Bergstrom International Airport (ABIA) set an all-time record with 9.4 million passengers. The annual passenger total increased by 4% from the previous record year of 2011. ABIA has experienced consistent passenger growth for three consecutive years. The growing local economy in Austin relies on quality air service to foster business, government, and leisure travel.

Austin continues to be a destination for both business and recreational activities. The Austin metropolitan area is consistently recognized as among the most inventive, creative, wired, educated, fit, and loved cities in which to live and work. In 2012, the City's economic development efforts resulted in executed contracts with Apple, HID Global, and Visa, resulting in 4,705 new full-time jobs and capital investment of $345.7 million. The City also launched a public/private Family Business Loan Program for small businesses and assisted in the startup of 45 new small businesses.

Austin is known around the world as the "Live Music Capital of the World". In March 2013, South by Southwest (SXSW) hosted its 26th annual music festival, conference, and trade show, providing a unique convergence of original music, independent films, and emerging technologies. According to economic impact analysis posted on the SXSW website and prepared by Greyhill Advisors, the festival was responsible for injecting more than $190 million into the Austin economy. Austin earned the number 8 spot on the list of America's 50 Best Cities by Bloomberg BusinessWeek, indicating Austin as a major destination for top tech talent. Travel+Leisure Magazine gave Austin an overall ranking of number 12 on its list of America's Best Cities - ranking Austin second in the categories of active lifestyles and street foods, and third for music, barbecue, and singles scene.

There was much excitement throughout the City during 2012 as the City of Austin, in conjunction with the Circuit of the Americas™ (COTA), Federal agencies, the State of Texas, Travis County, Capital Metro, and other public and private partners put Austin on the international stage as the City prepared for its inaugural United States Formula One™ Grand Prix race. The event weekend, November 16 – 18, consisted of various festivals and events in the downtown area and was capped off Sunday afternoon at the Circuit of the Americas Grand Prix facility with Austin's first ever Formula One™ race. The most obvious physical impact is the addition of the state-of-the art, $400 million dollar complex erected at the Circuit Of The Americas™, a 375-acre motorsports and entertainment venue constructed on a

1,000 acre site in southeast Travis County. In addition to being the first purpose-built Grand Prix facility in the United States, the complex houses a 40,000 square foot conference/media center, a 5,500 square foot medical center, and a 14,000 person capacity amphitheater, the largest of its kind in Texas. The facility will operate throughout the year, showcasing events such as Formula One™, Australian V8 Supercars, American LeMans series, Motocross, motorsport clubs, concerts, and foot and bicycle races.

Austin has ranked at the top of lists such as Forbes, Kiplinger's, Milken Institute, and others in regards to career choice, income, recreation opportunities, housing, and business start-up:

Top Ten Cities for Job-seekers
NerdWallet – January 2013

Top Housing Markets From 2012
RealityPin – December 2012

America's Fastest Growing Cities
Forbes – January 2013

Patenting Prosperity: Invention and Economic Performance in the United States and its Metropolitan Areas
The Brookings Institution – February 2013

America's Best Cities ranking
Travel + Leisure – November 2012

2012 Best Cities For Working Mothers
Forbes – October 2012

America's 50 Best Cities
Bloomberg BusinessWeek – September 2013

2012 State of the Year - Texas.
Business Facilities – January/February 2013

Long-Term Financial Planning

Austin leaders are continually looking towards and planning for the future. The Austin approach of balancing the budget by not relying on one-time solutions, while at the same time making key investments in its community, infrastructure, economy, sustainability, and employees is providing a 21st century "best-managed" model for cities all around the country. A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a planning tool to develop the following year's operating budget. The City's budgeting approach emphasizes fiscal responsibility by limiting spending in a given year to projected revenue collections.

After 18 years without a rate increase, City Council approved a new rate structure for Austin Energy in June 2012 to ensure the financial sustainability of the utility for future generations. After much deliberation and discussion with customers and the Public Utility Commission, a settlement agreement was reached and unanimously approved by City Council in March 2013. The Austin Water utility also implemented a rate increase for fiscal year 2012, as well as a new rate structure that will significantly reduce revenue volatility, while maintaining strong price incentives that encourage conservation of this limited resource.

On November 6, 2012, Austin voters approved a $307 million bond program that will include transportation and mobility projects, as well as projects for open space and watershed protection, parks and recreation, public safety, health and human services, and library, museum and cultural arts facilities. This bond program will be overseen by the Council-appointed Bond Oversight Committee, which is charged with ensuring the efficiency, equity, timeliness, and accountability in the implementation of the program.

On November 5, 2013, Austin voters approved a $65 million proposition for affordable housing.

Maintaining sound financial and economic development policies within the City organization allows for a high level of services to the community. Because of the City's policies, the City's bond ratings for General Obligation bonds continue to be "AAA" by all three bond rating agencies, Moody's, Standard & Poor's and Fitch. In addition, the City's combined utility system revenue bonds were upgraded in June 2012 to Aa1 based on positive findings by Moody's of the City's sound financial practices, and the Aviation Department improved its Standard & Poor's credit rating from "A-" to "A", which will assist with the City's long-term sustainable growth plans and ability to secure funding at lower borrowing rates.

Budgetary Information

The structurally balanced fiscal year 2014 Approved Budget totals $3.2 billion and includes $799.8 million for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services to the citizens of Austin.

The 2014 Budget was developed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. This year's citizen engagement efforts included development of the award-winning "Budget Basics" video designed to educate stakeholders on the City's budget process. To elicit feedback from citizens, staff created the Budget-In-A-Box tool which enabled users to communicate their budget priorities through guided activities. In addition, this year staff also produced the inaugural Budget Highlights document. The flyer was distributed to residents—in both English and Spanish—via local print media shortly after the budget was proposed to Council and informed citizens of the major aspects of the fiscal year 2014 budget.

The fiscal year 2014 Approved Budget was approved with a decrease to the property tax rate of 0.02 cents, from 50.29 to 50.27 cents per $100 of taxable value. The approved tax rate acknowledges the city's positive economic outlook and balances the tax impact to property owners with the need to invest in the community and continue providing the services Austinites have come to expect. Included in the approved budget are moderate pay increases of 1.5% for civilian personnel effective October 2013 and an additional increase equal to a $750 annual increase effective April 2014. Police and EMS civil service employees will also receive base wage increases of 1.5% as well as increases associated with step and longevity pay as required in the approved terms of the negotiated contracts. The approved budget enhances public safety by adding 47 new police officer positions to maintain a ratio of 2.0 officers per 1,000 residents and also includes annualized costs for positions added in FY 2012-13 for the operation of the Hunters Bend, Kelly Lane, and Bee Caves stations. In 2012, citizens voted to make EMS civil service. The fiscal year 2014 budget includes funding needed to bring EMS' pay structure into compliance with state civil service laws. The Fire Department is adding 12 new positions to enhance permitting, inspection, employee safety, special events, and wildfire mitigation services. Service enhancements will be achieved through the addition of positions and funding to libraries, parks, and community centers, and the Planning Development & Review department.

Austin includes several enterprise activities, including a municipal owned electric utility, water/wastewater utility, airport, and other enterprise operations. The City's largest enterprise department, Austin Energy, is the eighth largest municipal-owned electric utility in the United States in terms of customers served. Austin Energy serves more than 420,000 customers with a service territory of approximately 437 square miles and an approved budget for fiscal year 2014 of $1.35 billion in annual revenues. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and renewable energy sources. Austin Energy's capital improvement spending plan of $217.9 million includes funding for power production projects, Holly Power Plant decommissioning, alternative energy projects, distribution and transmission projects, customer billing projects, and other utility-wide support projects.

The City's enterprise activities also include the Austin Water Utility ("AWU"), which provides water and wastewater services to nearly 212,000 customers within Austin and surrounding areas. The fiscal year 2014 revenues from the sale of water and wastewater service and other revenue needed to cover operating requirements, debt service, and transfers out is $531.2 million which is higher than the projected increase in base revenues from system growth. To maintain financial balance, rates for water service, waste water service and reclaimed water are increasing by 7.4%, 2.3% and 16.5%, respectively, for a combined rate increase of 4.9%.

Other enterprise funds and their fiscal year 2014 revenue budgets include Aviation of $111.0 million and the Convention Center Operating and Tax Funds of $71.1 million.

Major Initiatives

The City of Austin's vision is to be the most livable City in the country. In April 2007 and amended in 2009, the Austin City Council adopted the following policy priorities:

- Rich Social and Cultural Community
- Vibrant Urban Fabric
- Healthy, Family-Friendly, Safe City
- Sustainable Economic Development and Financial Health

Best Managed City

The City of Austin has a mission to be the best managed city in the country. The City implements this mission through transparent business practices, excellence in public service, innovative leadership, and providing services that are reliable, safe, efficient, and above national standards. Sound Council direction, fiscal accountability and a talented workforce have combined to bring high-quality services that surpass the national average in customer satisfaction. In addition, when Austin is viewed by others, it receives high marks. Austin has recently been named the best big city for jobs by Forbes, the best U.S. city for small businesses by The Business Journals, and one of the Top 10 U.S. cities for its urban policies in the Future Metropolis Index. Local government plays a critical role in determining a city's quality of life, and the Best Managed City mission is fostering pride within not only the City's 12,000 employees but within the community as a whole.

Imagine Austin. In June 2012, the City Council adopted Imagine Austin, the City's comprehensive plan for Austin's future. The plan defines where the City is today and where we want to go, setting a context to guide decision-makers for the next 30 years. This plan took more than two years to develop with tens of thousands of Austinites helping to shape it throughout the public process. Imagine Austin is not just another government plan collecting dust on a shelf. The City of Austin is organizing its operations, core services, decisions and investments around the Imagine Austin Comprehensive Plan. The City is also working with community partners to achieve its collective vision – a vision that sets a path to meeting the challenges of affordability and quality of life for years to come. The plan has also been linked with how the City invests in roads, buildings, housing, and other infrastructure. In 2012, after months of public input, the community responded to the need for investments in these areas, entrusting the City with more than $300 million in bonds to help meet current and future community needs.

The result of this unprecedented community input effort is a plan that adheres to the six core principles for action: 1) Grow as a compact, connected city, 2) Integrate nature into the city, 3) Provide paths to prosperity for all, 4) Develop as an affordable and healthy community, 5) Sustainably manage water, energy and other environmental resources, and 6) Think creatively and work together. Transforming these principles into reality will take many incremental steps over time. In order to make it easier to implement the Imagine Austin plan, cross-departmental and cross-jurisdictional action teams have been created for these areas. The following sections highlight some of the accomplishments that the City has already achieved within the six principles.

Grow as a Compact & Connected City. The Imagine Austin Comprehensive Plan will guide how and where future development occurs citywide. Complementing Imagine Austin is the Downtown Austin Plan, adopted by the City Council in December 2011. This plan serves the critical role of creating the best implementation strategy for development in the high-profile and vibrant downtown area. During the past year, City staff has made progress on important downtown projects such as the Waller Creek Tunnel and New Central Library. Groundbreaking for the first "library for the future" in the United States occurred on May 30, 2013. The library will be easily accessible to pedestrians, cyclists, and public transportation users as well as cars, and it will feature adaptable spaces to accommodate technology innovations.

Several web-based community applications were created last year, through the help of Code for America. These talented individuals worked with city staff and the community to create a wildfire prevention tool, lost and stray pet mapper, and a tool for providing direct feedback to the City via text messaging. One role of the new Office of Innovation will be to continue the momentum started by Code for America and make city data more accessible to the public.

Integrate Nature into the City of Austin. It is important for the City to protect and strengthen its "green infrastructure" – parks, greenbelts, rivers, lakes, and urban trails – so that the City can protect the natural environment and enhance recreational opportunities. The Roy and Ann Butler Hike and Bike Trail, one of Austin's natural gems, has been recently named one of the best runs in nature by Women's Health and The Nature Conservancy of Texas. Last year, the Parks and Recreation Department acquired 55 acres along Onion Creek in southeast Austin, achieving one of the top priorities of the department's long-range plan and one of the goals of the Travis County Greenprint for Growth. They also partnered with the Watershed Protection Department to establish No-Mow Growing Zones for the purpose of riparian restoration.

Provide Paths to Prosperity for All. Austin can harness its strong economy to expand opportunity and social equity for all residents. Last year, the Austin Public Library opened the Dell Discovery Lab at the Willie Mae Kirk Branch to help at-risk youth gain the skills necessary to be successful: critical thinking, communication, collaboration, and technological literacy. The Economic Development Department launched the $40 million public/private Family Business Loan Program for small businesses. And the Downtown Austin Community Court housed 20 individuals with substance abuse rehabilitation needs in a permanent supportive housing initiative through the Partnership Housing Program, funded by a federal grant awarded to the non-profit Caritas.

Develop as an Affordable and Healthy Community. An affordable community can only exist if the people who work in Austin – at all income levels – can afford to live in the City. Affordable housing is one of Austin's acute challenges, created by rising home prices, static median family income levels, and a short-supply of available rental units. Last year, $6,650,000 in proceeds of ad valorem tax supported bonds was allocated to build approximately 550 units of affordable housing. The Neighborhood Housing and Community Development Department also provided home repair assistance to more than 700 residents, thus preserving affordable housing in the Austin community by allowing many seniors and disabled individuals the opportunity to stay in their homes. In addition, the City changed its budgeting and forecasting methodology to work with other local taxing jurisdictions to gain a more comprehensive look at cross-jurisdictional taxing impacts with an eye toward affordability.

Funding for affordable housing has been an issue for many years. In 1999, the City Council established the Housing Trust Fund (HTF) with the goal of preserving and creating reasonably-priced housing in Austin. 40% of all City property tax revenue (excluding tax increment revenue captured in a tax increment reinvestment zone) generated from developments built on City-owned lands within the defined Desired Development Zone are transferred into the HTF for affordable housing. This funding, along with grants received from the federal government, voter-approved bonds, and the Sustainability Fund, have provided the resources to operate the City's various housing programs. However, over the past few years funding has become less stable. Recently, federal grant funding has been reduced with the long-term impacts of balancing the federal budget still looming on the horizon, and the November 2012 housing bond proposition was not approved by the voters. As response to City Council's direction to explore other funding mechanisms, city staff has recommended a modification of the HFT calculation. Instead of basing the annual transfer amount on the property tax generated from a limited number of properties, the transfer amount will now be a fixed percentage of the entire current O&M property tax revenue, capped at $10.0 million and subject to annual City Council approval of the budget. For FY 2013-14, the transfer amount is calculated at 0.25% of the total O&M tax levy, or $854,000. This is $78,000 more than using the previous calculation model. The percentage is proposed to increase annually until FY 2017 18, when the transfer will reach 2.0% of the O&M tax levy, or $9.5 million. During the next five years, the new calculation is projected to generate $17.4 million more in additional revenue for the HTF, thereby reducing long-term reliance on cyclical bond programs and lowering costs.

Last year, the City's Health and Human Services Department (HHSD) helped create a healthy community by initiating 40 tobacco-free policies throughout the city of Austin and Travis County. Institutions adopting Tobacco Free Worksite policies include the University of Texas, Huston-Tillotson University, Austin Community College and Capital Metro. The department also completed the first Critical Health Indicators Report which includes summary data for key health measures in the Austin/Travis County area and provides a snapshot of community health. Baseline data will provide actionable information and assist with strategic planning efforts to improve the health of our community.

In December 2011, Texas received approval from the federal government for a Section 1115 Medicaid Waiver. As a result, HHSD has been allowed to seek approval of several projects aimed at improving healthcare in Travis County. In exchange for meeting specified performance targets, HHSD will be able to leverage federal funds. Using a defined methodology, the City expects that participation in the program will net over two million in additional funds that can be repurposed to fund other healthcare projects. Projects under consideration include permanent supportive housing, a community diabetes project, tobacco prevention and cessation, pre-/post-natal care, adult immunizations and a Healthy Families America Model for at-risk new parents.

Sustainably Manage Water, Energy and Our Environmental Resources. Austin is leading the way in environmental protection and innovation. The City's goal for reducing emissions from City government operations is one of the world's most ambitious—a 100% reduction by 2020. The Sustainability Office continued to make significant progress toward this goal last year. The implementation of the City's 2020 Carbon Neutral Fleet Plan increased the percentage of alternatively-fueled and hybrid vehicles in the City's fleet from 44% in 2011 to 56% in 2012. Austin Energy's renewable energy supply has increased from 6% to 24% over the last six years, and the Austin Convention Center achieved carbon neutrality in 2012, well ahead of the citywide goal.

Think Creatively and Work Together. Sustaining the culture of creativity and harnessing the collective energy of our people are essential to realizing the future envisioned by Imagine Austin. On December 1, 2012, the Office of Homeland Security and Emergency Management conducted Austin Urban Shield, a national best-practice full-scale training exercise to test the region's ability to successfully respond to and manage multiple man-made disasters. Urban Shield included three counties, multiple jurisdictions, hundreds of agencies and more than 500 volunteers. The City's Park and Recreation Department partnered with the YMCA to design and construct the North Austin Recreation Center/YMCA facility. And of course, the Imagine Austin Comprehensive plan itself engaged more than 18,000 participants to help develop the framework that we are already using as a guide for not only development, but in all aspects of the City organization.

Financial Policies

The City has adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are managed in a prudent manner. These policies dictate that current revenue will be sufficient to support current expenditures (defined as "structural balance"). Assigned and unassigned fund balances in excess of what is required shall normally be used to fund capital items in the operating and capital budgets. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the Austin community. These policies are reviewed as part of the annual budget process and are published in the Approved Budget.

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual updates to the Capital Improvements Program budgets follow a similar process. Primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. As demonstrated by the statements and schedules included in the City's 2012 Comprehensive Annual Financial Report, the City continues to meet its responsibility for sound financial management.

Governance

On November 6, 2012, the City Charter of the City was amended to provide (1) for the election of a City Council comprised of ten single-member districts, and one at-large position to be held by the Mayor, (2) for council terms, including that of the Mayor, to be four years in length, and (3) for a permanent move of City elections from May to November in even-numbered years. It is anticipated that terms of the Mayor and Councilmembers will be staggered such that the terms of the entire City Council (including the Mayor) would not be coterminous. Additional actions will need to be taken for the City to implement the cited revisions to the City Charter, including preparing a map of the ten single-member districts. It is anticipated that the first elections to be conducted to elect an eleven-member City Council (including the Mayor) will be conducted in November 2014.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report that meets the GFOA program standards. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2012 CAFR. The City has received this award for 6 consecutive years. A Certificate of Achievement is valid for a period of one year only.

Employment by Industry in the Austin Metropolitan Area (a)

Employment Characteristics

Industrial Classification	2009	% of Total	2010	% of Total	2011	% of Total	2012	% of Total	2013 (b)	% of Total
Manufacturing	49,500	6.5%	47,300	6.2%	50,900	6.4%	51,300	6.1%	51,300	6.0%
Government	167,900	22.1%	170,500	22.2%	167,400	20.9%	167,400	19.9%	169,000	19.8%
Trade, transportation & utilities	152,500	20.1%	134,200	17.5%	142,600	17.8%	176,600	21.0%	170,800	20.0%
Services and miscellaneous	304,000	40.0%	333,200	43.5%	354,500	44.4%	357,300	42.4%	372,800	43.6%
Finance, insurance and real estate	43,900	5.8%	42,300	5.5%	45,300	5.7%	46,100	5.5%	45,100	5.3%
Natural resources, mining & construction	42,000	5.5%	39,000	5.1%	38,600	4.8%	43,500	5.1%	45,500	5.3%
Total	759,800	100.0%	766,500	100.00%	799,300	100.00%	842,200	100.00%	854,500	100.00%

(a) Austin-Round Rock MSA includes Travis, Bastrop, Caldwell, Hays and Williamson Counties. Information is updated periodically; data contained in this document is the latest provided. Based on calendar year.
(b) Through June 2013.
Source: Texas Labor Market Review, July 2013, Texas Workforce Commission.

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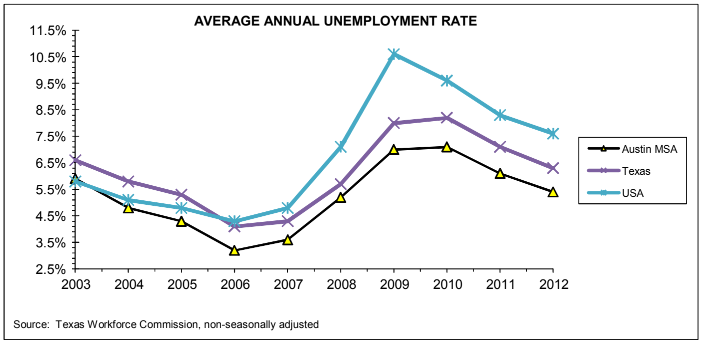
Average Annual Unemployment Rate



	Austin MSA	Texas	U.S.
2003	5.9%	6.6%	5.8%
2004	4.8%	5.8%	5.1%
2005	4.3%	5.3%	4.8%
2006	3.2%	4.1%	4.3%
2007	3.6%	4.3%	4.8%
2008	5.2%	5.7%	7.1%
2009	7.0%	8.0%	10.6%
2010	7.1%	8.2%	9.6%
2011	6.1%	7.1%	8.3%
2012	4.7%	6.0%	7.6%
2013 (June)	5.4%	6.9%	7.8%

Note: Information is updated periodically; data contained in this document is latest provided.
Source: Texas Labor Market Review, July 2013, Texas Workforce Commission.

City Sales Tax Collections (In Millions)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-09	$10.864	1-1-10	$10.215	1-1-11	$11.492	1-1-12	$12.189	1-1-13	$13.126
2-1-09	14.289	2-1-10	15.921 (1)	2-1-11	16.149	2-1-12	16.923	2-1-13	18.079
3-1-09	10.528	3-1-10	10.736	3-1-11	11.117	3-1-12	11.762	3-1-13	13.324
4-1-09	9.724	4-1-10	10.290	4-1-11	10.312	4-1-12	11.838	4-1-13	12.727
5-1-09	12.612	5-1-10	14.145	5-1-11	14.022	5-1-12	15.239	5-1-13	15.962
6-1-09	11.213	6-1-10	11.533	6-1-11	11.941	6-1-12	12.949	6-1-13	12.869
7-1-09	10.752	7-1-10	11.569	7-1-11	11.924	7-1-12	13.168	7-1-13	14.699
8-1-09	13.495	8-1-10	12.799	8-1-11	14.387	8-1-12	15.371	8-1-13	16.088
9-1-09	10.673	9-1-10	11.427	9-1-11	11.307	9-1-12	14.220	9-1-13	14.119
10-1-09	11.037	10-1-10	11.562	10-1-11	13.385 (2)	10-1-12	13.960	10-1-13	14.644
11-1-09	12.419	11-1-10	13.347	11-1-11	13.873	11-1-12	14.570		
12-1-09	11.165	12-1-10	11.216	12-1-11	12.004	12-1-12	14.373		

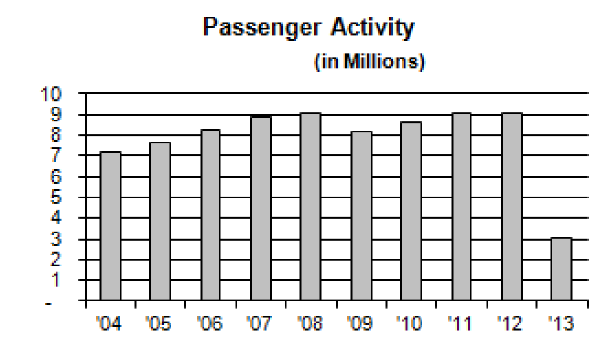
(1) Includes a $1.5 million one-time sales tax correction.
(2) Collections for 10-1-11 reflect an increase of $1,162,541 in future period and audit collection adjustments from the prior year. Sales taxes are not pledged to the payment of the Bonds.
Source: City of Austin, Budget Office.

Ten Largest Employers (As of September 30, 2012)

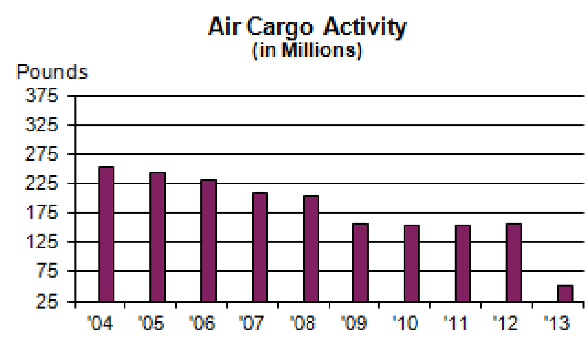
Employer	Product or Service	Employees
State Government	State Government	36,462
The University of Texas at Austin	Education	22,956
Dell Computer Corporation	Computers	14,000
Seton Healthcare Network	Healthcare	12,606
City of Austin	City Government	12,109
Federal Government	Government	11,400
Austin Independent School District	Education	11,168
HEB Grocery	Grocery/Retail	10,545
St. David's Healthcare Partnership	Healthcare	7,500
IBM Corporation	Computers	6,239

Source: 2012 Comprehensive Annual Financial Report.

Transportation



Source: COA Aviation Department. 2013 Activity through April - Calendar Year basis.



Source: COA Aviation Department. 2013 Activity through April - Calendar Year basis.

Austin-Bergstrom International Airport

The City of Austin's Austin-Bergstrom International Airport ("ABIA"), which opened for passenger service on May 23, 1999 and replaced the Robert Mueller Municipal Airport as the City's commercial passenger service airport, is served by seven signatory airlines: American Airlines, Delta, Frontier, JetBlue, Southwest, United and US Airways. Non-stop service is available to 42 U.S. destinations. Starting in March 2014, British Airways will fly non-stop between ABIA and Heathrow airport in London.

On February 21, 2013, the City issued $143,770,000 of its Rental Car Special Facility Revenue Bonds, Taxable Series 2013, to finance a state-of-the-art rental car facility within walking distance of the Airport terminal. Ground breaking for the facility occurred in April 2013, and completion of the facility is expected to occur in September 2015.

Rail facilities are furnished by Union Pacific and Longhorn Railway Company. Amtrak brought passenger trains back to the City in January 1973, as one of the infrequent stops on the Mexico City-Kansas City route. Bus service is provided by Greyhound and Kerrville Bus-Coach USA.

On January 19, 1985, the citizens of Austin and several surrounding areas approved the creation of a metropolitan transit authority ("Capital Metro") and adopted an additional one percent sales tax to finance a transit system for the area, which was later reduced to three quarters of a percent, effective April 1, 1989. On June 12, 1995, the Capital Metro board approved a one quarter percent increase in the sales tax, thus returning to one percent effective October 1, 1995.

Demographic and Economic Statistics - Last Ten Years

Year	City of Austin Population (1)	Area of Incorporation (Square Miles) (1)	Population MSA (2)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (3)	Capita Personal Income MSA (2)	Unemployment Rate (MSA) (4)
2003	674,719	276	1,385,723	$43,104,097	41,909	31,106	6.0%
2004	683,551	291	1,423,161	46,134,871	39,227	32,417	5.1%
2005	695,881	294	1,464,563	51,058,588	40,335	34,863	4.5%
2006	714,237	296	1,528,958	56,105,872	40,888	36,695	4.2%
2007	732,381	297	1,577,856	59,924,200	42,263	37,978	3.7%
2008	746,105	298	1,633,870	65,153,669	46,340	39,877	4.4%
2009	770,296	302	1,682,338	63,189,292	47,520	37,560	6.8%
2010	778,560	306	1,728,307	67,320,866	48,460	38,953	7.1%
2011	805,662	308	1,783,519	72,152,395	46,689	40,455	6.8%
2012	821,012	319	1,863,311 (6)	73,423,510 (5)	46,436	39,405 (5)	5.8%
2003-2012 Change	21.68%	15.61%	34.46%	70.34%	10.80%	26.68%	

Note: Prior year statistics are subject to change as more precise numbers become available.

(1) Source: City Demographer, City of Austin, Neighborhood Planning and Zoning Department based on full purpose area as of September 30.

(2) Source: Bureau of Economic Analysis for all years except 2012 which will not be available until first quarter 2013.

(3) Source: Claritas, a Nielson Company.

(4) Source: Bureau of Labor Statistics; United State Department of Labor as of September 30.

(5) Data not available for 2012. Figures are estimated.

(6) Source: Claritas, a Nielson Company that historically reports less than the final numbers from the Bureau of Economic Analysis.

Connections and Permits

	Utility Connections			Building Permits		
Year	Electric	Water	Gas	Taxable	Federal, State and Municipal	Total
2003	363,377	184,659	199,042	1,189,489,091	17,084,652	1,206,573,743
2004	369,458	188,441	203,966	1,280,385,298	20,533,975	1,300,919,273
2005	372,735	192,511	207,686	1,405,871,887	40,484,950	1,446,356,837
2006	380,696	197,511	213,009	2,353,171,746	16,526,040	2,369,697,786
2007	388,626	199,671	188,101	2,529,648,915	14,272,851	2,543,921,766
2008	396,791	206,695	198,718	1,468,699,801	4,099,000	1,472,798,801
2009	407,926	209,994	208,232	834,498,480	6,988,999	841,487,479
2010	419,355	210,901	204,823	1,413,989,503	4,252,978	1,418,242,481
2011	418,968	212,754	213,365	745,909,589	2,812,350	748,721,939
2012	412,552	214,971	217,170	1,088,133,995	23,788,268	1,111,922,263

Source: Various including the City of Austin, Texas Gas Services, Atmos Energy and Centerpoint Energy.

Housing Units

The average two-bedroom apartment in the Austin MSA was $1,163 per month, with an occupancy rate of 97.3% for the second quarter of 2013, per Capitol Market Research.

Residential Sales Data

Year	Number of Sales	Total Volume	Average Price
2003	19,793	$3,899,018,519	$197,000
2004	22,567	4,487,464,528	198,900
2005	26,905	5,660,934,916	210,400
2006	30,284	6,961,725,607	229,900
2007	28,048	6,910,962,480	246,400
2008	22,440	5,470,518,171	243,800
2009	20,747	4,924,240,373	237,300
2010	19,872	4,906,445,110	246,900
2011	21,208	5,336,642,011	251,600
2012	25,518	6,786,966,004	266,000
2013 (June)	14,654	4,202,196,528	286,761

Note: Information is updated periodically, data contained in this document is latest provided.
Source: Real Estate Center at Texas A&M University.

City-Wide Austin Office Occupancy Rate

Year	Occupancy Rate
2003	76.7%
2004	80.8%
2005	84.2%
2006	87.5%
2007	85.6%
2008	80.6%
2009	77.7%
2010	80.0%
2011	82.7%
2012	86.8%
2013 (June)	87.6%

Source: Oxford Commercial.

Education

The Austin Independent School District had an enrollment of 86,732 for the 2012/2013 school year. The District includes 110 campus buildings.

School Year	Average Daily Membership	Average Daily Attendance
2003/04	77,313	73,085
2004/05	77,937	73,572
2005/06	79,500	74,860
2006/07	82,063	74,212
2007/08	82,739	74,622
2008/09	83,730	75,606
2009/10	84,996	76,658
2010/11	85,273	80,198
2011/12	86,724	79,087
2012/13	86,732	79,460

Source: Austin Independent School District.

The following institutions of higher education are located in the City: The University of Texas, St. Edward's University, Huston Tillotson University, Concordia University of Texas, Austin Presbyterian Theological Seminary, Episcopal Theological Seminary of the Southwest and Austin Community College.

The University of Texas at Austin had a total enrollment of 52,261 for the fall semester of 2012 and is a major research university with many nationally ranked academic programs at the graduate level. It is also known for its library collections and research resources. The present site has expanded more than 300 acres since classes began on the original 40 acres near downtown Austin. Additionally, University-owned property located in other areas of Austin includes the Pickle Research Center and the Brackenridge Tract, partially used for married student housing. The McDonald Observatory on Mount Locke in West Texas, the Marine Science Institute at Port Aransas and the Institute for Geophysics (Galveston) on the Gulf Coast operate as specialized research units of The University of Texas at Austin.

Tourism

The impact of tourism on the Austin economy is significant. There are more than 257 hotels available within the Austin Metropolitan Area and year-to-date occupancy through June 2013 is 73%.

Existing City convention and meeting facilities include a Convention Center, which is supported by hotel/motel occupancy tax collections and revenues of the facility and the new Lester E. Palmer Events Center with 70,000 square feet of exhibit space. Other facilities in Austin include the Frank Erwin Center, a 17,000-seat arena at The University of Texas, the Texas Exposition and Heritage Center, the Austin Music Hall, and The Long Center for the Performing Arts. The Texas Exposition and Heritage Center offers 6,000 seat arena seating and 20,000 square feet of banquet/exhibit hall facilities. The Austin Music Hall has a concert seating capacity of 3,000 and 32,000 square feet of exhibit space. The Long Center for the Performing Arts, a $77 million venue, opened in March 2008. The Center contains two theaters: the 2,300-seat Michael and Susan Dell Hall and the flexible 240-seat Debra and Kevin Rollins Studio Theater. This venue belongs to the City, while a private nonprofit entity operates the building. The Austin City Limits Live at The Moody Theater is a state-of-the-art, 2,700+ person capacity live music venue that also serves as the home of the KLRU-TV produced PBS program Austin City Limits, the longest running music series in American television history. The venue hosts 60-100 concerts a year. Additionally, the University of Texas Darrel K. Royal-Texas Memorial Stadium was expanded to a seating capacity of 100,119.

The Convention Center

The Austin Convention Center is located at 500 East Caesar Chavez Street on six city blocks on the east side of the City's central business district. The construction of the Austin Convention Center commenced in late 1989 and the Convention Center opened for business in July 1992. In June 1992 the City acquired a 10-story, 1,100 space parking garage as a part of the Austin Convention Center located at 201 East 2nd Street, approximately two blocks from the Austin Convention Center. An expansion of the Convention Center was completed in June of 2002 that approximately doubled the size of the facility. Five exhibit halls, two ballrooms, fifty-four meeting rooms and show offices are contained in the Austin Convention Center's 881,400 square feet of enclosed space. In 2005, the Convention Center Department constructed a 685 space parking garage located at 601 East 5th Street. The City has entered into a management contract with Levy Premium Foodservice, L.L.C., a Texas limited liability company authorized to do business in the State of Texas, to provide catering and beverage services at the Austin Convention Center that expires September 30, 2022.

In addition, the City owns and operates the new Palmer Events Center and parking garage as a part of the City's Convention Center Department. The Palmer Events Center and parking garage are located at 900 Barton Springs Road next to Lady Bird Lake (formerly Town Lake) and are utilized for arts and craft shows, concerts, trade shows and small conventions. The Palmer Events Center has approximately 70,000 square feet of exhibit space and five meeting rooms. The parking garage has 1,200 parking spaces. On January 5, 2004, a new Hilton Hotel adjacent to the Convention Center opened for business. This hotel is owned by Austin Convention Enterprises, Inc., a non-profit public facilities corporation created by the City to act on its behalf in connection with the development of such hotel.

The Convention Center is operated by the City as a City Department and a separate enterprise fund of the City. The Convention Center Department was created by the City Council in 1989 and initially included the Austin Convention and Visitor's Bureau, which is now a separate non-profit corporation. In January 2008, the City of Austin named Mark Tester as the new director for the Austin Convention Center Department. Mr. Tester's previous position was senior director of convention sales at Chicago's McCormick Place, the largest convention center in the Western hemisphere. Mr. Tester has 20 years' experience in the meeting business industry. He was with the Chicago Convention and Tourism Bureau for ten years, holding several high-level positions, including vice president of convention sales and senior director of new business development.

As of November 16, 2013, the Convention Center has $28,890,000 City of Austin, Texas, Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004 (the "Series 2004 Bonds") and $103,365,000 City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (the "Series 2008 Bonds") associated with construction and improvements to the Convention Center outstanding. The Series 2004 Bonds will be refunded by the Bonds.

The Waller Creek Flood Control Project

Project Description. The Waller Creek watershed is the most developed of the tributary watersheds of the Colorado River within the City. The lower Waller Creek traverses the downtown area. The 100-year floodplain of the lower Waller Creek is up to 800 feet wide and has restricted development. The City has long been interested in improving flood control and providing water quality enhancements to the lower Waller Creek watershed.

The City has conducted several flood management and water quality enhancement studies of the Waller Creek watershed. The studies indicated a stormwater bypass tunnel with surface-level structures and a recirculation system would meet the City's flood protection, environmental and cost objectives. More specifically, project objectives include flood-control, water quality enhancement, ease of operation and maintenance, and cost-effective and aesthetically pleasing above ground structures. A goal of the project was to provide for no out-of-bank flooding after tunnel construction. On May 2, 1998 Austin voters approved the project and its financing in conjunction with the expansion of the City's Convention Center through the imposition of an increase in the hotel occupancy tax rates to support bond issuance debt. In June 1999, $25,000,000 City of Austin, Texas, Convention Center/Waller Creek Venue Project Bonds, Series 1999A (the "Series 1999A Bonds") were sold for the project. In March 2012, $20,185,000 City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds") were issued to refund the outstanding Series 1999A Bonds. As of November 16, 2013, $19,365,000 Series 2012 Bonds are outstanding.

In May 1999, the City contracted with the joint venture of Brown & Root/Espey Padden to perform the preliminary engineering for the tunnel project. In January 2000, the joint venture provided estimated costs for the three tunnel versions of the proposed tunnel. All of the cost estimates substantially exceeded the $25 million in bonds that voters had authorized for the project. Two of the versions simply differed in size – one was a 15.5 foot diameter tunnel that would capture most of the flood water in Waller Creek and removed the 100-year floodplain from 98% of the property along the creek corridor. The other was a 22 foot diameter tunnel that would capture sufficient flood water to remove the 100-year floodplain from all the property along the creek corridor. Neither of these two options included capture of flood water draining into the creek from 12th Street to Lady Bird Lake, i.e., the water that would come in from the storm drain systems along the side streets perpendicular to the creek. The third version was a 22 foot diameter tunnel with intervening storm drain features to capture not only the water that would flow downstream to Waterloo Park, but also the water flowing into the creek from the roads between 12th Street and Lady Bird Lake. Only this version of the tunnel would allow the creek to maintain a maximum rise in the creek of approximately 4 feet, even in a 100-year flood event. This version would also support more development along the creek corridor.

In 2007, the City approved an ordinance creating Tax Increment Reinvestment Zone No. 17 (the "TIRZ")to provide additional funding to construct this third version of the tunnel project. Over the 20-year life of the TIRZ, the City will dedicate 100% of its tax increment and Travis County, a partner in the TIRZ, would dedicate 50% of its tax increment. In 2008, the City approved the final project and financing plan for the TIRZ, which projected the cost of the tunnel project to be $136.8 million in year 2010 dollars based on a year 2006 project estimate of $127.55. In 2011, with most of the project design complete, the City updated the project and financing plan to reflect a year 2010 project cost of $140.3 million. Because the tunnel project will be bid and constructed over a four-year period, the 2010 estimate has been further inflated to account for staggered construction starts and anticipated cost of materials during the construction period. The financing plan includes a construction cost (at bid) of $146.5 million.

The project will consist of 5,600 feet of bypass tunnel ranging from 20.5 to 26.5 feet in diameter, a diversion structure, inlet and outlet structures and a recirculating pump system. Stormwater will be intercepted at Waterloo Park above 12th Street with discharge into Lady Bird Lake. The tunnel alignment will generally follow the path of Waller Creek and Sabine Street. At the completion of the project, the 100-year stormwater flow is to be contained within the existing creek channel downstream of the inlet structure with no more than a 4 to 5 foot rise in the creek during a 100-year flood event. Approximately 42 commercial and residential structures and 12 roadways currently subject to flooding will be afforded flood protection at the completion of the project. Downtown Austin land development opportunities will be available with the completion of the project by the elimination of overbank flooding, which currently is 300 to 800-feet wide. The project is phased with the main tunnel segment and inlet structure contracts currently in construction and the tunnel's outlet structure advertising for bids. With 75% of the capital construction value already bid, it is anticipated that the project costs will be within the financing plan budget.

The completed project will be operated and maintained by the Watershed Protection Department (the "Department") of the City. The Department is responsible for flood and erosion control and water quality enhancement in the City's 45 watersheds. The Department's operating units include Watershed Engineering and Field Operations, Environmental Resource Management, and Environmental Review and Inspection. The Watershed Engineering and Field Operations Division is responsible for the Department's flood and erosion control missions and provides for engineering and construction management of new drainage facilities and the maintenance and operation of the drainage infrastructure. The Watershed Engineering and Field Operations Division will operate and maintain the Waller Creek Flood Control improvements using its own staff, the staff of other City Departments and contract assistance, as necessary.

The project operation and maintenance will include periodic inspection, cleaning of the inlet and outlet grates, recirculation pump system maintenance, and periodic removal of sediment from the tunnel. After a major flood event, repair of the tunnel inlet grate or other features may be necessary.

Proceeds received by the City from its issuance of certificates of obligation in October 2011, October 2012 and October 2013 will be used in part to finance costs of the project.

Project Engineer. The Kellogg Brown & Root Services, Inc. (KBR)/Espey Consultants, Inc. Joint Venture will provide planning, design, and construction management for the project. The Joint Venture combines both international expertise and local knowledge to provide the necessary engineering services.

KBR is one of the largest engineering and construction firms in the country. KBR brings significant facilities, tunneling and construction management experience internationally.

Espey Consultants, Inc. (RPS-Espey in October 2011) is a local civil engineering firm specializing in water resources engineering and urban stormwater management including drainage, flood control, and water quality.

The Joint Venture manages a team of more than thirty first and second tier subconsultants with key members including Jenny Engineering Corporation, Brown & Gay Engineers, Inc., CAS Consulting & Services, Inc., Graeber, Simmons & Cowan, Inc., Fugro Consultants, Inc., Encotech Engineering Consultants, Inc., Harutunian Engineering, Inc., MWM Design Group, and Alden Research Laboratory of Holden, Massachusetts.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

APPENDIX C

SELECTED DEFINITIONS

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

APPENDIX E

SUMMARY OF REFUNDED OBLIGATIONS

Refunded Obligations (a)	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004	11/15/2014	5.00%	$ 4,230,000	1/18/2014	(b)
	11/15/2015	5.00%	4,455,000	1/18/2014	(b)
	11/15/2016	5.00%	4,680,000	1/18/2014	(b)
	11/15/2017	5.00%	4,920,000	1/18/2014	(b)
	11/15/2018	5.00%	5,170,000	1/18/2014	(b)
	11/15/2019	5.00%	5,435,000	1/18/2014	(b)
Total Refunded Obligations			$ 28,890,000		

(a) Preliminary, subject to change.

(b) Refunded Obligations are subject to redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date.