

1
2 **ORDINANCE NO.**

3 **AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN,**
4 **TEXAS CERTIFICATES OF OBLIGATION, SERIES 2015; ESTABLISHING PARAMETERS**
5 **FOR THE SALE OF THE CERTIFICATES; APPROVING RELATED DOCUMENTS;**
6 **ENACTING OTHER PROVISIONS RELATED TO THE CERTIFICATES; AND**
7 **DECLARING AN IMMEDIATE EFFECTIVE DATE**

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

9 **PART 1. FINDINGS.**

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

13 The notice was published in *The Austin American-Statesman*, as required by Section 271.049 of
14 the Texas Local Government Code, on June 15, 2015 and June 22, 2015; and

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

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

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

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

25 **PART 2. DEFINITIONS.**

26 The terms used in this Ordinance have the following meanings:

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

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

30 “Authorized Representative” means the City Manager and the Chief Financial Officer of the
31 City, acting individually but not jointly.

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

1 “Certificates” means the certificates of obligation of the City to be issued under authority of this
2 Ordinance.

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

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

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

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

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

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

9 “City” means the City of Austin, Texas.

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

11 “Council” means the City Council of the City.

12 “Defeasance Securities” means any securities now or hereafter permitted by Section 1207.062,
13 Texas Government Code (or any successor statute), including (i) direct, noncallable obligations of the
14 United States of America, including obligations that are unconditionally guaranteed by the United
15 States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of
16 America, including obligations that are unconditionally guaranteed or insured by the agency or
17 instrumentality and that are rated as to investment quality by a nationally recognized investment rating
18 firm not less than “AAA” or its equivalent, and (iii) noncallable obligations of a state or an agency or a
19 county, municipality, or other political subdivision of a state that have been refunded and that are rated
20 as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its
21 equivalent.

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

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

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

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

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

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

34 “MSRB” means the Municipal Securities Rulemaking Board.

1 “Paying Agent/Registrar” means U.S. Bank National Association, Houston, Texas, or any other
2 bank, trust company, financial institution, or agency named in accordance with the provisions of
3 subsection (g) of PART 7 of this Ordinance.

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

7 “Pricing Certificate” means a certificate executed by an Authorized Representative on the date
8 of sale of any series of the Certificates containing the terms of such series authorized to be determined
9 by the Authorized Representative pursuant to PART 4 of this Ordinance.

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

12 “Purchase Agreement” means the purchase agreement (one or more) between the City and the
13 Underwriters providing for the sale of the Certificates by the City and the purchase of the Certificates
14 by the Underwriters.

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

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

18 “Rule” means SEC Rule 15c2-12.

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

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

24 “Underwriters” means the entity or entities designated in the Purchase Agreement.

25 **PART 3. CERTIFICATES AUTHORIZED.**

26 The Certificates shall be issued in accordance with the Constitution, laws of the State of Texas,
27 and the Charter of the City, in one or more series, in the aggregate principal amount not to exceed
28 \$70,755,000 for the purposes of (i) financing the Projects described in Schedule I and (ii) paying the
29 costs of issuance associated with the sale of the Certificates. The aggregate principal amount and the
30 designation of Certificates issued pursuant to this Ordinance shall be set forth in the Pricing Certificate
31 therefor.

32 **PART 4. SALE PARAMETERS.**

33 (a) The Certificates shall be issued in any Authorized Denomination as fully registered
34 obligations, without interest coupons, payable to the respective initial registered owners of the
35 Certificates, or to the registered assignee or assignees of the Certificates, maturing not later than 40
36 years from their issue date, payable serially or otherwise on the dates, in the years and in the principal
37 amounts, and dated and numbered, all as set forth in the Pricing Certificate therefor.

1 (b) In accordance with Chapter 1371, Council authorizes each Authorized Representative to
2 act on behalf of the City in selling and delivering the Certificates and carrying out the other procedures
3 specified in this Ordinance, including determining and fixing the number of series and the designation
4 or title by which each series of the Certificates shall be known and, with respect to each series of
5 Certificates, the purposes and aggregate principal amount of the Certificates sold, the dated date and the
6 date of delivery of the Certificates sold, the price at which the Certificates will be sold, the years in
7 which the Certificates will mature, the principal amount of Certificates to mature in each of such years,
8 the rate or rates of interest to be borne by or accrue on each maturity, the interest payment periods and
9 interest payment dates, the record date, the dates, prices, and terms upon and at which the Certificates
10 shall be subject to redemption (including provisions for optional and mandatory redemption), and all
11 other matters relating to the issuance, sale, and delivery of the Certificates, including, without
12 limitation, obtaining a municipal bond insurance policy in support of the Certificates, all of which shall
13 be specified in the Pricing Certificate; provided, that (i) the price to be paid for the Certificates shall not
14 be less than 95% of the aggregate principal amount of the Certificates sold, plus accrued interest, if any,
15 (ii) the Certificates shall not bear interest at a rate greater than the maximum rate allowed by
16 Chapter 1204, and (iii) prior to their delivery, the Certificates shall be rated by a nationally recognized
17 rating agency for municipal securities in one of the four highest rating categories for long-term debt
18 instruments.

19 It is in the best interests of the City for the Certificates to be sold through a negotiated sale, and
20 Council authorizes each Authorized Representative to enter into and carry out the Purchase Agreement
21 with the Underwriters pursuant to PART 13 of this Ordinance. Each Authorized Representative may
22 designate underwriters for future series of the Certificates.

23 The authority of an Authorized Representative to execute any Purchase Agreement shall expire
24 at 11:59 p.m. on February 20, 2016 (the "Expiration Date"). Certificates sold pursuant to a Purchase
25 Agreement executed on or before the Expiration Date may be delivered after such date.

26 In establishing the aggregate principal amount of the Certificates of each series, the Authorized
27 Representative shall establish an amount which shall be sufficient to provide for the purposes for which
28 the Certificates are authorized. The Certificates of each series shall be sold at such price, with and
29 subject to such terms, as set forth in the Pricing Certificate therefor.

30 (c) Any finding or determination made by an Authorized Representative relating to the
31 issuance and sale of the Certificates and the execution of the Purchase Agreement shall have the same
32 force and effect as a finding or determination made by Council.

33 **PART 5. REDEMPTION PROVISIONS.**

34 (a) The Certificates may be subject to redemption, at the option of the City, prior to their
35 stated maturities to the extent and in the manner provided in the Pricing Certificate and the Form of
36 Certificate. The years of maturity of the Certificates called for redemption at the option of the City
37 prior to stated maturity shall be selected by the City. The Certificates or any portion redeemed within a
38 maturity shall be selected by lot, or other customary random selection method, by the Paying
39 Agent/Registrar; *provided*, that during any period in which ownership of the Certificates is determined
40 only by a book entry at DTC, if fewer than all of the Certificates of the same maturity and bearing the
41 same interest rate are to be redeemed, the particular Certificates of such maturity and bearing such
42 interest rate shall be selected in accordance with the arrangements between the City and DTC.

1 (b) The Certificates may be subject to mandatory-sinking fund redemption prior to their
2 stated maturities, to the extent and in the manner provided in the Pricing Certificate and the Form of
3 Certificate.

4 (c) At least thirty (30) days before the date fixed for redemption, the City shall cause a
5 written notice of the redemption to be deposited in the United States mail, first-class postage prepaid,
6 addressed to each Registered Owner at the address shown on the Registration Books. By the date fixed
7 for redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the
8 required redemption price for the Certificates which are to be redeemed, plus accrued interest to the
9 date fixed for redemption. If the notice of redemption is given, and if provision for payment is made, all
10 as provided above, the Certificates, or the portions of the Certificates, which are to be redeemed,
11 automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the
12 date fixed for their redemption, and shall not be regarded as outstanding except for the right of the
13 Registered Owner to receive the redemption price plus accrued interest to the date fixed for redemption
14 from the Paying Agent/Registrar out of the funds provided for payment. The Paying Agent/Registrar
15 shall record in the Registration Books all redemptions of principal of the Certificates or any portion of
16 the principal. If a portion of any Certificate shall be redeemed, one or more substitute Certificates
17 having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the
18 written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed
19 portion of the Certificates, will be issued to the Registered Owner upon the surrender for cancellation,
20 at the expense of the City, all as provided in this Ordinance. In addition, the City shall cause the Paying
21 Agent/Registrar to give notice of any redemption in the manner set forth in PART 7(h). The failure to
22 cause notice to be given, however, or any defect in the notice, shall not affect the validity or
23 effectiveness of the redemption. If a notice of redemption is given and sufficient funds are not received
24 for the payment of the required redemption price for the Certificates which are to be redeemed, the
25 notice shall be of no force and effect, the City shall not redeem the Certificates, and the Paying
26 Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the
27 Certificates have not been redeemed.

28 **PART 6. INTEREST.**

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

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

34 (a) The City shall keep, or cause to be kept at the Designated Payment/Transfer Office, the
35 Registration Books, and the City appoints the Paying Agent/Registrar as its registrar and transfer agent
36 to keep books or records and make the transfers and registrations under the reasonable regulations as
37 the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make
38 transfers and registrations as provided in this Ordinance. It shall be the duty of the Paying
39 Agent/Registrar to obtain from the Registered Owner and record in the Registration Books the address
40 of the Registered Owner to which payments with respect to the Certificates shall be mailed, as provided
41 in this Ordinance. The City, or its designee, shall have the right to inspect the Registration Books
42 during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar
43 shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit
44 their inspection by any other entity. Ownership of each Certificate may be transferred in the
45 Registration Books only upon presentation and surrender of the Certificate to the Paying

1 Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of
2 assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar,
3 evidencing the assignment of the Certificate, or any portion of the Certificate, in any Authorized
4 Denomination, to the assignee or assignees, and the right of the assignee or assignees to have the
5 Certificate or any portion of the Certificate registered in the name of the assignee or assignees. Upon
6 the assignment and transfer of any Certificate, a new substitute obligation or Certificates shall be issued
7 in exchange for the Certificate in the manner provided in this Ordinance.

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

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

20 (d) Each Certificate may be exchanged for fully registered Certificates as set forth in this
21 Ordinance. Each Certificate issued and delivered pursuant to this Ordinance, to the extent of the
22 unredeemed principal amount, may, upon surrender at the Designated Payment/Transfer Office,
23 together with a written request duly executed by the Registered Owner or its assignee or assignees, or
24 its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the
25 Paying Agent/Registrar, at the option of the Registered Owner or its assignee or assignees, as
26 appropriate, be exchanged for fully registered Certificates, without interest coupons, in the form
27 prescribed in the Form of Certificate, in any Authorized Denomination (subject to the requirement
28 stated below that each substitute Certificate shall have a single stated maturity date), as requested in
29 writing by the Registered Owner or its assignee or assignees, in an aggregate principal amount equal to
30 the unredeemed principal amount of any Certificate or Certificates so surrendered, and payable to the
31 appropriate Registered Owner, assignee, or assignees. If a portion of any Certificate is assigned and
32 transferred, each Certificate issued in exchange shall have the same maturity date and bear interest at
33 the same rate as the Certificate for which it is being exchanged. Each substitute Certificate shall bear a
34 letter and/or number to distinguish it from each other Certificate. The Paying Agent/Registrar shall
35 exchange or replace Certificates as provided in this Ordinance, and each fully registered Certificate
36 delivered in exchange for or replacement of any Certificate or portion of a Certificate as permitted or
37 required by any provision of this Ordinance shall constitute one of the Certificates for all purposes of
38 this Ordinance, and may again be exchanged or replaced. Any Certificate delivered in exchange for or
39 replacement of another Certificate before the first scheduled interest payment date on the Certificates
40 (as stated on the face of the Certificate) shall be dated the same date, but each substitute Certificate
41 delivered on or after the first scheduled interest payment date shall be dated the interest payment date
42 preceding the date on which the substitute Certificate is delivered, unless the substitute Certificate is
43 delivered on an interest payment date, in which case it shall be dated as of the date of delivery;
44 however, if at the time of delivery of any substitute Certificate the interest on the Certificate for which
45 it is being exchanged has not been paid, then the substitute Certificate shall be dated the date to which
46 interest has been paid in full. On each substitute Certificate issued in exchange for or replacement of
47 any Certificate issued under this Ordinance there shall be printed on the Certificate the Authentication

1 Certificate. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any
2 substitute Certificate, date the substitute Certificate in the manner set forth above, and manually sign
3 and date the Authentication Certificate, and no substitute Certificate shall be considered to be issued or
4 outstanding unless the Authentication Certificate is executed. The Paying Agent/Registrar promptly
5 shall cancel all Certificates surrendered for exchange or replacement. No additional ordinances, orders,
6 or resolutions need be passed or adopted by Council or any other body or person to accomplish the
7 exchange or replacement of any Certificate, and the Paying Agent/Registrar shall provide for the
8 printing, execution, and delivery of the substitute Certificates in the manner prescribed in this
9 Ordinance. Pursuant to Chapter 1206, the duty of exchange or replacement of any Certificate is
10 imposed on the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the
11 exchanged or replaced obligation shall be valid, incontestable, and enforceable in the same manner and
12 with the same effect as the Certificates which originally were delivered pursuant to this Ordinance,
13 approved by the Texas Attorney General, and registered by the Texas Comptroller of Public Accounts.
14 Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any
15 Certificate selected for redemption, in whole or in part, within 45 calendar days of the date fixed for
16 redemption; *provided, however*; the limitation of transfer shall not be applicable to an exchange by the
17 Registered Owner of the uncalled principal of a Certificate.

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

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

39 (g) The City Manager is authorized to execute and deliver the Paying Agent/Registrar
40 Agreement. The City covenants with the Registered Owners of the Certificates that at all times while
41 the Certificates are outstanding the City will provide a competent and legally qualified bank, trust
42 company, or other entity duly qualified and legally authorized to act as and perform the services of
43 Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar
44 will be one entity. The City reserves the right to, and may, at its option, change the Paying
45 Agent/Registrar upon not less than 60 days' written notice to the Paying Agent/Registrar. In the event
46 that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or
47 other method) should resign or otherwise stop acting as such, the City covenants that it will promptly

1 appoint a competent and legally qualified national or state banking institution organized and doing
2 business under the laws of the United States of America or of any state, authorized under the laws to
3 exercise trust powers, subject to supervision or examination by federal or state authority, and whose
4 qualifications substantially are similar to the previous Paying Agent/Registrar to act as Paying
5 Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous
6 Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy of these
7 Books), along with all other pertinent books and records relating to the Certificates, to the new Paying
8 Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar,
9 the City promptly will cause a written notice to be sent by the new Paying Agent/Registrar to each
10 Registered Owner of the Certificates, by United States mail, first-class postage prepaid, which notice
11 also shall give the address of the new Paying Agent/Registrar. By accepting the position and
12 performing as such, each Paying Agent/Registrar shall be considered to have agreed to the provisions
13 of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying
14 Agent/Registrar.

15 (h) Each redemption notice, whether required in the Form of Certificate or otherwise by this
16 Ordinance, shall contain a description of the Certificates to be redeemed, including the complete name
17 of the Certificates, the series, the date of issue, the interest rate, the maturity date, the CUSIP number,
18 the amounts of the Certificates called for redemption, the date of redemption, the redemption price, the
19 name of the Paying Agent/Registrar and the address at which the Certificate may be redeemed,
20 including a contact person and telephone number. All redemption payments made by the Paying
21 Agent/Registrar to the Registered Owner of the Certificates shall include CUSIP numbers relating to
22 each amount paid to such Registered Owner.

23 **PART 8. FORM OF CERTIFICATES.**

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

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

32 (a) The Interest and Sinking Fund (which may include the designation or title by which a
33 series of Certificates shall be known, as determined pursuant to PART 4(b) of this Ordinance) is created
34 and it shall be established and maintained at an official depository of the City. The Interest and Sinking
35 Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used
36 only for paying the interest on and principal of the Certificates. All ad valorem taxes levied and
37 collected for and on account of the Certificates shall be deposited, as collected, to the credit of the
38 Interest and Sinking Fund. During each year while any Certificate is outstanding and unpaid, Council
39 shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax
40 rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections,
41 which will be sufficient to raise and produce the money required to pay the interest on the Certificates
42 as the interest comes due, and to provide a sinking fund to pay the principal (including mandatory
43 sinking fund redemption payments, if any) of the Certificates as the principal matures, but never less
44 than 2% of the outstanding principal amount of the Certificates as a sinking fund each year. The rate
45 and amount of ad valorem tax needed to fund this obligation is ordered to be levied against all taxable

1 property in the City for each year while any Certificate is outstanding and unpaid, and the ad valorem
2 tax shall be assessed and collected each year and deposited to the credit of the Interest and Sinking
3 Fund. The ad valorem taxes necessary to pay the interest on and principal of the Certificates, as the
4 interest comes due, and the principal matures or comes due through operation of the mandatory sinking
5 fund redemption, if any, as provided in the Form of Certificate, are pledged for this purpose, within the
6 limit set by law. The City appropriates from current funds on hand, and directs the transfer for deposit
7 into the Interest and Sinking Fund moneys as may be necessary to pay debt service on the Certificates
8 scheduled to occur prior to receipt of taxes levied to pay such debt service. Money in the Interest and
9 Sinking Fund, at the option of the City, may be invested in the securities or Certificates as permitted
10 under applicable law and the City's investment policy. Any securities or Certificates in which money is
11 invested shall be kept and held in trust for the benefit of the owners of the Certificates and shall be sold
12 and the proceeds of sale shall be timely applied to the making of all payments required to be made from
13 the Interest and Sinking Fund. Interest and income derived from the investment of money in the Interest
14 and Sinking Fund shall be credited to the Interest and Sinking Fund.

15 (b) Should more than one series of Certificates be sold under authority of this Ordinance, a
16 separate interest and sinking fund will be created and maintained at an official depository of the City to
17 secure each series of Certificates.

18 **PART 10. REVENUES; APPLICABILITY OF CHAPTER 1208.**

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

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

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

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

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

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

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

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

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

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

22 The Mayor, or his designee, is authorized to have control of the Certificates and all necessary
23 records and proceedings pertaining to the Certificates pending their delivery and their investigation,
24 examination and approval by the Texas Attorney General, and their registration by the Texas
25 Comptroller of Public Accounts. Upon registration of the Certificates, the Comptroller (or a deputy
26 designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration
27 Certificate accompanying the Certificates, and the seal of the Comptroller shall be impressed, or placed
28 in facsimile, on each certificate. After registration by the Comptroller, delivery of the Certificates shall
29 be made to the Underwriters, under and subject to the general supervision and direction of the Mayor,
30 against receipt by the City of all amounts due to the City under the terms of sale.

31 **PART 13. SALE OF CERTIFICATES; OFFICIAL STATEMENT.**

32 (a) The Certificates shall be sold to the Underwriters at the price set forth in the Pricing
33 Certificate, and delivery of the Certificates to the Underwriters shall be made upon payment therefor in
34 accordance with the terms of the Purchase Agreement. An Authorized Representative is hereby
35 authorized and directed to execute such Pricing Certificate and Purchase Agreement on behalf of the
36 City, and the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, City Clerk and all other
37 officials, agents and representatives of the City are hereby authorized to execute and deliver such
38 agreements, certificates, instruments and other documents, and do any and all things necessary or
39 desirable to satisfy the conditions set out therein, to provide for the issuance and delivery of the
40 Certificates.

41 (b) Council hereby ratifies, authorizes and approves, in connection with the sale of the
42 Certificates, the preparation and distribution of the Preliminary Official Statement and a final Official
43 Statement, substantially in the form of the Preliminary Official Statement, containing such additional

1 information and amendments as may be necessary to conform to the terms of the Certificates, this
2 Ordinance and the Purchase Agreement, and the Preliminary Official Statement is hereby deemed final
3 as of its date within the meaning and for the purposes of paragraph (b)(1) of the Rule. An Authorized
4 Representative is authorized to approve such amendments and supplements to the Official Statement as
5 either of them shall deem necessary or appropriate. The Mayor and City Clerk are hereby authorized to
6 execute such Official Statement by manual, facsimile or electronic signature and/or to deliver a
7 certificate pertaining to such Official Statement as prescribed therein or in the Purchase Agreement,
8 dated as of the date of payment for and delivery of the Certificates.

9 (c) The Mayor, Mayor Pro Tem, City Manager, City Clerk, Chief Financial Officer and all
10 other officials, agents and representatives of the City are authorized hereby to take such actions as any
11 such officer, official, agent or representative shall approve in seeking ratings on the Certificates from
12 Moody's Investors Service, Fitch Ratings or Standard & Poor's Ratings Services, or any confirmation
13 of such firms' ratings, and such actions are hereby ratified and confirmed.

14 (d) Proceeds from the sale of the Certificates shall be disbursed in the amounts and for the
15 purposes set forth in the Pricing Certificate. An Authorized Representative may provide for the
16 establishment of such funds, accounts or subaccounts as are deemed necessary or appropriate for the
17 safekeeping and administration of proceeds from the sale of the Certificates pending their disbursement
18 for authorized purposes.

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

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

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

24 "Computation Date" has the meaning stated in section 1.148-1(b) of the Regulations.

25 "Gross Proceeds" has the meaning stated in section 1.148-1(b) of the Regulations.

26 "Investment" has the meaning stated in section 1.148-1(b) of the Regulations.

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

29 "Net Sale Proceeds" has the meaning stated in section 1.148-1(b) of the Regulations.

30 "Nonpurpose Investment" has the meaning stated in section 1.148-1(b) of the Regulations.

31 "Proceeds" has the meaning stated in section 1.148-1(b) of the Regulations.

32 "Rebate Amount" has the meaning stated in section 1.148-3 of the Regulations.

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

1 “Yield of”

2 (i) any Investment shall be computed in accordance with section 1.148-5 of the
3 Regulations, and

4 (ii) the Certificates shall be computed in accordance with section 1.148-4 of the
5 Regulations.

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

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

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

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

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

38 (e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code
39 and the regulations and rulings relating to section 148 of the Code, the City shall not, at any time prior
40 to the earlier of the final stated maturity or final payment of the Certificates, directly or indirectly invest
41 Gross Proceeds of such Certificates in any Investment (or use such Gross Proceeds to replace money so
42 invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds
43 whether then held or previously disposed of, exceeds the Yield on the Certificates.

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

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

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

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

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

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

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

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

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

1 **PART 15. CONTINUING DISCLOSURE OBLIGATION.**

2 (a) *Annual Reports.*

3 (i) The City shall provide annually to the MSRB, (A) within six months after the
4 end of each fiscal year of the City, financial information and operating data with respect to the
5 City of the general type included in the final Official Statement authorized by PART 13 of this
6 Ordinance, being information of the type described in the Pricing Certificate, including financial
7 statements of the City if audited financial statements of the City are then available, and (B) if
8 not provided as part such financial information and operating data, audited financial statements
9 of the City, when and if available. Any financial statements to be provided shall be (x) prepared
10 in accordance with the accounting principles described in the Pricing Certificate, or such other
11 accounting principles as the City may be required to employ from time to time pursuant to state
12 law or regulation, and in substantially the form included in the Official Statement, and
13 (y) audited, if the City commissions an audit of such financial statements and the audit is
14 completed within the period during which they must be provided. If the audit of such financial
15 statements is not complete within 12 months after any such fiscal year end, then the City shall
16 file unaudited financial statements within such 12-month period and audited financial
17 statements for the applicable fiscal year, when and if the audit report on such statements
18 becomes available.

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

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

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

- 30 (i) Principal and interest payment delinquencies;
- 31 (ii) Non-payment related defaults, if material;
- 32 (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 33 (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 34 (v) Substitution of credit or liquidity providers, or their failure to perform;
- 35 (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed
36 or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-
37 TEB) or other material notices or determinations with respect to the tax status of
38 the Certificates, or other material events affecting the tax status of the
39 Certificates;
- 40 (vii) Modifications to rights of holders of the Certificates, if material;
- 41 (viii) Certificate calls, if material, and tender offers;
- 42 (ix) Defeasances;
- 43 (x) Release, substitution, or sale of property securing repayment of the Certificates,
44 if material;

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

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

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

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

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

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

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

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

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

21 **PART 16. DTC REGISTRATION.**

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

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

6 **PART 17. DEFEASANCE.**

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

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

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

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

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

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

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

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

14 (b) *Remedies for Default.*

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

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

26 (c) *Remedies Not Exclusive.*

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

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

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

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

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

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

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

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

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

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

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

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

35 **PART 22. IMMEDIATE EFFECT.**

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

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

PASSED AND APPROVED AND EFFECTIVE AUGUST 20, 2015.

Steve Adler,
Mayor,
City of Austin, Texas

ATTEST:

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

(SEAL)

APPROVED:

Anne L. Morgan,
Interim City Attorney,
City of Austin, Texas

DRAFT