

ORDINANCE NO. O-2016-3688

**ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE
SERIES OF CITY OF ROUND ROCK, TEXAS HOTEL OCCUPANCY TAX REVENUE
REFUNDING BONDS; APPROVING AND AUTHORIZING AN OFFICIAL
STATEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, A BOND PURCHASE
AGREEMENT, AN ESCROW AGREEMENT AND OTHER RELATED DOCUMENTS;
ESTABLISHING THE PROCEDURES FOR SELLING AND DELIVERING THE
BONDS; AND AUTHORIZING OTHER MATTERS RELATING TO THE BONDS**

Adopted August 18, 2016

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STATE OF TEXAS ,
COUNTIES OF TRAVIS AND WILLIAMSON ,
CITY OF ROUND ROCK ,

WHEREAS, the City Council of the City of Round Rock, Texas (the "City") deems it advisable and in the best interests of the City to refund the Refunded Obligations (as defined in Exhibit "A" hereto) in order to achieve a net present value debt service savings of not less than 3.0% of the principal amount of the Refunded Obligations net of any City contribution with such savings, among other information and terms to be included in a pricing certificate to be executed by the City Manager, acting as the designated pricing officer of the City, or, in the absence of the City Manager, the Chief Financial Officer, all in accordance with the provisions of Chapter 1207, Texas Government Code, as amended ("Chapter 1207") and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"); and

WHEREAS, Chapter 1207 and Chapter 1371 authorize the City to issue one or more series of refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations or with a trust company or commercial bank that does not act as depository for the City, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the City to enter into an escrow agreement with a paying agent for the Refunded Obligations or with a trust company or commercial bank that does not act as depository for the City with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such escrow agent may agree, provided that such deposits may be invested and reinvested in Escrowed Securities (as defined herein); and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by Chapter 1207; and

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized: and

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance was adopted was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROUND ROCK, TEXAS THAT:

Section 1. DEFINITIONS. For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Exhibit "A" to this Ordinance have the meanings assigned to them in Exhibit "A".

Section 2. AMOUNT AND PURPOSE OF THE BONDS. The Bond or Bonds of the City further described in Section 3(a) of this Ordinance and herein defined as the Bonds are hereby authorized to be issued and delivered in the aggregate principal amount not to exceed \$5,100,000 for the purpose of (i) refunding the Refunded Obligations and (ii) paying the costs associated with the issuance of the Bonds.

Section 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND TERMS OF THE BONDS. (a) Each bond issued pursuant to this Ordinance for the purpose described in Section 2 of this Ordinance shall be designated: "**CITY OF ROUND ROCK, TEXAS HOTEL OCCUPANCY TAX REVENUE REFUNDING BOND, SERIES 2016**".

(b) There initially shall be issued, sold and delivered under this Ordinance fully registered bonds, without interest coupons, which may be in the form of Current Interest Bonds or Premium Compound Interest Bonds, numbered consecutively from R-1 upward, in the case of Current Interest Bonds, and from PC-1 upward, in the case of Premium Compound Interest Bonds (except the Initial Bond delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TPC-1 respectively) payable to the initial registered owner(s) (as designated in subsection (c) of this section), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "Registered Owner" or the "Owner"), in the denomination of \$5,000 or any integral multiple thereof maturing not later than December 1, 2024, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Pricing Certificate to be executed and delivered by the Pricing Officer pursuant to subsection (c) of this section. The Bonds shall be designated by the year in which the Bonds are awarded as set forth in the Pricing Certificate. The authority of the Pricing Officer to execute and deliver a Pricing Certificate for one or more series of the Bonds shall expire at 5:00 P.M. central daylight savings time on August 18, 2017. Bonds priced on or before August 18, 2017 may close after such date.

(c) As authorized by Chapter 1207.007, Texas Government Code, as amended, and Chapter 1371, the Pricing Officer is hereby authorized to act on behalf of the City in selling and delivering one or more series of the Bonds, determining which of the Refundable Obligations shall be refunded and constitute Refunded Obligations under this Ordinance and carrying out the other procedures specified in this Ordinance, including determining and fixing the Bonds as Taxable Bonds or Tax-Exempt Bonds, the date of each series of the Bonds, any additional or different designation or title by which each series of the Bonds shall be known, the price at which one or

more series of the Bonds will be sold, the years in which one or more series of the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of Current Interest Bonds and Premium Compound Interest Bonds, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which each series of the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of each series of the Bonds and the refunding of the Refunded Obligations, all of which shall be specified in each Pricing Certificate; provided that (i) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) none of the Bonds shall bear interest at a rate, or yield in the case of Premium Compound Interest Bonds, greater than the maximum authorized by law, and (iii) the refunding must produce a net present value debt service savings of at least 3.0% of the principal amount of the Refunded Obligations, net of any City contribution. In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not to exceed the amount authorized in Section 2, which shall be sufficient to provide for the purposes for which the Bonds are authorized and to pay the costs of issuing the Bonds.

In satisfaction of Section 1201.022(a)(3), Texas Government Code, the City Council hereby determines that the delegation of the authority to the Pricing Officer to approve the method of sale and final terms and conditions of each series of the Bonds as set forth in this Ordinance is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated in each Pricing Certificate will be, in the City's best interest and shall have the same force and effect as if such determination were made by the City Council, and the Pricing Officer is hereby authorized to make and include in each Pricing Certificate an appropriate finding to that effect. Each Pricing Certificate is hereby incorporated by reference into and made a part of this Ordinance.

(d) To achieve advantageous borrowing costs for the City, each series of the Bonds shall be sold on a negotiated, placement or competitive basis as determined by the Pricing Officer in each Pricing Certificate. In determining whether to sell each series of the Bonds by a negotiated, placement or competitive sale, the Pricing Officer shall take into account the financial condition of the City, any material disclosure issues which might exist at the time, the market conditions expected at the time of the sale and any other matters which, in the judgment of the Pricing Officer, might affect the net borrowing costs on each series of the Bonds.

If the Pricing Officer determines that a series of the Bonds should be sold at a competitive sale, the Pricing Officer shall cause to be prepared a notice of sale and official statement in such manner as the Pricing Officer deems appropriate, to make the notice of sale and official statement available to those institutions and firms wishing to submit a bid for the Bonds, to receive such bids, and to sell the Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale.

If the Pricing Officer determines that a Series of the Bonds should be sold by a negotiated sale or placement, the Pricing Officer shall designate the placement purchaser or the senior managing underwriter for the Bonds and such additional investment banking firms as the Pricing Officer deems appropriate to assure that the Bonds are sold on the most advantageous terms. The

Pricing Officer, acting for and on behalf of the City, is authorized to enter into and carry out a bond purchase contract or other agreement for the Bonds to be sold by negotiated sale or placement at such price, with and subject to such terms as determined by the Pricing Officer pursuant to subsection (c) above. Each bond purchase contract or other agreement shall be substantially in the form and substance previously approved by the City in connection with previous refunding with such changes as the Pricing Officer executing the same may approve, such approval to be received by execution of such contract or agreement including any provisions determined to be necessary by the Pricing Officer and Bond Counsel in the event that such Series of Bonds is being sold in a forward delivery transaction.

(e) The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in this Ordinance to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Premium Compound Interest Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded on the Compounding Dates as set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Premium Compound Interest Bonds are to be issued, shall be the Accretion Table. The Accreted Value with respect to any date other than a Compounding Date is the amount set forth on the Accretion Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Accretion Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

(f) The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BONDS set forth in Exhibit "B" to this Ordinance and in the Pricing Certificate.

(g) In the event that any date for payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due.

(h) The term "Bonds" as used in this Ordinance shall mean and include the Bonds initially issued and delivered pursuant to this Ordinance and all substitute Bonds exchanged therefor, as

well as all other substitute Bonds and replacement Bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 4. REDEMPTION AND NOTICE OF REDEMPTION AND DEFEASANCE. (a) The City reserves the right to and shall redeem the Bonds on the dates and in the manner set forth in the FORM OF BOND set forth in Exhibit "B" to this Ordinance and the Pricing Certificate.

(b) Unless waived by any Owner of the Bonds to be redeemed, the Chief Financial Officer shall give notice of redemption or defeasance to the Paying Agent/Registrar at least thirty-five (35) days prior to a redemption date in the case of a redemption (unless a lesser period is acceptable to the Paying Agent/Registrar) and on the defeasance date in the case of a defeasance and the Paying Agent/Registrar shall give notice of redemption or of defeasance of Bonds by mail, first-class postage prepaid at least thirty (30) days prior to a redemption date and within thirty (30) days after a defeasance date to each Owner and to the central post office or each registered securities depository and to any national information service that disseminates such notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the central post office or registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the Owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

(c) Each notice of redemption or defeasance, whether required in the FORM OF BOND or in this section, shall contain a description of the Bonds to be redeemed or defeased including the complete name of the Bonds, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption or defeasance, the redemption price, if any, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed or paid, including a contact person and telephone number.

(d) With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

(e) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

(f) The failure of any Owner of the Bonds to receive notice given as provided in this section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

(g) So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent/Registrar shall provide the notices specified in this section only to DTC. It is expected that DTC shall, in turn, notify its participants and that the participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a participant, or failure on the part of a nominee of a beneficial owner of a Bond to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bonds.

Section 5. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, and Exchange; Authentication. The Pricing Officer in the Pricing Certificate shall select an eligible institution to serve as paying agent/registrar for the Bonds (the "Paying Agent/Registrar"). The City shall keep or cause to be kept at the designated office for payment of the Paying Agent/Registrar books or records for the registration of the transfer and exchange of the Bonds (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. The Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar, in substantially the form presented to the City Council at the meeting at which this Ordinance was considered, is hereby approved and the Mayor and City Clerk of the City are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof as evidenced by their execution thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of the Bonds shall be made within three business days after request and presentation thereof. The City 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. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in Exhibit "B" to this Ordinance. Registration of assignments, transfers and exchanges of the Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth

in Exhibit "B" to this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and surrendered for transfer and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing transfer and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the preparation, execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, as amended, the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Bond shall be valid, incontestable and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, 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 Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in Exhibit "B" to this Ordinance and the Pricing Certificate. The Bonds initially issued and delivered pursuant to this Ordinance are not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity; however, the Paying Agent/Registrar may be separate entities. The City reserves the right to, and may, at its option and to the extent permitted by law, (i) act in the capacity of Paying Agent/Registrar or (ii) change the Paying Agent/Registrar upon not less

than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will assume the duties or will appoint a competent and legally qualified bank, trust company, financial institution or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Bonds issued in exchange for the Bonds initially issued as provided in Section 6 shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, but to the extent permitted by law, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on

the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the City determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the City shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations of the City to DTC.

(h) DTC Letter of Representation. The officers of the City have previously executed a Blanket Letter of Representations for and on behalf of the City and the City acknowledges the use of such Blanket Letter with DTC in establishing the Book-Entry-Only System with respect to the Bonds.

Section 6. INITIAL BOND. The Bonds herein authorized shall initially be issued as a fully registered bond, being one bond (hereinafter called the "Initial Bond"). The Initial Bond shall be registered in the name of the initial purchaser of the Bonds or the designees thereof as set forth in the Pricing Certificate. The Initial Bond shall be submitted to the Office of the Attorney General of the State of Texas for approval and registration by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser thereof. Immediately after the delivery of the Initial Bond on the closing date, the Registrar shall cancel the Initial Bond and exchange therefor Bonds in the form of a separate single fully-registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and, except as provided in Section 5(f), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

Section 7. FORM OF BOND. The form of each Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially in the form set forth in Exhibit "B" hereto and the Pricing Certificate, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

Section 8. SECURITY OF BONDS AND ADDITIONAL PARITY OBLIGATIONS AND PLEDGE OF PLEDGED REVENUES. The Bonds shall be entitled to the security and benefits of this Ordinance. The City hereby covenants and agrees that the Pledged Revenues are hereby irrevocably pledged to the payment and security of the Bonds, the Outstanding Parity Obligations and any Additional Parity Obligations. Any Additional Parity Obligations may be further secured and payable from reserve and pledged funds as provided in the Supplemental Ordinance authorizing any such Additional Parity Obligations. The Parity Obligations, and the interest thereon, shall constitute a lien on and pledge of the Pledged Revenues and the lien is hereby created on the Pledged Revenues for the payment and security of the Parity Obligations which lien shall be superior to the lien on and pledge of the Pledged Revenues securing payment of any Subordinate Lien Obligations hereafter issued by the City.

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

Section 9. SPECIAL FUNDS. The creation of the Revenue Fund, the Debt Service Fund and the Reserve Fund for the benefit of the Holders of Parity Obligations are hereby confirmed. The creation of the Escrow Fund as provided in the Escrow Agreement is hereby authorized.

Section 10. REVENUE FUND AND DEBT SERVICE FUND. (a) Revenue Fund. The City hereby covenants and agrees that while any Parity Obligations are outstanding the Pledged Revenues shall be deposited and credited to the Revenue Fund as provided in this Ordinance.

(b) Debt Service Fund. Money in the Debt Service Fund shall be used to pay the principal of, redemption premium, if any, and interest on the Parity Obligations as the same become due and payable. Money in this fund is pledged to secure the equal and ratable payment of all Parity Obligations. Accrued interest and capitalized interest, if any, received from the initial purchaser of any Parity Obligations shall be taken into consideration and reduce the amount of the deposits and credits required to be deposited into the Debt Service Fund.

Section 11. FLOW OF FUNDS. All Pledged Revenues deposited and credited to the Revenue Fund shall be pledged and appropriated to the extent required and in the priority as set forth below.

FIRST: to the payment of the amounts required to be deposited in the Debt Service Fund for the payment of principal of, premium, if any, and interest on the Parity Obligations as the same become due and payable (whether at Stated Maturity or upon redemption). The City shall deposit into the Debt Service Fund an amount equal to 100% of the amount required to pay fully the next scheduled interest and principal and redemption payments for the Parity Obligation coming due in such year.

SECOND: pro rata to the payment of the amounts required to be deposited to (a) the Reserve Fund confirmed by this Ordinance to accumulate and maintain the Required Reserve Amount and (b) each other reserve fund created and established to maintain a reserve in accordance with the provisions of any Supplemental Ordinance relating to the issuance of any Additional Parity Obligations hereafter issued by the City.

THIRD: to the payment of Subordinate Lien Obligations.

FOURTH: all remaining Pledged Revenues shall be transferred to the Revenue Fund to be used for any lawful purpose.

If on any occasion there shall not be sufficient Pledged Revenues (after making all payments pertaining to all Parity Obligations) to make the required deposits and credits to the Debt Service Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Pledged Revenues and such deposits and credits shall be in addition to the amounts otherwise required to be deposited and credited to these Funds.

Subject to making the deposits and credits required by this Ordinance, or any Supplemental Ordinance authorizing the issuance of Additional Parity Obligations, or the payments and credits required by the provisions of the ordinances authorizing the issuance of Subordinate Lien Obligations hereafter issued by the City, the excess Pledged Revenues may be used for any lawful purpose.

Section 12. RESERVE FUND. (a) To accumulate and maintain a reserve for the payment of any Parity Obligations equal to the Average Annual Debt Service Requirements of the Parity Obligations (calculated by the City at the beginning of each Fiscal Year or as otherwise provided in this Ordinance) (the "Required Reserve Amount"), the Reserve Fund has been established and shall be maintained by the City. Earnings and income derived from the investment of amounts held for the credit of the Reserve Fund shall be retained in the Reserve Fund until the Reserve Fund contains the Required Reserve Amount; thereafter, such earnings and income shall be deposited to the credit of the Revenue Fund. No deposit to the Reserve Fund will be required from the proceeds of the Bonds, because at closing the Reserve Fund will contain the Required Reserve Amount without the need for any such deposit. All funds, investments and Reserve Fund Obligations on deposit and credited to the Reserve Fund to the extent not in excess of the Required Reserve Amount shall be used solely for (i) the payment of the principal of and interest on the

Parity Obligations, when and to the extent other funds available for such purposes are insufficient, (ii) to make Reserve Fund Obligation payments and (iii) to retire the last Stated Maturity or Stated Maturities of or interest on the Parity Obligations.

(b) When and for so long as the cash, investments and Reserve Fund Obligations in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount, the City covenants and agrees that the City shall cure the deficiency in the Reserve Fund by resuming the deposits to such Fund from the Pledged Revenues by monthly deposits and credits in amounts equal to not less than 1/60th of the Required Reserve Amount with any such deficiency payments being made on or before each interest payment date until the Required Reserve Amount has been fully restored; provided, however, that no such deposits shall be made into the Reserve Fund during any six month period beginning on an interest payment date until there has been deposited into the Debt Service Fund the full amount required to be deposited therein by the next following semi-annual payment date, as the case may be. In addition, in the event that a portion of the Required Reserve Amount is represented by a Reserve Fund Obligation, the Required Reserve Amount shall be restored as soon as possible from monthly deposits of Pledged Revenues on deposit in the Revenue Fund, but subject to making the full deposits and credits to the Debt Service Fund required to be made by the next following interest payment date, as the case may be. The City further covenants and agrees that, subject only to the prior deposits and credits to be made to the Debt Service Fund, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount, including by paying Reserve Fund Obligation Payments when due, and to cure any deficiency in such amounts as required by the terms of this Ordinance.

During such time as the Reserve Fund contains the Required Reserve Amount, or any cash is replaced with a Reserve Fund Obligation pursuant to subsection (c) below, the City may, at its option, withdraw all surplus funds in the Reserve Fund and deposit such surplus in the Debt Service Fund or otherwise use such amount in any manner permitted by law.

(c) A Reserve Fund Obligation issued in an amount equal to all or part of the Required Reserve Amount for the Parity Obligations may be used in lieu of depositing cash into the Reserve Fund. In addition, a Reserve Fund Obligation may be substituted for monies and investments in the Reserve Fund if the substitution of the Reserve Fund Obligation will not, in and of itself, cause any ratings then assigned to the Parity Obligations by any rating agency to be lowered and the ordinance authorizing the substitution of the Reserve Fund Obligation for all or part of the Required Reserve Amount contains a finding that such substitution is cost effective.

(d) A Reserve Fund Obligation permitted under (a) above, must be in the form of a surety bond or insurance policy meeting the requirements described below.

(1) (i) A surety bond or insurance policy issued to the Paying Agent/Registrar, as agent of the Holders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Parity Obligations (a "municipal bond insurer") if the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa", respectively, by S&P and Moody's, or (ii) a surety bond or insurance policy issued to the Paying

Agent/Registrar, as agent of the Holders, by an entity other than a municipal bond insurer, if the form and substance of such instrument and the issuer thereof shall be approved in writing by each Bond Insurer of record.

(2) The obligation to reimburse the issuer of a Reserve Fund Obligation for any claims or draws upon such Reserve Fund Obligation in accordance with its terms, including expenses incurred in connection with such claims or draws, to the extent permitted by law, (a Reserve Fund Obligation Payment) shall be made from the deposits made to the Reserve Fund as provided in this section. The Reserve Fund Obligation shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund Obligation to reimbursement will be subordinated to the cash replenishment of the Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Fund Obligation and the amount then available for further draws or claims. In the event (a) the issuer of a Reserve Fund Obligation becomes insolvent, or (b) the issuer of a Reserve Fund Obligation defaults in its payment obligations thereunder, or (c) the claims paying ability of the issuer of the insurance policy or surety bond falls below "AAA" or "Aaa", by S&P and Moody's, respectively, the obligation to reimburse the issuer of the Reserve Fund Obligation shall be subordinated to the cash replenishment of the Reserve Fund.

(3) In the event (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated, or (b) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below "AAA" or "Aaa", by S&P and Moody's, respectively, the City shall either (i) deposit into the Reserve Fund, in accordance with this section, an amount sufficient to cause the cash or investments credited to the Reserve Fund to accumulate to the Required Reserve Amount, or (ii) replace such instrument with a surety bond or insurance policy meeting the requirements of 1 and 2 above, within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" by S&P and Moody's, or (b) the issuer of the Reserve Fund Obligation defaults in its payment obligations hereunder, or (c) the issuer of the Reserve Fund Obligation becomes insolvent, the City shall either (i) deposit into the Reserve Fund, in accordance with this section, amounts sufficient to cause the cash or investments on deposit in the Reserve Fund to accumulate to the Required Reserve Amount, or (ii) replace such instrument with a surety bond or insurance policy meeting the requirements of 1 and 2 above within six months of such occurrence.

(4) The Paying Agent/Registrar shall ascertain the necessity for a claim or draw upon any Reserve Fund Obligation and provide notice to the issuer of the Reserve Fund Obligation in accordance with its terms not later than three days (or such appropriate time period as will, when combined with the timing of required payment under the Reserve Fund Obligation, ensure payment under the Reserve Fund Obligation on or before the interest payment date) prior to each date upon which the principal of or interest on the Parity Obligations will be due.

It is recognized that a Reserve Fund Obligation may be issued which is payable only with respect to a part of the Bonds or Parity Obligations with the remainder of the Required Reserve Amount being satisfied by monies and investments and in that case any draws upon the Reserve Fund will have to be made on a pro-rata basis. Therefore, (i) draws upon one or more such Reserve Fund Obligations shall be made on a pro-rata basis with cash and investments available in the Reserve Fund and (ii) deposits and credits to the Reserve Fund to restore it to the Required Reserve Amount shall be utilized on a pro-rata basis to pay Reserve Fund Obligation Payments to reimburse the issuers of the Reserve Fund Obligations, thus restoring that part of the Required Reserve Amount, and to restore with cash and investments the balance of the Required Reserve Amount.

Section 13. APPLICATION OF BOND PROCEEDS AND OTHER FUNDS.

Proceeds from the sale of the Bonds, and any contribution from the City, will be disbursed in accordance with this section as follows:

(i) Moneys received from the initial purchasers of the Bonds representing accrued interest, if any, on the Bonds from their dated date to the date of their actual delivery shall be deposited into the Debt Service Fund.

(ii) Moneys necessary to defease and redeem the Refunded Obligations shall be deposited into the Escrow Fund.

(iii) Any remaining Bond proceeds after making the other deposits shall be used to pay costs of issuance of the Bonds.

Section 14. INVESTMENT OF FUNDS - VALUATION - TRANSFER OF INVESTMENT INCOME - SECURITY OF FUNDS. Moneys in all funds, accounts and subaccounts established pursuant to this Ordinance and any supplement or ordinance will be held uninvested or invested and secured in the manner prescribed by State law for such funds and in accordance with the applicable supplement or ordinance and written policies adopted by the City. The investments of each account and subaccount shall be made under conditions that will timely provide money sufficient to satisfy the City's obligations hereunder and under any supplement. Money in all funds, accounts and subaccounts established pursuant to this Ordinance and any supplement or ordinance may be combined for investment purposes, as directed by the City. Such treatment does not constitute a commingling of the money in such accounts and subaccounts and the City shall keep or cause to be kept full and complete records indicating the money, investments and securities credited to each such account and subaccount. Any profits or losses from investments shall be credited or charged, respectively, on a pro rata basis among the accounts and other sources of money from which such investment was made.

Section 15. GENERAL COVENANTS. The City further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in any ordinance authorizing the issuance of

Parity Obligations, including this Ordinance, and in each and every Parity Obligation; it will promptly pay or cause to be paid the principal of and interest on every Parity Obligation on the dates and in the places and manner prescribed in such ordinances, indentures and obligations; and it will, at the times and in the manner prescribed, deposit and credit or cause to be deposited and credited the amounts required to be deposited and credited to the Funds as provided in this Ordinance.

(b) City's Legal Authority. It is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special obligations of the City payable in accordance with their terms.

(c) Title. It has lawful title to the lands, buildings, structures and facilities constituting the Convention Center Complex, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, against the claims and demands of all persons whomsoever; that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Bonds and Additional Parity Obligations in the manner prescribed herein, and has lawfully exercised such rights.

(d) Further Encumbrance. While the Parity Obligations are outstanding and unpaid, it will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional Parity Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance and the ordinances authorizing other Parity Obligations; but the right of the City to issue or incur obligations payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(e) Sale or Disposal of Property. While the Parity Obligations are outstanding and unpaid, it will not sell, convey, mortgage, encumber, lease or in any manner transfer title to, or otherwise dispose of the Convention Center Complex except as set forth in the Lease Agreement.

(f) Insurance. (1) General. It shall cause to be insured such parts of the Convention Center Complex as would usually be insured by municipal corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by municipal corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney of the City gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance, provided, however, the City shall not be obligated to provide liability insurance so long as the Lease Agreement or similar lease is in effect. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the Holders and their representatives at all reasonable times. Upon the happening of any loss or damage covered by

insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property are hereby pledged as security for the Parity Obligations and, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the Convention Center Complex shall be used promptly as follows:

- (i) for the redemption prior to maturity of the Parity Obligations, ratably in the proportion that the Outstanding principal of each series of Parity Obligations bears to the total Outstanding principal of all Parity Obligations, provided that if on any such occasion the principal of any such series is not subject to redemption, it shall not be regarded as Outstanding in making the foregoing computation; or
- (ii) if none of the Outstanding Parity Obligations is subject to redemption, then for the purchase on the open market and retirement of said Parity Obligations in the same proportion as prescribed in the foregoing clause (i), to the extent practicable; provided that the purchase price for any Parity Obligation shall not exceed the redemption price of such Parity Obligation on the first date upon which it becomes subject to redemption; or
- (iii) to the extent that the foregoing clauses (i) and (ii) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at a Depository of the City, to be designated the Insurance Fund. The Insurance Fund shall be held until such time as the foregoing clauses (i) and/or (ii) can be complied with, or until other funds become available which, together with the Insurance Fund, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(2) Coinsurance. The foregoing provisions of (1) above notwithstanding, the City shall have authority to enter into coinsurance or similar plans where risk of loss is shared in whole or in part by the City.

(3) Audit. The annual audit hereinafter required shall contain a note commenting on whether or not the City has complied with the requirements of this section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(4) Source of Payment. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the Hotel Tax, but nothing herein shall be construed as preventing the City from doing so.

(g) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the Convention Center Complex, and which have been obtained from any governmental agency; and

the City has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the Convention Center Complex.

(h) Collections and Rates. While the Parity Obligations are Outstanding and unpaid, the City shall not lower or repeal the Hotel Tax and shall diligently pursue the collection of any unpaid Hotel Tax.

(i) Pledge of Hotel Tax. The pledge and establishment of the Hotel Tax shall constitute a continuing obligation of the City with respect to such establishment and a continuing appropriation of the amounts received. The City shall establish and maintain at all times the Hotel Tax in accordance with law and shall provide for the collection thereof and segregation and application of the Pledged Revenues to pay principal and interest while the Parity Obligations are Outstanding.

Section 16. RECORDS AND ACCOUNTS, ANNUAL AUDIT AND OTHER INFORMATION. The City covenants and agrees that so long as any of the Parity Obligations remain Outstanding, the City will keep and maintain a separate and complete system of records and accounts pertaining to the Pledged Revenues in which full, complete, true, proper, and correct entries shall be made of all dealings, transactions, business and affairs relating thereto, as provided by generally accepted accounting principles, consistently applied, and by other applicable law. The City further agrees that, following the close of each Fiscal Year, the City will cause an audit report of such records and accounts to be made by an Accountant. Copies of each annual audit shall be made available for public inspection during normal business hours at the City Clerk's office and shall be furnished to, upon written request, any Holder.

Section 17. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE TAX-EXEMPT BONDS. (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Tax-Exempt Bonds 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. In furtherance thereof, the City covenants as follows:

(1) to use all proceeds of the Tax-Exempt Bonds for the payment of principal, interest and redemption premium, if any, on the Refunded Obligations;

(2) to take any action to assure that no more than ten percent (10%) of the proceeds of the Tax-Exempt Bonds or the Refunded Obligations or the projects financed or refinanced 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 ten percent (10%) of the proceeds of the Tax-Exempt Bonds or the Refunded Obligations or the projects financed or refinanced therewith are so used, such 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 ten percent (10%) of the debt service on the Tax-Exempt Bonds, in contravention of section 141(b)(2) of the Code;

(3) to take any action to assure that in the event that the "private business use" described in subsection (2) hereof exceeds five percent (5%) of the proceeds of the Tax-Exempt Bonds or the Refunded Obligations or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five percent (5%) 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;

(4) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or five percent (5%) of the proceeds of the Tax-Exempt Bonds (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;

(5) to refrain from taking any action which would otherwise result in the Tax-Exempt Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(6) to refrain from taking any action that would result in the Tax-Exempt Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(7) to refrain from using any portion of the proceeds of the Tax-Exempt Bonds, 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 Tax-Exempt Bonds, other than investment property acquired with --

(A) proceeds of the Tax-Exempt Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less for current refundings and 30 days or less for advance refundings until such proceeds are needed for the purpose for which the Tax-Exempt Bonds are issued,

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

(C) amounts deposited in any reasonably required reserve or replacement funds to the extent such amounts do not exceed ten percent (10%) of the proceeds of the Tax-Exempt Bonds;

(8) to otherwise restrict the use of the proceeds of the Tax-Exempt Bonds or amounts treated as proceeds of the Tax-Exempt Bonds, as may be necessary, so that the Tax-Exempt Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

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

(b) Rebate Account. In order to facilitate compliance with the above covenant in subsection (a)(9), a "Rebate Account" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Account is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Tax-Exempt Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Tax-Exempt Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Chief Financial Officer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Tax-Exempt Bonds. This Ordinance is intended to satisfy the official intent requirements set forth in Section 1.150-2 of the Treasury Regulations.

(d) Disposition of Project. The City covenants that the property financed or refinanced by the Refunded 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 that such sale or other disposition will not adversely affect the tax-exempt status of the Tax-Exempt Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Taxable Bonds. In connection with the issuance of any Series of Taxable Bonds, the Pricing Officer may establish additional accounts or funds as necessary to distinguish Taxable Bond proceeds from Tax-Exempt Bond proceeds.

Section 18. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The City shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of any fiscal year, financial information and operating data with respect to the City as determined by the Pricing Officer at the time the Bonds are sold. The Pricing Certificate shall specify such financial and operating data of the general type included in the final Official Statement authorized by Section 29 of this Ordinance. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "D" hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide unaudited financial statements within such period, and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

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) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this section.

The financial information and operating data to be provided pursuant to this section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

(b) Certain Event Notices. The City shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material within the meaning of the federal securities laws;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;

- F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- G. Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;
- H. Bond calls, if material within the meaning of the federal securities laws and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the City;
- M. 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 within the meaning of the federal securities laws; and
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

The City shall notify the MSRB, in an electronic format as 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 section by the time required by such subsection. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with section 7.03 of this Ordinance that causes the Bonds no longer to be outstanding.

The provisions of this section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide

only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Nothing in this section 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 section 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 section, as so amended, would have permitted a purchaser to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the City so amends the provisions of this section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The 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 such provisions of the Rule are invalid, but only if and to the

extent that the provisions of this sentence would not prevent a purchaser from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 19. ISSUANCE OF ADDITIONAL PARITY OBLIGATIONS. (a) The City shall have the right and power at any time and from time to time and in one or more series or issues, to authorize, issue and deliver additional parity revenue bonds or other obligations (herein called "Additional Parity Obligations"), in accordance with law, in any amounts, for purposes of (i) any projects or purposes that are a lawful use of the Hotel Tax or (ii) refunding of any Parity Obligations or Subordinate Lien Obligations. Such Additional Parity Obligations, if and when authorized, issued and delivered in accordance with this Ordinance, shall be secured by and made payable equally and ratably on a parity with all other Outstanding Parity Obligations, from the lien on and pledge of the Pledged Revenues herein granted.

(b) The Debt Service Fund shall secure and be used to pay all Parity Obligations. However, each ordinance under which Additional Parity Obligations are issued shall provide and require that, in addition to the amounts required by the provisions of this Ordinance, the provisions of any ordinance authorizing any Outstanding Parity Obligations and the provisions of any other Supplemental Ordinance authorizing Additional Parity Obligations to be deposited to the credit of the Debt Service Fund, the City shall deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Parity Obligations then being issued, as the same come due.

(c) Each Supplemental Ordinance authorizing Additional Parity Obligations shall provide and require that in addition to the amounts required by the provisions of this Ordinance the City shall deposit to the credit of the Reserve Fund at least such amounts as are required to accumulate and maintain the Required Reserve Amount taking into account the Additional Parity Obligations.

(d) The City may create and establish other pledged funds pursuant to the provisions of any Supplemental Ordinance authorizing the issuance of Additional Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group, issue or series of Parity Obligations and the amounts once deposited or credited to said pledged funds shall be held solely for the benefit of the Holders of the particular Parity Obligations for which such pledged funds were established. Pledged funds shall be designated in such manner as is necessary to identify the Parity Obligations secured.

Section 20. FURTHER REQUIREMENTS FOR ADDITIONAL PARITY OBLIGATIONS. Additional Parity Obligations shall be issued only in accordance with this Ordinance, but notwithstanding any provisions of this Ordinance to the contrary, no installment, series or issue of Additional Parity Obligations shall be issued or delivered unless:

(a) The City Manager and the City Clerk of the City sign a written certificate to the effect that the City is not in default as to any covenant, condition or obligation in connection with all Outstanding Parity Obligations, and the ordinances authorizing same, and that the Debt Service Fund, and the Reserve Fund contains the amount then required to be therein.

(b) The Designated Financial Officer of the City provides a written certificate to the effect that, during either the next preceding Fiscal Year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the then proposed Additional Parity Obligations, the Pledged Revenues were, in the opinion thereof, at least equal to the sum of 1.40 times the Maximum Annual Debt Service Requirements (computed on a Fiscal Year basis), including Amortization Installments, of the Parity Obligations and the Additional Parity Obligations to be Outstanding after the issuance of the then proposed Additional Parity Obligations and 1.00 times the maximum annual debt service requirement (computed in the same manner as for Parity Obligations) of the Subordinate Lien Obligations to be outstanding after the issuance of the then proposed Additional Parity Obligations.

(c) In making a determination of Pledged Revenues for any of the purposes described in this section, the Designated Financial Officer may take into consideration a change in the rates and charges in connection with the Pledged Revenues that became effective at least 60 days prior to the last day of the period for which Pledged Revenues are determined and, for purposes of satisfying the Pledged Revenues tests described above, make a pro forma determination of the Pledged Revenues for the period of time covered by said Designated Financial Officer's certification or opinion based on such change in rates and charges being in effect for the entire period covered by said Designated Financial Officer's certificate or opinion.

Section 21. REFUNDING BONDS. The City reserves the right to issue Additional Parity Obligations to refund all or any part of the outstanding Parity Obligations or any other obligations of the City payable, in whole or in part, from the Pledged Revenues, pursuant to any law then available, upon such terms and conditions as the City Council may deem to be in the best interest of the City and its inhabitants, and, unless all of the then outstanding Parity Obligations are refunded, the conditions precedent prescribed for the issuance of Additional Parity Obligations and the representations and certifications required in Sections 19 and 20 shall be satisfied and shall give effect to the Maximum Annual Debt Service Requirements of the proposed refunding Additional Parity Obligations (but shall not give effect to the Maximum Annual Debt Service Requirements of the obligations being refunded following their cancellation or provision being made for their payment); provided, however, if as a result of such refunding the Annual Debt Service Requirements are not increased in any Fiscal Year, the City shall not be required to satisfy the requirements of Section 20(b) as a requirement for the issuance of such refunding Additional Parity Obligations. In connection with such refunding the amount and value of the Required Reserve Amount shall be recalculated taking into account the Parity Obligations being refunded.

Section 22. ISSUANCE OF SUBORDINATE LIEN OBLIGATIONS. The City hereby reserves the right to issue, at any time, obligations including, but not limited to, Subordinate Lien Obligations, payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Pledged Revenues, subordinate and inferior in rank and dignity to the lien on and pledge of such Pledged Revenues securing the payment of the Parity Obligations, as may be authorized by the laws of the State of Texas.

Section 23. LIMITED OBLIGATIONS OF THE CITY. The Parity Obligations are limited, special obligations of the City payable from and equally and ratably secured solely by a

first lien on and pledge of the Pledged Revenues, and the Holders thereof shall never have the right to demand payment of the principal or interest on the Parity Obligations from any funds raised or to be raised through taxation, other than the Hotel Tax, or any other resources of the City.

Section 24. REMEDIES IN EVENT OF DEFAULT. (a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) 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 Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the City.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, 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 herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

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

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

Section 25. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsections (c) and (e) of this section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as Bonds shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bonds and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the Pledged Revenues as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the City will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Defeasance Bond.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Ordinance. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this section may at the discretion of the City Council also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this section which is not required

for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the City Council.

(c) Notwithstanding any provision of any other section of this Ordinance which may be contrary to the provisions of this section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) Notwithstanding anything elsewhere in this Ordinance, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the City retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of this Ordinance, the City may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Section 26. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Bond, the registered owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Bond, as the case may be. In every case of

damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B of Texas Government Code, Chapter 1206, this section of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 7 of this Ordinance and the Pricing Certificate for Bonds issued in conversion and exchange for other Bonds.

Section 27. AMENDMENT OF ORDINANCE. (a) The holders of the Parity Obligations aggregating a majority in principal amount of the aggregate principal amount of then Outstanding Parity Obligations shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City, provided, however, that without the consent of the holders of all of the effected Parity Obligations at the time outstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Parity Obligations so as to:

- (1) Make any change in the maturity of the Outstanding Parity Obligations;
- (2) Reduce the rate of interest borne by any of the Outstanding Parity Obligations;
- (3) Reduce the amount of the principal payable on the Outstanding Parity Obligations;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Parity Obligations or impose any conditions with respect to such payment;

- (5) Affect the rights of the holders of less than all of the Parity Obligations then outstanding;
- (6) Change the minimum percentage of the principal amount of Parity Obligations necessary for consent to such amendment.

(b) If at any time the City shall desire to amend this Ordinance under this section, the City shall cause notice of the proposed amendment to be (i) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two successive calendar weeks and (ii) mailed to all registered owners of the Outstanding Parity Obligations as of the day prior to the mailing of such notice. Such notice shall briefly set forth the nature of the proposed amendment.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the holders of at least a majority in aggregate principal amount of all Parity Obligations then Outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment, the City Council may pass the amendatory ordinance in substantially the same form.

(d) Upon the passage of any amendatory ordinance pursuant to the provisions of this section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under this Ordinance of the City and all the holders of then Outstanding Parity Obligations shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) Any consent given by the registered owner of a Parity Obligation pursuant to the provisions of this section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this section, and shall be conclusive and binding upon all future holders of the same Parity Obligation during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the holder who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent and the City, but such revocation shall not be effective if the registered owners of at least a majority in aggregate principal amount of the then outstanding Parity Obligations as in this section defined have, prior to the attempted revocation, consented to and approve the amendment.

(f) For the purpose of this section, the fact of the holding of Parity Obligations issued in registered form without coupons and the amounts and numbers of such Parity Obligations and the date of their holding same shall be proved by the Registration Books of the Paying Agent/Registrar. For purposes of this section, the holder of a Parity Obligation in such registered form shall be the owner thereof as shown on such Registration Books. The City may conclusively assume that such ownership continues until written notice to the contrary is served upon the City.

(g) The foregoing provisions of this section notwithstanding, the City by action of the City Council may amend this Ordinance for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to bondholders or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the holders of the Parity Obligations;

(3) To make any changes or amendments requested by any Rating Agency, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the City, materially adversely affect the interests of the owners of the outstanding Parity Obligations; and

(4) To modify any of the provisions of this Ordinance in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Parity Obligations outstanding at the date of the adoption of such modification shall cease to be outstanding, and (ii) such modification shall be specifically referred to in the text of all Additional Parity Obligations issued after the date of the adoption of such modification.

Notice of any such amendment shall be mailed to all registered owners of Outstanding Parity Obligations as of the day prior to the mailing of such notice and may be published in the manner described in subsection (b) of this section; provided, however, that the publication or mailing of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance. No consent of owners is needed to authorize a supplemental ordinance or supplemental indenture in connection with the issuance of Additional Parity Obligations.

Section 28. CUSTODY, APPROVAL AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, BOND INSURANCE AND CUSIP NUMBERS. The Mayor of the City is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Clerk of the City), a statement regarding any insurance policy and the assigned CUSIP numbers may, at the option of the City, be printed on or attached to the Bonds issued and delivered under this Ordinance, but

such additions or attachments shall not have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 29. APPROVAL OF OFFICIAL STATEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT. (a) Official Statement. The Pricing Officer is hereby authorized to approve the Preliminary Official Statement, the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto and to deem such documents final in accordance with the Rule. The City further approves the distribution of such Official Statement in the reoffering of the Bonds by the underwriters or initial purchasers in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable, such determination to be conclusively evidenced by his or her execution thereof.

(b) Paying Agent/Registrar Agreement. The form of Paying Agent/Registrar Agreement by and between the City and the Paying Agent/Registrar is hereby approved and the Mayor is hereby authorized to execute, and deliver such Paying Agent/Registrar Agreement.

(c) Escrow Agreement. The discharge and defeasance of Refunded Obligations shall be effectuated pursuant to the terms and provisions of an Escrow Agreement, in the form and containing the terms and provisions as shall be approved by a Pricing Officer, including any insertions, additions, deletions, and modifications as may be necessary (a) to carry out the program designed for the City by the underwriters or purchasers, (b) to maximize the City's present value savings and/or to minimize the City's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Obligations and (d) to carry out the other intents and purposes of this Ordinance; and, the Pricing Officer is hereby authorized to select the Escrow Agent and execute and deliver such Escrow Agreement, on behalf of the City, in multiple counterparts.

(d) Purchase of Escrowed Securities. A Pricing Officer and the Escrow Agent are each hereby authorized to (i) subscribe for, agree to purchase, and purchase Escrowed Securities for deposit into the escrow fund and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved and (ii) provide for such contributions to the escrow fund as are required in each Escrow Agreement.

Section 30. NOTICE OF DEFEASANCE/REDEMPTION. (a) To maximize the City's present value savings and to minimize the City's costs of refunding, the City hereby authorizes and directs that certain of the Refunded Obligations shall be called for redemption prior to maturity in the amounts, at the dates and at the redemption prices set forth in each Pricing Certificate, and the Pricing Officer is hereby authorized and directed to take all necessary and appropriate action to give or cause to be given a notice of redemption to the holders or paying agent/registrars, as appropriate, of such Refunded Obligations, in the manner required by the documents authorizing the issuance of such Refunded Obligations.

(b) Attached to this Ordinance, as Exhibit "C", and made a part hereof for all purposes, is a form of the notice of deposit and prior redemption for the Refunded Obligations. The Pricing

Officer is hereby authorized to amend, complete or modify such notices as necessary to call such Refunded Obligations for redemption.

Section 31. ADDITIONAL BOND INSURANCE PROVISIONS. In connection with the sale of the Bonds, the City may obtain municipal bond insurance policies from one or more recognized municipal bond insurance organizations (the "Bond Insurer" or "Bond Insurers") to guarantee the full and complete payment required to be made by or on behalf of the City on the Bonds. The Pricing Officer is hereby authorized to sign a commitment letter or insurance agreement with the Bond Insurer or Bond Insurers and to pay the premium for the bond insurance policies at the time of the delivery of the Bonds to the underwriter out of the proceeds of sale of the Bonds or from other available funds and to execute such other documents and certificates as necessary in connection with the bond insurance policies as the Pricing Officer may deem appropriate. Printing on the Bonds covered by the bond insurance policies a statement describing such insurance, in form and substance satisfactory to the Bond Insurer and the Pricing Officer, is hereby approved and authorized. The Pricing Certificate may contain provisions related to the bond insurance policies, including payment provisions thereunder, and the rights of the Bond Insurer or Insurers, and any such provisions shall be read and interpreted as an integral part of this Ordinance.

Section 32. UNAVAILABILITY OF AUTHORIZED PUBLICATION. If, because of the temporary or permanent suspension of any newspaper, journal or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

Section 33. FURTHER ACTIONS. The officers and employees of the City are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Forth Supplement, the Bonds, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, any insurance commitment letter or insurance policy and the Official Statement. In addition, prior to the initial delivery of the Bonds, the Mayor, the City Manager or Assistant City Manager, the Chief Financial Officer, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Forth Supplement or to any of the instruments authorized and approved by this Forth Supplement necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Forth Supplement and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of the Bond Insurer, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

In case any officer of the City whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 34. INTERPRETATIONS. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance and the Table of Contents of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Bonds.

Section 35. INCONSISTENT PROVISIONS. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 36. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the registered owners of the Bonds.

Section 37. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

Section 38. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 39. NO PERSONAL LIABILITY. No covenant or agreement contained in the Bonds, this Ordinance or any corollary instrument shall be deemed to be the covenant or agreement of any member of the City Council or any officer, agent, employee or representative of the City Council in his individual capacity, and neither the directors, officers, agents, employees or representatives of the City Council nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

Section 40. REPEALER. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 42. PAYMENT OF ATTORNEY GENERAL FEE. The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the Bonds.

Section 43. CREDIT AGREEMENTS. Pursuant to Chapter 1371 Texas Government Code, as amended, the City may execute and deliver one or more Credit Agreements (i) to additionally secure Parity Obligations or an issue or series or part of any issue or series of Parity Obligations or (ii) in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing or redemption of Parity Obligations or an issue or series or part of an issue or series of Parity Obligations or interest on an issue or series or part of an issue or series of Parity Obligations without regard to whether a Credit Agreement was contemplated, authorized or executed in relation to the initial issuance, sale or delivery of Parity Obligations. Credit Agreements and the obligations thereunder may, pursuant to their terms, constitute: (i) Parity Obligations secured by a pledge of the Security on parity with all Parity Obligations, (ii) Subordinate Lien Obligations secured by a pledge of the Security subordinate to Parity Obligations or (iii) partially on a parity with Parity Obligations and partially as Subordinate Lien Obligations.

Section 44. EFFECTIVE DATE. This Ordinance shall become effective upon passage of this Ordinance.

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IN ACCORDANCE WITH SECTION 1201.028, Texas Government Code, passed and approved on the first and final reading on the 18th day of August, 2016.

Mayor
City of Round Rock, Texas

ATTEST:

City Clerk
City of Round Rock, Texas

APPROVED AS TO LEGALITY:

City Attorney
City of Round Rock, Texas

EXHIBIT A

DEFINITIONS

As used in this Ordinance, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise. Any terms not otherwise defined herein have the meaning given in this Ordinance.

"Accountant" means an independent certified public accountant or accountants or a firm of an independent certified public accountants, in either case, with demonstrated expertise and competence in public accountancy.

"Accreted Value" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the Pricing Certificate and the Accretion Table attached as an exhibit to the Pricing Certificate relating to the respective Bonds that shows the Accreted Value per \$5,000 maturity amount on the calculation date of maturity to its maturity.

"Accretion Table" means the exhibit attached to the Pricing Certificate that sets forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds and the Accreted Values and maturity amounts thereof as of each Compounding Date until final maturity.

"Additional Parity Obligations" means Bonds, notes, warrants, certificates of obligation, contractual obligations or other Debt which the City reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Sections 19 and 20 of this Ordinance and which obligations are equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues on a parity with the Bonds.

"Amortization Installment" means, with respect to any Term Bonds of any series of Parity Obligations, the amount of money which is required to be deposited into a mandatory redemption account for retirement of such Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any) provided that the total Amortization Installments for such Term Bonds shall be sufficient to provide for retirement of the aggregate principal amount of such Term Bonds.

"Annual Debt Service Requirements" means, as of the date of calculation, the principal of and interest on all Parity Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

(1) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Ordinance as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(2) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (2) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (2) shall not apply where the City has elected to apply the rule set forth in clause (1) above;

(3) Prepaid Debt. Principal of and interest on Bonds and Additional Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt; and

(4) Variable Rate. As to any Parity Obligations that bear interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the City, either (A) an interest rate equal to the average rate borne by such Parity Obligations (or by comparable debt in the event that such Parity Obligations has not been outstanding during the preceding 24 months) for any 24

month period ending within 30 days prior to the date of calculation, or (B) an interest rate equal to the 30-year Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of revenue Bonds with maturities of at least 20 years which is published in a financial newspaper or journal with national circulation may be used for this purpose (if two Series of Parity Obligations which bear interest at variable interest rate, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Obligations);

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"Authorized Denominations" means with respect to the Bonds in the denomination of \$5,000 or any integral multiple of \$5,000 in excess thereof.

"Average Annual Debt Service Requirements" means that average amount which, at the time of computation, will be required to pay the Annual Debt Service Requirements when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Annual Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such Parity Obligations. For the purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from bond proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

"Bond Insurer" means any entity that insures or guarantees the payment of principal and interest on any Bonds or the provider of a Reserve Fund Obligation.

"Bonds" means the City of Round Rock, Texas Hotel Occupancy Tax Revenue Refunding Bonds, Series 2016.

"Book-Entry-Only System" means the book-entry system of bond registration provided in Section 5 of this Ordinance, or any successor system of book-entry registration.

"Cede & Co." means the designated nominee and its successors and assigns of The Depository Trust Company, New York.

"City" and **"Issuer"** mean the City of Round Rock, Texas, and where appropriate, the City Council.

"Compounded Amount" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof plus all interest accrued and compounded to the particular date of calculation.

"Compounding Dates" means the dates on which interest is compounded on the Premium Compound Interest Bonds as set forth in the Accretion Table attached to the Pricing Certificate.

"Convention Center Complex" means the Dell Diamond and United Heritage Convention Center financed with the proceeds of the bonds refunded by the Refunded Obligations and any Additional Parity Obligations.

"Current Interest Bonds" means the Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in the Pricing Certificate.

"Credit Agreements" has the meaning given in Chapter 1371, Texas Government Code, as amended.

"Debt" and "Debt of the City payable from Pledged Revenues" mean:

(1) all indebtedness payable from Pledged Revenues incurred or assumed by the City for borrowed money that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness payable from Pledged Revenues that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining Debt, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the System in prior Fiscal Years.

"Debt Service Fund" means the special fund created, established and maintained by the provisions of Section 10 of this Ordinance.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent, and (iv) any other then authorized securities or obligations under applicable State law in existence at the time of such defeasance that may be used to defease obligations such as the Bonds. The foregoing notwithstanding, the Pricing Officer may elect in the Pricing Certificate to modify this definition of "Defeasance Securities" with respect to a series of Bonds by eliminating any securities or obligations set forth in the preceding sentence upon determining that it is in the best interests of the City to do so.

"Depository" means one or more official depository banks of the City.

"DTC" means The Depository Trust Company, New York, New York and its successors and assigns.

"DTC Participant" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Designated Financial Officer" means the chief financial officer or finance director of the City, or such other financial or accounting official of the City so designated by the City Council.

"Escrow Agent" means the financial institution selected by the Pricing Officer to perform such function in the Pricing Certificate or any successor escrow agent under the Escrow Agreement.

"Escrow Agreement" means the agreements by and between the City and the Escrow Agent relating to refunding the Refunded Obligations and the cash defeasance, respectively.

"Escrowed Securities" means such securities as are permitted investments pursuant to the ordinance(s) authorizing the Refunded Obligations for the defeasance escrow(s) as selected by the Pricing Officer to defease Refunded Obligations.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

"Fiscal Year" means the twelve-month accounting period used by the City in connection with the operation of the Convention Center Complex, currently ending on September 30 of each year, which may be any twelve consecutive month period established by the City, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

"Funded Debt" means all Parity Obligations created or assumed by the City that mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the City to a date, more than one year after the original creation or assumption of such Debt by the City.

"Funds" means collectively all funds created or confirmed in Section 9 of this Ordinance.

"Holder(s)" means the registered owner, whose name appears in the Registration Books, for any Parity Obligation.

"Hotel Tax" means that portion of the receipts of the municipal hotel tax authorized pursuant to Chapter 351 of the Texas Tax Code, as amended, remaining after deducting the Local Tourism Requirement.

"Initial Bonds" means the Bonds authorized, issued, and initially delivered as provided in Section 6 of this Ordinance

"Lease Agreement" means the Convention Center Complex Lease Agreement dated January 20, 1999 as amended between the City and the Lessee and as may be further amended from time to time.

"Lessee" means Round Rock Baseball Club, L.P., or any sucessor.

"Local Tourism Requirement" means that portion of the municipal hotel tax authorized pursuant to Chapter 351 of the Texas Tax Code, as amended, which represents the greater of (i) the State Mandated Set Aside or (ii) \$292,632 (adjusted upward each year, which commenced Fiscal Year 2008, by 3% on a compounded basis).

"MSRB" means the Municipal Securities Rulemaking Board.

"Maturity" means, when used with respect to any Debt, the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"Maximum Annual Debt Service Requirements" means the greatest requirements of Annual Debt Service Requirements (taking into account all mandatory principal redemption requirements) scheduled to occur in any future Fiscal Year or in the then current Fiscal Year for the particular obligations for which such calculation is made. Capitalized interest payments provided from Debt proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

"Ordinance" means this ordinance adopted by the City Council on August 18, 2016 in connection with the issuance of the Bonds.

"Outstanding" when used with respect to Parity Obligations, means, as of the date of determination, all Parity Obligations theretofore delivered under this Ordinance and any ordinance authorizing Additional Parity Obligations, except:

- (1) Parity Obligations theretofore canceled and delivered to the City or delivered to the Paying Agent/Registrar for cancellation;
- (2) Parity Obligations deemed paid pursuant to the provisions of Section 25 of this Ordinance or any comparable section of any ordinance authorizing Additional Parity Obligations;
- (3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to this Ordinance and any ordinance authorizing Additional Parity Obligations; and
- (4) Parity Obligations under which the obligations of the City have been released, discharged or extinguished in accordance with the terms thereof.

"Outstanding Parity Obligations" means the City's Parity Obligations that are Outstanding as of the date of this Ordinance.

"Paying Agent/Registrar" shall have the meaning set forth in Section 5(a) of this Ordinance.

"Parity Obligations" means the Bonds, the Outstanding Parity Obligations and any Additional Parity Obligations hereafter issued by the City or obligations issued to refund any of the foregoing (as determined within the sole discretion of the City Council in accordance with applicable law) if issued in a manner that provides that the refunding obligations are payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues.

"Pledged Revenues" means (i) the Hotel Tax, (ii) amounts and investments on deposit in the Debt Service Fund, the Reserve Fund and the Revenue Fund plus (iii) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the City to the payment of the Parity Obligations.

"Premium Compound Interest Bonds" means the Bonds on which no interest is paid prior to maturity, maturing in various amounts and in the aggregate principal amount as set forth in the Pricing Certificate.

"Pricing Certificate" means each Pricing Certificate of the City's Pricing Officer to be executed and delivered pursuant to Section 3 hereof in connection with the issuance of each series of the Bonds.

"Pricing Officer" means the City Manager acting as the designated pricing officer of the City to execute the Pricing Certificate. In the absence of the City Manager, the Chief Financial Officer may act as the designated pricing officer of the City to execute the Pricing Certificate.

"Rating Agency" means any nationally recognized securities rating agency which has assigned, at the request of the City, a rating to the Parity Obligations.

"Record Date" means with respect to each interest payment date of a Bond, the date set forth in the Pricing Certificate.

"Refunded Obligations" means those Refundable Obligations designated by the Pricing Officer in each Pricing Certificate to be refunded.

"Refundable Obligations" means all or a portion of the City's outstanding Hotel Occupancy Tax Revenue Refunding Bonds, Series 2007.

"Registration Books" means the records maintained by the Paying Agent/Registrar indicating the registered owner of the Parity Obligations.

"Reserve Fund" means the special fund confirmed and maintained by the provisions of Section 9 and 12 of this Ordinance.

"Reserve Fund Obligations" means a surety bond or insurance policy deposited into the Reserve Fund to satisfy the Required Reserve Amount whereby the issuer is obligated to provide funds up to and including the maximum amount and under the conditions specified in such agreement or instrument.

"Reserve Fund Obligation Payment" means any subrogation payment the City is obligated to make from Pledged Revenues deposited into the Reserve Fund with respect to a Reserve Fund Obligation.

"Revenue Fund" means the special fund created or confirmed by Sections 9 and 10 of this Ordinance.

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

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

"State Mandated Set Aside" means not less than the amount of revenue received by the City from the municipal hotel tax at a rate of one percent of the cost of the room which is required to be allocated solely to advertising and conducting solicitation and promotional purposes to attract tourists and convention delegates or registrants to the City or its vicinity as provided in Section 351.103(a)(2) of the Texas Tax Code, as amended.

"Stated Maturity" means the annual principal payments of the Parity Obligations payable on the respective dates set forth in the Ordinance and any Supplemental Ordinance authorizing the issuance of such Parity Obligations.

"Subordinate Lien Obligations" means (i) any bonds, notes, warrants, certificates of obligation, contractual obligations or other Debt issued by the City that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Pledged Revenues, such pledge being subordinate and inferior to the lien on and pledge of the Pledged Revenues that are or will be pledged to the payment of any Parity Obligations issued by the City, and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Pledged Revenues on a parity with the Subordinate Lien Obligations.

"Supplemental Ordinance" means the ordinances adopted by the City Council of the City from time to time in connection with the issuance of Additional Parity Obligations.

"Taxable Bonds" means the series of Bonds bearing interest at a taxable rate.

"Tax-Exempt Bonds" means the series of Bonds bearing interest which is excludable from gross income for Federal taxation purposes pursuant to section 103 of the Code.

"Term Bonds" means those Parity Obligations so designated in the ordinances authorizing such bonds which shall be subject to retirement by operation of a mandatory redemption account.

"Term of Issue" means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five years.

[The Remainder of This Page is Intentionally Left Blank]

EXHIBIT B

FORM OF BOND

(All blanks and any appropriate or necessary insertions or deletions, to be completed as determined by the Pricing Officer in the Pricing Certificate.)

[FORM OF FIRST PARAGRAPHS OF CURRENT INTEREST BONDS]

R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF ROUND ROCK, TEXAS	PRINCIPAL AMOUNT \$ _____
	HOTEL OCCUPANCY TAX REVENUE REFUNDING BOND SERIES 2016	

<u>INTEREST RATE</u>	<u>ISSUANCE DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
-----------------------------	-----------------------------	-----------------------------	-------------------------

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ **DOLLARS**

ON THE MATURITY DATE specified above, the **CITY OF ROUND ROCK, TEXAS** (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Issuance Date at the Interest Rate per annum specified above, payable on _____, 20__*, and semiannually on each _____* and _____* thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated office for payment of _____*, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each 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 Issuer required by the Ordinance authorizing the issuance of this Bond (the "Ordinance") 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 appeared on the _____* day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the fifteenth business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for redemption and payment at the principal office for payment of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Bonds shall be payable in the regular manner described above). The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Debt Service Fund" referred to in and maintained by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Terms used in this Bond and not otherwise defined shall have the meaning given in the Ordinance.

*To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in the Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

**[FORM OF FIRST PARAGRAPHS
OF PREMIUM COMPOUND INTEREST BOND]**

NO. PC-

**MATURITY
AMOUNT**
\$ _____

ISSUANCE DATE:	INTEREST RATE:	MATURITY DATE:	CUSIP:

REGISTERED OWNER:

MATURITY AMOUNT:

The City of Round Rock, Texas (the "City") hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner named above, or the registered assigns thereof, the Maturity Amount set forth above, representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, calculated on the basis of a 360 day year comprised of twelve 30 day months, compounded semiannually on _____* and _____* of each year commencing _____, 20__*. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table. The term "Accreted Value" as set forth in the table on the reverse side hereof shall mean the original principal amount plus initial premium per \$5,000 Maturity Amount compounded semiannually on _____* and _____* at the yield shown on such table.

The Maturity Amount of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Maturity Amount of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, at the designated office for payment of _____, _____, _____*, which is the "Paying Agent/Registrar" for this Bond, and shall be drawn by the Paying Agent/Registrar on, and solely from, funds of the City required by the ordinance authorizing the issuance of the Bonds (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, payable to the Registered Owner hereof, as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The City covenants with the Registered Owner of this Bond that on or before the Maturity Date for this Bond it will make available to the

*To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in the Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

Paying Agent/Registrar, from the " Debt Service Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds of the Maturity Amount, when due. Terms used in this Bond and not otherwise defined shall have the meaning given in the Ordinance.

[FORM OF REMAINDER OF EACH BOND]

IF THE DATE for the payment of the principal of or interest on this Bond shall fall on a day other than a Business Day (each a "Non-Business Day"), then the date for such payment shall be the next succeeding day which is not a Non-Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated as of _____, 201__*, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$_____* for the purpose of (i) refunding the ARefunded Obligations@ and (ii) paying the costs associated with the issuance of the Bonds.

THE ISSUER reserves the right to redeem Bonds of this series maturing on and after _____, 20__*, in whole or in part on _____, 20__*, or any date thereafter, and, if in part, the Issuer will determine the maturity or maturities to be redeemed and the Paying Agent/Registrar shall determine, by lot or other customary method within a maturity, the particular Bonds to be redeemed, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date.

THE BONDS MATURING on _____* in the year 20__* (the "Term Bonds") are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

Bonds Maturing _____, 20__

Redemption Date	Principal Amount
_____, 20__	\$ _____
_____, 20__*	_____*

*Final Maturity

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the City, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.*

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

WITH RESPECT TO any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of \$5,000 and any integral multiple of \$5,000 in excess of

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

thereof within a maturity (an "Authorized Denomination"). As provided in the Bond Ordinance, this Bond, or any unredeemed portion hereof, 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 Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in an Authorized Denomination as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond 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 Bond or any portion or portions hereof in an Authorized Denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond 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 Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Bond or portion thereof shall be paid by the Issuer, but 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. The Paying Agent/Registrar shall not be required to make any such transfer or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of an unredeemed balance of a Bond called for redemption in part.

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

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; that this Bond is a special obligation of the Issuer, and that the interest on and principal of this Bond, together with all other outstanding "Parity Obligations" (as defined in the Ordinance), as such interest comes due, and as such principal matures, are payable from and secured by a lien on and pledge of the "Pledged Revenues", all as provided in the Ordinance.

THE ISSUER also has reserved the right, subject to restrictions stated in the Ordinance, to issue Additional Parity Obligations which also may be made payable from and equally and ratably secured by a first lien on and pledge of, the Pledged Revenues in the same manner and to the same extent as this series of Bonds.

THE ISSUER also has reserved the right, subject to restrictions stated in the Ordinance to issue Subordinate Lien Obligations payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Pledged Revenues (as defined in the Bond Ordinance), subordinate and inferior in rank and dignity to the lien on and pledge of such Pledged Revenues securing payment of the Bonds or any Additional Parity Obligations.

THE OWNER HEREOF shall never have the right to demand payment of this Bond out of any funds raised or to be raised by taxation, except hotel occupancy taxes, or any sources other than those specified in the Ordinance.

NOTWITHSTANDING THE FOREGOING, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, 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.

BY BECOMING the Registered Owner of this Bond, 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 Issuer and agrees that the terms and provisions of this Bond and the Ordinance constitute a contract between each Registered Owner hereof and the Issuer.

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

Countersigned:

City Clerk, City of Round Rock, Texas

Mayor, City of Round Rock, Texas

(CITY SEAL)

INSERTIONS FOR THE INITIAL BONDS

(i) The initial Current Interest Bonds shall be in the form set forth in this Exhibit, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, the City of Round Rock, Texas (the "City"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on _____* in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
--------------	-------------------------	----------------------

(Information for the Current Interest Bonds from the Pricing Certificate to be inserted)

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Issuance Date at the respective Interest Rate per annum specified above. Interest is payable on _____, 20__* and semiannually on each _____ and _____ thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The initial Current Interest Bond shall be numbered "T-1."

(i) The Initial Compound Interest Bond shall be in the form set forth in this Exhibit, except that:

A. Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below", and the heading "CUSIP NO." shall be deleted.

B. The first paragraph of the Bond shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in this Ordinance):

"The City of Round Rock, Texas (the "City") hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner named above, or the registered assigns thereof, Payment at Maturity on _____* in each of the years and in the installments of the respective Maturity Amounts set forth in the following schedule:

<u>Amount</u>	<u>Year</u>	<u>Rate</u>
(Information for the Premium Compound Interest Bonds from the Pricing Certificate to be inserted)		

The amount shown above as the respective Maturity Amounts represent the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____, 20____*. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table. All payments on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner hereof."

C. the Initial Premium Compound Interest Bond shall be numbered "TPC-1."

FORM OF REGISTRATION CERTIFICATE
OF THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE:
REGISTER NO. _____

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond 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 Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in exchange for a bond or Bonds, or a portion of a bond or Bonds of a series 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.

Date of Authentication:

Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Bond, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Bond and all rights hereunder unto

/ _____ /

(Assignee's Social Security or
Taxpayer Identification Number)

(Please print or typewrite Assignee's name and address,
including zip code)

and hereby irrevocably constitutes and appoints _____
attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books 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 Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT C

NOTICE OF DEFEASANCE/REDEMPTION

NOTICE IS HEREBY GIVEN that the following obligations (the "Obligations") issued by the City of Round Rock, Texas (the "City") have been defeased and called for redemption prior to their scheduled maturities on December 1, 2017 (the "Redemption Date"), at a price of par plus accrued interest to the date of redemption, to-wit:

CITY OF ROUND ROCK, TEXAS HOTEL OCCUPANCY TAX REVENUE
REFUNDING BONDS, SERIES 2007, maturing on December 1 in each of the years 20__
through 20__, inclusive, aggregating \$_____ in principal amount.

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Numbers*</u>
--------------------------------------	-----------------------------------	--------------------------------	---------------------------------

*The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Obligations. The City is not responsible for the selection or the correctness of the CUSIP numbers set forth herein.

The Obligations shall be redeemed and shall no longer bear interest after the Redemption Date. The redemption price for the Obligations shall be paid upon presentation to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the Paying Agent, either in person or by mail, at the following address:

First Class/Registered/Certified Mail

The Bank of New York Mellon
Trust Company, N.A.
Institutional Trust Services
P.O. Box 2320
Dallas, Texas 75221-2320

By Overnight or Courier

The Bank of New York Mellon
Trust Company, N.A.
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand

The Bank of New York Mellon
Trust Company, N.A.
GIS Unit Trust Window
4 New York Plaza, 1st Floor
New York, NY 10004

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Obligations for redemption.

CITY OF ROUND ROCK, TEXAS

EXHIBIT D

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 18 of this Ordinance.

Accounting Principles

The accounting principles referred to in such section are the accounting principles described in the notes to the financial statements.