

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF AUSTIN, TEXAS PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2021; ESTABLISHING PARAMETERS FOR THE SALE OF THE OBLIGATIONS; APPROVING RELATED DOCUMENTS; ENACTING OTHER PROVISIONS RELATED TO THE OBLIGATIONS; AND DECLARING AN IMMEDIATE EFFECTIVE DATE

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

PART 1. FINDINGS

(A) The Act authorizes Council to execute, perform and make payments under contracts with any person for the use, acquisition, purchase or financing of personal property as described in the Act; and

(B) The Act permits Council to execute contracts in any form it deems appropriate in connection with the use, acquisition, purchase or financing of personal property; and

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

(D) Council deems it appropriate to adopt this Ordinance and issue the "Contractual Obligations" authorized by the Act; and

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

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

PART 2. DEFINITIONS

The terms used in this Ordinance have the following meanings:

"Act" means the Public Property Finance Act, Sec. 271.001, et seq., Subchapter A, Texas Local Government Code.

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

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

35 “Authorized Representative” means the City Manager or the Chief Financial
36 Officer of the City, acting individually but not collectively.

37 “Bidding Instructions” means the bidding instructions prepared in connection with
38 the sale of the Obligations.

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

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

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

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

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

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

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

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

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

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

52 “Defeasance Securities” means (i) direct, noncallable obligations of the United
53 States of America, including obligations that are unconditionally guaranteed by the
54 United States of America and (ii) noncallable obligations of an agency or instrumentality
55 of the United States of America, including obligations that are unconditionally
56 guaranteed or insured by the agency or instrumentality and that, on the date of approval
57 of the proceedings authorizing the issuance of the refunding bonds, are rated as to
58 investment quality by a nationally recognized investment rating firm not less than “AAA”
59 or its equivalent.

60 “Defeased Obligation” means any Obligation and the interest on the Obligation
61 that is considered to be paid, retired and no longer outstanding under the terms of this
62 Ordinance, specifically PART 16 of this Ordinance.

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

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

67 “Event of Default” has the meaning described in PART 17 of this Ordinance.

68 “Expiration Date” means February 25, 2022.

69 “Future Escrow Agreement” means an escrow agreement or other similar
70 instrument with respect to Defeased Obligations.

71 “Initial Obligation” has the meaning described in PART 11 of this Ordinance.

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

74 “MSRB” means the Municipal Securities Rulemaking Board.

75 “Obligations” means the contractual obligations of the City to be issued under
76 authority of this Ordinance, including the Initial Obligation.

77 “Official Bid Form” means the bid form to be submitted by bidders seeking to
78 purchase the Obligations.

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

81 “Paying Agent/Registrar Agreement” means the agreement between the City and
82 the Paying Agent/Registrar with respect to the Obligations in the form approved by an
83 Authorized Representative, and any successor agreement.

84 “Property” has the meaning described in PART 1 of this Ordinance.

85 “Purchasers” means the entity or entities listed in the Official Bid Form accepted
86 by the City as the best bid for the Obligations.

87
88 “Registered Owner” means the owner of any Obligation as recorded in the
89 Registration Books.

90 “Registration Books” means the books or records of registration and transfer of the
91 Obligations maintained by the Paying Agent/Registrar.

92 “Rule” means SEC Rule 15c2-12.

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

94 “Treasury Regulations” means all applicable temporary, proposed and final
95 regulations and procedures promulgated under the Code or promulgated under the
96 Internal Revenue Code of 1954, to the extent applicable to the Code.
97

98 **PART 3. OBLIGATIONS AUTHORIZED**

99 The Obligations shall be issued in accordance with the Constitution, laws of the
100 State of Texas, and the Charter of the City, in one or more series, in the aggregate
101 principal amount not to exceed \$31,930,000 for the purposes of (a) paying all or a portion
102 of the City’s contractual obligations to be incurred with the acquisition, purchase or
103 financing of the Property, in accordance with the provisions of the Act, and (b) paying
104 the costs of issuance associated with the sale of the Obligations. The aggregate principal
105 amount and the designation of Obligations issued pursuant to this Ordinance shall be set
106 forth in the Bidding Instructions and the Official Bid Form. The Obligations shall be
107 numbered consecutively from R-1 upward, except the Initial Obligation shall be
108 numbered T-1.

109 **PART 4. SALE PARAMETERS**

110 (A) The Obligations shall be issued in any Authorized Denomination as fully
111 registered obligations, without interest coupons, payable to the respective initial
112 registered owners of the Obligations, or to the registered assignee or assignees of the
113 Obligations, maturing not later than 25 years from their issue date, payable serially or
114 otherwise on the dates, in the years and in the principal amounts, and dated, all as set
115 forth in the Official Bid Form.

116 (B) In accordance with Chapter 1371, each Authorized Representative, acting
117 for and on behalf of the City, is authorized to seek competitive bids for the sale of the
118 Obligations authorized to be sold by this Ordinance, and is hereby authorized to prepare
119 and distribute the Bidding Instructions and the Official Bid Form with respect to seeking
120 competitive bids for the sale of the Obligations. The Bidding Instructions shall contain
121 the terms and conditions relating to the sale of the Obligations, including the date bids for
122 the purchase of the Obligations are to be received, the date of the Obligations, any
123 additional designation or title by which the Obligations shall be known, the aggregate
124 principal amount of the Obligations to be sold, the price at which the Obligations will be

125 sold, the years in which the Obligations will mature, the rate or rates of interest to be
126 borne by each such maturity, the interest payment periods, and all other matters relating
127 to the issuance, sale and delivery of the Obligations so sold including, without limitation,
128 the use of municipal bond insurance for the Obligations. The Obligations shall bear
129 interest at the rates per annum set forth in the Official Bid Form accepted as the best bid.
130 The interest on the Obligations shall be payable to the Registered Owner of any
131 Obligation on the dates and in the manner provided in Exhibit A. Interest on the
132 Obligations shall be payable on the dates set forth in the Official Bid Form, until
133 maturity. Each Authorized Representative, acting for and on behalf of the City, is hereby
134 authorized to receive and accept bids for the sale of Obligations in accordance with the
135 Bidding Instructions on such date as determined by an Authorized Representative. The
136 Obligations shall be sold at such price as an Authorized Representative of the City shall
137 determine to be the most advantageous to the City, which determination shall be
138 evidenced by the execution of the Official Bid Form submitted by the best and winning
139 bidder. One Obligation in the principal amount maturing on each maturity date as set
140 forth in the Official Bid Form shall be delivered to the Purchasers, and the Purchasers
141 shall have the right to exchange such Obligations as provided in PART 7 of this
142 Ordinance without cost. Exhibit A shall be revised to reflect the terms of the sale of the
143 Obligations as reflected in the Official Bid Form accepted as the best bid for the
144 Obligations. The Obligations shall initially be registered in the name as set forth in the
145 Official Bid Form. In case any officer whose signature shall appear on the Obligations
146 shall cease to be such officer before the delivery of the Obligations, the signature shall be
147 valid and sufficient for all purposes the same as if the officer had remained in office until
148 delivery. An Authorized Representative shall not execute the Official Bid Form unless
149 the best bidder has confirmed to an Authorized Representative that either it has made
150 disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908,
151 Texas Government Code or is exempt from making such filings under Section
152 2252.908(c)(4), Texas Government Code. Within thirty (30) days of receipt of any
153 disclosure filings from the best bidder for the Obligations, the City will acknowledge
154 such disclosure filings in accordance with the rules of the Texas Ethics Commission. Any
155 finding or determination made by an Authorized Representative relating to the issuance
156 and sale of the Obligations shall have the same force and effect as a finding or
157 determination made by Council; *provided*, that (i) the price to be paid for the Obligations
158 shall not be less than 95% of the aggregate principal amount of the Obligations sold, plus
159 accrued interest, if any, (ii) the Obligations shall not bear interest at a rate greater than the
160 maximum rate allowed by Chapter 1204, (iii) the Obligations shall not have a final
161 maturity beyond November 1, 2028, and (iv) prior to the execution of the Official Bid
162 Form by an Authorized Representative, the Obligations shall be rated by a nationally
163 recognized rating agency for municipal securities in one of the four highest rating
164 categories for long-term debt instruments.

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

170 (D) It is in the best interests of the City for the Obligations to be sold through a
171 competitive sale, and Council authorizes each Authorized Representative, individually
172 but not collectively, to execute the Official Bid Form to evidence the acceptance by the
173 City of the terms and conditions relating to the sale of the Bonds, at the price the
174 Authorized Representative executing the Official Bid Form determines to be the most
175 advantageous to the City. The conditions set forth in PART 12 of this Ordinance must be
176 met prior to any Authorized Representative executing the Official Bid Form to evidence
177 the acceptance by the City of the best and winning bid submitted.

178 (E) The authority of an Authorized Representative to execute an Official Bid
179 Form shall expire at 11:59 p.m. on the Expiration Date. Bonds sold pursuant to the
180 Bidding Instructions and an Official Bid Form executed on or before the Expiration Date
181 may be delivered after the Expiration Date.

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

188 (G) Any finding or determination made by an Authorized Representative relating
189 to the issuance and sale of the Obligations and the execution of the Official Bid Form
190 shall have the same force and effect as a finding or determination made by Council.

191 **PART 5. REDEMPTION PROVISIONS**

192 The Obligations are not subject to redemption prior to maturity.

193 **PART 6. INTEREST**

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

PART 7. ADDITIONAL CHARACTERISTICS OF THE OBLIGATIONS

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

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

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

(D) Each Obligation may be exchanged for fully registered obligations as set forth in this Ordinance. Each Obligation issued and delivered pursuant to this Ordinance may, upon surrender at the Designated Payment/Transfer Office, together with a written request duly executed by the Registered Owner or its assignee or assignees, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the Registered Owner or its assignee or assignees, as appropriate, be exchanged for fully registered obligations, without interest coupons, in the form prescribed in the Form of Obligation, in any Authorized Denomination (subject to the requirement stated below that each substitute Obligation shall have a single stated maturity date), as requested in writing by the Registered Owner or its assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Obligation or Obligations so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees. If a portion of any Obligation is assigned and transferred, each Obligation issued in exchange shall have the same maturity date and bear interest at the same rate as the Obligation for which it is being exchanged. Each substitute Obligation shall bear a letter and/or number to distinguish it from each other Obligation. The Paying Agent/Registrar shall exchange or replace Obligations as provided in this Ordinance, and each fully registered Obligation delivered in exchange for or replacement of any Obligation or portion of an Obligation as permitted or required by any provision of this Ordinance shall constitute one of the Obligations for all purposes of this Ordinance, and may again be exchanged or replaced. Any Obligation delivered in exchange for or replacement of another Obligation before the first scheduled interest payment date on the Obligations (as stated on the face of the Obligation) shall be dated the same date, but each substitute Obligation delivered on or after the first scheduled interest payment date shall be dated the interest payment date preceding the date on which the substitute Obligation is delivered, unless the substitute Obligation is delivered on an interest payment date, in which case it shall be dated as of the date of delivery; however, if at the time of delivery of any substitute Obligation the interest on the Obligation for which it is being exchanged has not been paid, then the substitute Obligation shall be dated the date to which interest has been paid in full. On each substitute Obligation issued in exchange for or replacement of any Obligation issued under this Ordinance there shall be printed on the Obligation the Authentication Certificate. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any substitute Obligation, date the substitute Obligation in the manner set forth above, and manually sign and date the Authentication Certificate, and no substitute Obligation shall be considered to be issued or outstanding unless the Authentication Certificate is executed. The Paying Agent/Registrar promptly shall cancel all Obligations surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by Council or any other body or person to accomplish the exchange or replacement of any Obligation, and the Paying

275 Agent/Registrar shall provide for the printing, execution, and delivery of the substitute
276 Obligations in the manner prescribed in this Ordinance. Pursuant to Chapter 1206, the
277 duty of exchange or replacement of any Obligation is imposed on the Paying
278 Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged
279 or replaced obligation shall be valid, incontestable, and enforceable in the same manner
280 and with the same effect as the Initial Obligation which originally was delivered pursuant
281 to this Ordinance, approved by the Texas Attorney General, and registered by the
282 Comptroller.

283 (E) All Obligations issued in exchange or replacement of any other Obligation
284 or portion of an Obligation (i) shall be issued in fully registered form, without interest
285 coupons, with the principal of and interest on the Obligations to be payable only to the
286 Registered Owners, (ii) may be redeemed prior to their scheduled maturities, (iii) may be
287 transferred and assigned, (iv) may be exchanged for other Obligations, (v) shall have the
288 characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on
289 the Obligations shall be payable, all as provided, and in the manner required or indicated
290 in this Ordinance and the Official Bid Form.

291 (F) The City shall pay the Paying Agent/Registrar's reasonable and customary
292 fees and charges for making transfers of Obligations, but the Registered Owner of any
293 Obligation requesting the transfer shall pay any taxes or other governmental charges
294 required for the transfer. The Registered Owner of any Obligation requesting any
295 exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary
296 fees and charges for exchanging any Obligation or a portion of an Obligation, together
297 with any required taxes or governmental charges, all as a condition precedent to the
298 exercise of the privilege of exchange, except in the case of the exchange of an assigned
299 and transferred Obligation or Obligations or any portion or portions in any Authorized
300 Denomination, the fees and charges will be paid by the City. In addition, the City
301 covenants with the Registered Owners of the Obligations that it will (i) pay the
302 reasonable and standard or customary fees and charges of the Paying Agent/Registrar for
303 its services with respect to the payment of the principal of and interest on the Obligations,
304 when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services
305 with respect to the transfer or registration of Obligations, and with respect to the
306 exchange of Obligations solely to the extent stated above.

307 (G) An Authorized Representative is authorized to execute and deliver the
308 Paying Agent/Registrar Agreement. The City covenants with the Registered Owners of
309 the Obligations that at all times while the Obligations are outstanding the City will
310 provide a competent and legally qualified bank, trust company, or other entity duly
311 qualified and legally authorized to act as and perform the services of Paying
312 Agent/Registrar for the Obligations under this Ordinance, and that the Paying

313 Agent/Registrar will be one entity. The City reserves the right to, and may, at its option,
314 change the Paying Agent/Registrar upon not less than 60 days' written notice to the
315 Paying Agent/Registrar. In the event that the entity at any time acting as Paying
316 Agent/Registrar (or its successor by merger, acquisition, or other method) should resign
317 or otherwise stop acting as such, the City covenants that it will promptly appoint a
318 competent and legally qualified national or state banking institution organized and doing
319 business under the laws of the United States of America or of any state, authorized under
320 the laws to exercise trust powers, subject to supervision or examination by federal or state
321 authority, and whose qualifications substantially are similar to the previous Paying
322 Agent/Registrar to act as Paying Agent/Registrar under this Ordinance. Upon any change
323 in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall
324 transfer and deliver the Registration Books (or a copy of these Registration Books), along
325 with all other pertinent books and records relating to the Obligations, to the new Paying
326 Agent/Registrar designated and appointed by the City. Upon any change in the Paying
327 Agent/Registrar, the City promptly will cause a written notice to be sent by the new
328 Paying Agent/Registrar to each Registered Owner of the Obligations, by United States
329 mail, first-class postage prepaid, which notice also shall give the address of the new
330 Paying Agent/Registrar. By accepting the position and performing as such, each Paying
331 Agent/Registrar shall be considered to have agreed to the provisions of this Ordinance,
332 and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

333 **PART 8. FORM OF OBLIGATIONS**

334 The Obligations shall be signed with the manual or facsimile signatures of the
335 Mayor and the City Clerk, and the seal of the City shall be affixed or impressed on the
336 Obligations. The form of all Obligations, including the form of the Comptroller's
337 Registration Certificate to accompany the Initial Obligation, the form of the
338 Authentication Certificate, and the Form of Assignment to be printed on each Obligation,
339 shall be, respectively, substantially in the form set forth in Exhibit A, with such
340 appropriate variations, omissions, or insertions as are permitted or required by this
341 Ordinance and the Official Bid Form.

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

343 (A) The Interest and Sinking Fund (which may include the designation or title by
344 which a series of Obligations shall be known, as determined pursuant to PART 4(b) of
345 this Ordinance) is created and it shall be established and maintained at an official
346 depository of the City. The Interest and Sinking Fund shall be kept separate and apart
347 from all other funds and accounts of the City, and shall be used only for paying the
348 interest on and principal of the Obligations. All ad valorem taxes levied and collected for
349 and on account of the Obligations shall be deposited, as collected, to the credit of the

Interest and Sinking Fund. During each year while any Obligation is outstanding and unpaid, Council shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Obligations as the interest comes due, and to provide a sinking fund to pay the principal of the Obligations as the principal matures, but never less than 2% of the outstanding principal amount of the Obligations as a sinking fund each year. The rate and amount of ad valorem tax needed to fund this obligation is ordered to be and is hereby levied against all taxable property in the City for each year while any Obligation is outstanding and unpaid, and the ad valorem tax shall be assessed and collected each year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and principal of the Obligations, as the interest comes due, and the principal matures as provided in the Official Bid Form, are pledged for this purpose, within the limit set by law. The City appropriates from current funds on hand, and directs the transfer for deposit into the Interest and Sinking Fund moneys as may be necessary to pay debt service on the Obligations scheduled to occur prior to receipt of taxes levied to pay such debt service. Money in the Interest and Sinking Fund, at the option of the City, may be invested in the securities or obligations as permitted under applicable law and the City's investment policy. Any securities or obligations in which money is invested shall be kept and held in trust for the benefit of the owners of the Obligations and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund. Interest and income derived from the investment of money in the Interest and Sinking Fund shall be credited to the Interest and Sinking Fund.

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

(C) Chapter 1208 applies to the issuance of the Obligations and the pledge of ad valorem taxes made under PART 9(a) of this Ordinance, and the pledge is valid, effective, and perfected. If Texas law is amended at any time while any Obligation is outstanding and unpaid so that the pledge of ad valorem taxes made by the City under PART 9(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, then to preserve to the Registered Owners of the Obligations the perfection of the security interest in the pledge, the City agrees to take measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the security interest in the pledge.

PART 10. DAMAGED, LOST, STOLEN OR DESTROYED OBLIGATIONS

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

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

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

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

(E) In accordance with Chapter 1206, this PART constitutes authority for the issuance of any such replacement Obligation without necessity of further action by Council or any other body or person, and the duty of the replacement of the Obligations is authorized and imposed on the Paying Agent/Registrar, subject to the conditions imposed by this PART, and the Paying Agent/Registrar shall authenticate and deliver the

Obligations in the form and manner and with the effect, as provided in PART 7(d) of this Ordinance for Obligations issued in exchange for other Obligations.

PART 11. SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL

The Mayor, or his designee, and each Authorized Representative, is authorized to have control of the Obligations and all necessary records and proceedings pertaining to the Obligations pending their delivery and their investigation, examination and approval by the Texas Attorney General and their registration by the Comptroller. The City shall submit a single contractual obligation to the Texas Attorney General, in the aggregate principal amount of the Obligations sold and containing the interest rates and schedule of principal payment dates, all as set forth in the Official Bid Form (the "Initial Obligation"). Upon registration of the Initial Obligation, the Comptroller (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Initial Obligation, and the seal of the Comptroller shall be impressed, or placed in facsimile, on the Initial Obligation. The Initial Obligation shall be numbered T-1. After registration by the Comptroller, delivery of the Obligations shall be made to the Purchasers, under and subject to the general supervision and direction of the Mayor or an Authorized Representative, against receipt by the City of all amounts due to the City under the terms of sale, and the Initial Obligation shall be cancelled. Council authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Obligations, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

PART 12. SALE OF OBLIGATIONS; OFFICIAL STATEMENT

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

(B) Council ratifies, authorizes and approves, in connection with the sale of the Bonds, the preparation and distribution of the Preliminary Official Statement and a final Official Statement, substantially in the form of the Preliminary Official Statement, containing additional information and amendments as may be necessary to conform to the

terms of the Bonds, this Ordinance, and the Official Bid Form, and the Preliminary Official Statement is deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of the Rule. An Authorized Representative is authorized to approve any amendments and supplements to the Official Statement as either of them deem necessary or appropriate. The Mayor and City Clerk are authorized to execute the final Official Statement by manual, facsimile or electronic signature and/or to deliver a certificate pertaining to the final Official Statement as prescribed in the Official Statement, dated as of the date of payment for and delivery of the Obligations.

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

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

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

PART 13. COVENANTS TO MAINTAIN TAX EXEMPT STATUS

The City covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Obligations as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. The City covenants as follows:

(A) to take any action to assure that no more than 10 percent of the proceeds of the Obligations or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or

not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Obligations, in contravention of section 141(b)(2) of the Code;

(B) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Obligations or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(C) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Obligations (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(D) to refrain from taking any action which would otherwise result in the Obligations being treated as "private activity bonds" within the meaning of section 141(a) of the Code;

(E) to refrain from taking any action that would result in the Obligations being "federally guaranteed" within the meaning of section 149(b) of the Code;

(F) to refrain from using any portion of the proceeds of the Obligations, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Obligations, other than investment property acquired with --

(1) proceeds of the Obligations invested for a reasonable temporary period, until such proceeds are needed for the purpose for which the Obligations are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Obligations;

529
530 (G) to otherwise restrict the use of the proceeds of the Obligations or amounts
531 treated as proceeds of the Obligations, as may be necessary, so that the Obligations do
532 not otherwise contravene the requirements of section 148 of the Code (relating to
533 arbitrage);

534 (H) to refrain from using the proceeds of the Obligations or the proceeds of any
535 prior bonds to pay debt service on another issue more than ninety (90) days after the
536 issuance of the Obligations in contravention of section 149(d) of the Code (relating to
537 advance refundings); and

538 (I) to pay to the United States of America at least once during each five-year
539 period (beginning on the date of delivery of the Obligations) an amount that is at least
540 equal to 90 percent of the "excess earnings", within the meaning of section 148(f) of the
541 Code, and to pay to the United States of America, not later than 60 days after the
542 Obligations have been paid in full, 100 percent of the amount then required to be paid as
543 a result of Excess Earnings under section 148(f) of the Code.

544
545 The City understands that the term "proceeds" includes "disposition proceeds" as defined
546 in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if
547 any) and proceeds of the refunded bonds expended prior to the date of the issuance of the
548 Obligations. It is the understanding of the City that the covenants contained herein are
549 intended to assure compliance with the Code and any regulations or rulings promulgated
550 by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or
551 rulings are hereafter promulgated which modify or expand provisions of the Code, as
552 applicable to the Obligations, the City will not be required to comply with any covenant
553 contained herein to the extent that such failure to comply, in the opinion of nationally-
554 recognized bond counsel, will not adversely affect the exemption from federal income
555 taxation of interest on the Obligations under section 103 of the Code. In the event that
556 regulations or rulings are hereafter promulgated which impose additional requirements
557 which are applicable to the Obligations, the City agrees to comply with the additional
558 requirements to the extent necessary, in the opinion of nationally-recognized bond
559 counsel, to preserve the exemption from federal income taxation of interest on the
560 Obligations under section 103 of the Code. In furtherance of the foregoing, the Mayor,
561 the City Manager, any Assistant City Manager, the Chief Financial Officer, any Deputy
562 Financial Officer and the City Treasurer may execute any certificates or other reports
563 required by the Code and make such elections, on behalf of the City, which may be
564 permitted by the Code as are consistent with the purpose for the issuance of the
565 Obligations. In order to facilitate compliance with the above clause (i), a "Rebate Fund"
566 is hereby established by the City for the sole benefit of the United States of America, and

such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Obligations. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

The City covenants to account for on its books and records the expenditure of proceeds from the sale of the Obligations and any investment earnings thereon to be used to finance the Property described in Schedule I by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (a) the expenditure on a Property is made or (b) the acquisition of the Property is completed. The City shall not expend such proceeds or investment earnings more than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Obligations or (b) the date the Obligations are retired, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that the expenditure will not adversely affect the tax-exempt status of the Obligations. The City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that the failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

The City covenants that the property financed or refinanced with the proceeds of the Obligations will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Obligations. The portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. The City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that the failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

PART 14. CONTINUING DISCLOSURE OBLIGATION.

(A) *Annual Reports.*

(1) The City shall provide annually to the MSRB, (A) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by PART 12 of this Ordinance, being information of the type described in the final Official Statement, including financial statements of the City if audited financial statements of the City are then available, and (B) if not provided as part of the financial information and operating data, audited financial

statements of the City, when and if available. Any financial statements to be provided shall be (x) prepared in accordance with the accounting principles described in the final Official Statement, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the final Official Statement, and (y) audited, if the City commissions an audit of the financial statements and the audit is completed within the period during which they must be provided. If the audit of financial statements is not complete within 12 months after any fiscal year end, then the City shall file unaudited financial statements within the 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on the financial statements becomes available.

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

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

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

- (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 Obligations, or other material events affecting the tax status of the Obligations;

- (7) Modifications to rights of holders of the Obligations, if material;
- (8) Obligation calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Obligations, 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;
- (14) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
- (15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Obligated Person, and which reflect financial difficulties.

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

As used in clause (xii) 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 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

675 governmental authority having supervision or jurisdiction over substantially all of the
676 assets or business of the City.

677 As used in clauses (xv) and (xvi) above, the term "Financial Obligation" means: (i)
678 a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged
679 as security or a source of payment for, an existing or planned debt obligation; or (iii) a
680 guarantee of (i) or (ii); however, the term Financial Obligation shall not include
681 Municipal Securities as to which a final official statement has been provided to the
682 MSRB consistent with the Rule; the term "Municipal Securities" means securities which
683 are direct obligations of, or obligations guaranteed as to principal or interest by, a state or
684 any political subdivision thereof, or any agency or instrumentality of a state or any
685 political subdivision thereof, or any municipal corporate instrumentality of one or more
686 states and any other Municipal Securities described by Section 3(a)(29) of the Securities
687 Exchange Act of 1934, as the same may be amended from time to time; and the term
688 "Obligated Person" means the City.

689
690 (C) *Limitations, Disclaimers, and Amendments.* The City shall be obligated to
691 observe and perform the covenants named in this PART for only so long as the City
692 remains an "obligated person" with respect to the Obligations within the meaning of the
693 Rule, except that the City will give written notice of any deposit made in accordance with
694 this Ordinance, or applicable law, that causes any Obligation no longer to be outstanding.

695 The provisions of this PART are for the sole benefit of the holders and beneficial
696 owners of the Obligations, and nothing in this PART, express or implied, shall give any
697 benefit or any legal or equitable right, remedy, or claim to any other person. The City
698 undertakes to provide only the financial information, operating data, financial statements,
699 and notices which it has expressly agreed to provide pursuant to this PART and does not
700 undertake to provide any other information that may be relevant or material to a complete
701 presentation of the City's financial results, condition, or prospects or to update any
702 information provided in accordance with this PART or otherwise, except as expressly
703 provided in this Ordinance. The City does not make any representation or warranty
704 concerning the information or its usefulness to a decision to invest in or sell Obligations
705 at any future date.

706 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE
707 HOLDER OR BENEFICIAL OWNER OF ANY OBLIGATION OR ANY OTHER
708 PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR
709 IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR
710 WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS
711 PART, BUT EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR

TORT, FOR OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

PART 15. DTC REGISTRATION

The Obligations initially shall be issued and delivered in the manner that no physical distribution of the Obligations will be made to the public, and DTC initially will act as depository for the Obligations. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered under Section 17A of the

Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, the representations of DTC. The Obligations initially authorized by this Ordinance intended to be held by DTC shall be delivered to and registered in the name of Cede & Co., the nominee of DTC. It is expected that DTC will hold the Obligations on behalf of the Purchasers and their participants. So long as each Obligation is registered in the name of Cede & Co., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner. It is expected that DTC will maintain a book-entry system, which will identify ownership of the Obligations in Authorized Denominations, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Obligations initially deposited with DTC shall be immobilized and not be further exchanged for substitute Obligations except as set forth in this Ordinance. The City and the Paying Agent/Registrar are not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Obligations. It shall be the duty of the DTC Participants, as defined in the Official Statement, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Obligations, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Obligations is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Obligations will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for the Obligations. In connection with the initial establishment of the foregoing book-entry system with DTC, the City has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

PART 16. DEFEASANCE

(A) *Defeased Obligations.* Any Obligation will be treated as a Defeased Obligation, except to the extent provided in subsection (d) of this PART, when payment of the principal of the Obligation, plus interest to the due date (whether the due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of this Ordinance, or (ii) shall have been provided for on or before the due date by irrevocably depositing with or making available to the Paying Agent/Registrar or any commercial bank or trust company authorized to serve as escrow agent for the Obligation in accordance with a Future Escrow Agreement for the payment of the Obligation (1) lawful money of the United States of America sufficient to make the

788 payment or (2) Defeasance Securities to mature as to principal and interest in the amounts
789 and at the time as will ensure the availability, without reinvestment, of sufficient money
790 to provide for the payment, and when proper arrangements have been made by the City
791 with the Paying Agent/Registrar for the payment of its services until all Defeased
792 Obligations shall have become due and payable. There shall be delivered to the Paying
793 Agent/Registrar a certificate of a qualified financial professional or a report from a firm
794 of certified public accountants evidencing the sufficiency of the deposit made pursuant to
795 clause (ii) above. The Paying Agent/Registrar shall also receive an opinion of bond
796 counsel acceptable to the City that reflects this payment does not adversely affect the
797 exclusion under the Code of interest on the Defeased Obligations from the gross income
798 of the holders for federal income taxation purposes. At the time as an Obligation shall be
799 considered to be a Defeased Obligation, the Obligation and the interest on that Obligation
800 shall no longer be secured by, payable from, or entitled to the benefits of the ad valorem
801 taxes levied and pledged as provided in this Ordinance, and the principal and interest
802 shall be payable solely from the money or Defeasance Securities.

803 (B) *Investment in Defeasance Securities.* Any funds deposited with the Paying
804 Agent/Registrar may at the written direction of the City be invested in Defeasance
805 Securities, maturing in the amounts and times as set forth in this Ordinance, and all
806 income from these Defeasance Securities received by the Paying Agent/Registrar that is
807 not required for the payment of the Obligations and interest, with respect to which money
808 has been deposited, shall be turned over to the City, or deposited as directed in writing by
809 the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance
810 Securities are held for the payment of Defeased Obligations may contain provisions
811 permitting the investment or reinvestment of the moneys in Defeasance Securities or the
812 substitution of other Defeasance Securities upon the satisfaction of the requirements
813 described in subsections (a) (i) or (ii) of this PART. All income from the Defeasance
814 Securities received by the Paying Agent/Registrar which is not required for the payment
815 of the Defeased Obligations, with respect to which money has been so deposited, shall be
816 remitted to the City or deposited as directed in writing by the City. The Paying
817 Agent/Registrar shall not be liable for any loss pertaining to an investment executed in
818 accordance with written instructions from the City.

819 (C) *Paying Agent/Registrar Services.* Until all Defeased Obligations shall have
820 become due and payable, the Paying Agent/Registrar shall perform the services of Paying
821 Agent/Registrar for the Defeased Obligations as if they had not been defeased, and the
822 City shall make proper arrangements to provide and pay for the services as required by
823 this Ordinance.

824 (D) *Selection of Obligations for Defeasance.* In the event that the City elects to
825 defease less than all of the principal amount of Obligations of a maturity, the Paying

Agent/Registrar shall select, or cause to be selected, the amount of Obligations by the random method as it considers fair and appropriate.

PART 17. DEFAULT AND REMEDIES

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

(1) the failure to pay the principal of or interest on any Obligation when it becomes due and payable; or

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

(B) *Remedies for Default.*

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

(2) All default proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of outstanding Obligations.

(C) *Remedies Not Exclusive.*

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

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

859 (3) By accepting the delivery of an Obligation authorized under this
860 Ordinance, the Registered Owner agrees that the certifications required to effect
861 any covenants or representations contained in this Ordinance do not and shall
862 never constitute or give rise to a personal or pecuniary liability or charge against
863 the officers or employees of the City or Council.

864 (4) None of the members of Council, nor any other official or officer,
865 agent, or employee of the City, shall be charged personally by the Registered
866 Owners with any liability, or be held personally liable to the Registered Owners
867 under any term or provision of this Ordinance, or because of any Event of Default
868 or alleged Event of Default under this Ordinance.

869 **PART 18. OFFICIALS MAY ACT ON BEHALF OF THE CITY**

870 (A) The Mayor, the Mayor Pro Tem, the City Clerk, the City Manager, any
871 Assistant City Manager, the Chief Financial Officer, or any Deputy Chief Financial
872 Officer, and all other officers, employees, and agents of the City, and each of them, shall
873 be authorized, empowered, and directed to do and perform all acts and things and to
874 execute, acknowledge, and deliver in the name and under the seal and on behalf of the
875 City all instruments as may be necessary or desirable in order to carry out the terms and
876 provisions of this Ordinance, the Obligations, the Official Bid Form, the offering
877 documents prepared in connection with the sale of the Obligations, or the Paying
878 Agent/Registrar Agreement. In case any officer whose signature appears on any
879 Obligation shall stop being the officer before the delivery of the Obligation, the signature
880 shall nevertheless be valid and sufficient for all purposes as if he or she had remained in
881 office until the delivery.

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

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

PART 19. RULES OF CONSTRUCTION

For all purposes of this Ordinance, unless the context requires otherwise, all references to designated PARTS and other subdivisions are to the PARTS and other subdivisions of this Ordinance. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person shall mean that party and his or her successors and assigns. Any duty, responsibility, privilege, power or authority conferred by this Ordinance upon an official or officer shall extend to an individual who occupies such office in an interim, acting or provisional capacity. References to any constitutional, statutory or regulatory provision means the provision as it exists on the date this Ordinance is adopted by the City. Any reference to "Form of Obligation" refers to the form of the Obligations in Exhibit A to this Ordinance. The titles and headings of the PARTS and subsections of this Ordinance have been inserted for convenience of reference only and are not a part of this Ordinance and shall not in any way modify or restrict any of its terms or provisions.

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EXHIBIT A

Form of Obligation

NO. R-__

\$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
PUBLIC PROPERTY FINANCE
CONTRACTUAL OBLIGATION, SERIES 2021

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

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

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

_____ DOLLARS

and to pay interest thereon, from the Dated Date specified above, to the Maturity Date specified above at the rate of interest per annum specified above, with said interest being payable on May 1, 2022, and semiannually on each November 1 and May 1 thereafter; except that if the Paying Agent/Registrar’s Authentication Certificate appearing on the face of this Obligation is dated later than May 1, 2022, such interest is payable semiannually on each November 1 and May 1 following such date.

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

THE PRINCIPAL OF AND INTEREST ON this Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Obligation at maturity at the designated corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”) of U.S. Bank National Association, which is the “Paying Agent/Registrar” for this Obligation. The payment of interest on this Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the record date, which is the 15th day of the month next preceding such interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by

United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity of this Obligation prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Obligation for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Obligation that no later than each principal payment and/or interest payment date for this Obligation it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the ordinance authorizing the Obligations (the "Ordinance") the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Obligations, when due.

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

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

THIS OBLIGATION is one of a series of Obligations of like tenor and effect except as to number, principal amount, interest rate and maturity, dated as of the Dated Date specified above, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$31,930,000, for the purpose of (i) paying all or a portion of the City's contractual obligations to be incurred in connection with the acquisition, purchase or financing of personal property, and (ii) paying the costs of issuance associated with the sale of the Obligations, as described in the Ordinance, in accordance with the provisions of the Public Property Finance Act, Section 271.001, et seq., Local Government Code.

ALL OBLIGATIONS OF THIS SERIES are issuable solely as fully registered obligations, without interest coupons, in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination"). As provided in the Ordinance, this Obligation may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered obligations, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing

interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Obligation to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Obligation must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Obligation or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Obligation or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Obligation may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Obligation or any portion or portions hereof from time to time by the registered owner. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Obligation or portion thereof. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Obligation or Obligations or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege.

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

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Obligation, and the series of which it is a part, is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of this series of Obligations, and of this Obligation, have been properly done and performed and have happened in regular and due time, form and manner as required by law; that sufficient and proper provision for the levy and collection of ad valorem taxes has been made, which, when collected, shall be appropriated exclusively to the payment of this Obligation and the series of which it is a part; and that the total indebtedness of the City of Austin, Texas, including the entire series of Obligations of which this is one, does not exceed any constitutional or statutory limitation.

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

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

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

Steve Adler,
Mayor, City of Austin, Texas

(SEAL)

* * * * *

DRAFT

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated: _____

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

By: _____
Authorized Representative

* * * * *

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

OFFICE OF COMPTROLLER :
STATE OF TEXAS :

REGISTER NO. _____

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

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

Comptroller of Public Accounts of the
State of Texas

(SEAL)

* * * * *

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer Identification Number of Transferee

/ _____/

(please print or typewrite name and address, including zip code of Transferee)

the within Obligation and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Obligation on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Obligation in every particular, without alteration or enlargement or any change whatsoever.

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

- (i) immediately under the name of the note the headings "Maturity Date", "Interest Rate", "Dated Date" and "Cusip" shall be omitted; and
- (ii) Paragraph one shall read as follows:

Registered Owner:

Principal Amount: Thirty-One Million Nine Hundred Thirty Thousand Dollars

Dated Date: October __, 2021

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

| <u>Maturity</u> | <u>Principal Amount (\$)</u> | <u>Interest Rate (%)</u> |
|------------------|------------------------------|--------------------------|
| May 1, 2022 | | |
| November 1, 2022 | | |
| May 1, 2023 | | |
| November 1, 2023 | | |
| May 1, 2024 | | |
| November 1, 2024 | | |
| May 1, 2025 | | |
| November 1, 2025 | | |
| May 1, 2026 | | |
| November 1, 2026 | | |
| May 1, 2027 | | |
| November 1, 2027 | | |
| May 1, 2028 | | |
| November 1, 2028 | | |

and to pay interest thereon, from the Dated Date specified above, to the Maturity Date specified above at the rate of interest per annum specified above, with said interest being payable on May 1, 2022, and semiannually on each November 1 and May 1 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Obligation is dated later than May 1, 2021, such interest is payable semiannually on each November 1 and May 1 following such date.

SCHEDULE I

DESCRIPTION OF PERSONAL PROPERTY TO BE FINANCED

[illegible]