

NO. R-1

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
PUBLIC PROPERTY FINANCE
CONTRACTUAL OBLIGATION
SERIES 2007

PRINCIPAL
AMOUNT
\$9,755,000

<u>INTEREST RATE</u>	<u>DATE OF DELIVERY</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
3.656%	October 4, 2007	November 1, 2017	

Registered Owner: Chase Equipment Leasing Inc.

Principal Amount: Nine Million Seven Hundred Fifty Five Thousand Dollars

ON THE MATURITY DATE specified above, THE CITY OF AUSTIN, TEXAS (the "Issuer"), in the Counties of Travis and Williamson, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above and to pay interest thereon from the Date of Delivery specified above, on May 1, 2008 and semiannually on each November 1 and May 1 thereafter to the maturity date specified above, at the interest rate per annum specified above; except that if this Contractual Obligation 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 Contractual Obligation or Contractual Obligations, if any, for which this Contractual Obligation is being exchanged or converted from is due but has not been paid, then this Contractual Obligation shall bear interest from the date to which such interest has been paid in full.

IN CONSIDERATION of the registered owner's acceptance hereof, which acceptance shall constitute the registered owner's assent hereto and to the terms and conditions of the ordinance authorizing the issuance of the Contractual Obligations (the "Ordinance"), the Issuer hereby unilaterally contracts with such registered owner that it will utilize the net available proceeds of the Contractual Obligations, after payment of the costs of issuance related thereto, to acquire or purchase the "Property" in accordance with the terms and provisions of the Ordinance.

THE PRINCIPAL OF AND INTEREST ON this Contractual Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Contractual Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Contractual Obligation at maturity, or upon the date fixed for its redemption prior to maturity, at the designated corporate trust office in Houston, Texas (the "Designated Payment/Transfer Office") of U.S. Bank National Association, which is the "Paying Agent/Registrar" for this Contractual Obligation. The payment of interest on this Contractual Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or

draft, 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 to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft 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 fifteenth 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 addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. 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 (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 owner of a Contractual Obligation appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity shall be paid to the registered owner upon presentation and surrender of this Contractual Obligation for payment at the Designated Payment/Transfer Office. The Issuer covenants with the registered owner of this Contractual Obligation that on or before each principal payment date, interest payment date, and accrued interest payment date for this Contractual Obligation it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Contractual Obligations, when due.

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

THIS CONTRACTUAL OBLIGATION is one of a Series of Contractual Obligations, dated September 1, 2007, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$9,755,000, FOR THE PURPOSE OF PAYING ALL OR A PORTION OF THE ISSUER'S CONTRACTUAL OBLIGATIONS TO BE INCURRED IN CONNECTION WITH THE ACQUISITION, PURCHASE OR FINANCING OF PERSONAL PROPERTY, IN ACCORDANCE WITH THE PROVISIONS OF THE PUBLIC PROPERTY FINANCE ACT, SEC. 271.001, ET SEQ., LOCAL GOVERNMENT CODE.

THE CONTRACTUAL OBLIGATIONS are subject to mandatory redemption in part by lot pursuant to the terms of the Ordinance, on May 1, 2008, and on each November 1 and May 1 thereafter, with respect to Contractual Obligations maturing November 1, 2017, in the following dates and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<u>Date</u>	<u>Principal Amount (\$)</u>	<u>Date</u>	<u>Principal Amount (\$)</u>
May 1, 2008	455,000	November 1, 2008	535,000
May 1, 2009	550,000	November 1, 2009	555,000
May 1, 2010	570,000	November 1, 2010	580,000
May 1, 2011	595,000	November 1, 2011	605,000
May 1, 2012	620,000	November 1, 2012	630,000
May 1, 2013	645,000	November 1, 2013	660,000
May 1, 2014	675,000	November 1, 2014	685,000
May 1, 2015	220,000	November 1, 2015	225,000
May 1, 2016	230,000	November 1, 2016	235,000
May 1, 2017	240,000	November 1, 2017*	245,000

* Final Maturity

To the extent, however, that Contractual Obligations subject to sinking fund redemption have been previously purchased or called for redemption in part and otherwise than from a sinking fund redemption payment, each annual sinking fund payment for such Contractual Obligation shall be reduced by the amount obtained by multiplying the principal amount of Contractual Obligations so purchased or redeemed by the ratio which each remaining annual sinking fund redemption payment for such Contractual Obligations bears to the total remaining sinking fund payments, and by rounding each such payment to the nearest \$5,000 integral; *provided*, that during any period in which ownership of the Contractual Obligations is determined only by a book entry at a securities depository for the Contractual Obligations, the particular Contractual Obligations to be called for mandatory redemption shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any such redemption, (i) a written notice of such redemption shall be given by the Paying Agent/Registrar to the registered owner of each Contractual Obligation or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class, postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar and (ii) a notice of such redemption shall be published one (1) time in a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; provided, however, that the failure to send, mail or receive such notice described in (i) above, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Contractual Obligation, and the publication of notice as described in (ii) above shall be the only notice actually

required in connection with or as a prerequisite to the redemption of any Contractual Obligations. By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Contractual Obligation or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Contractual Obligation, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Contractual Obligation or any portion hereof. If a portion of this Contractual Obligation shall be redeemed a substitute Contractual Obligation or Contractual Obligations 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 aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender hereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

ALL CONTRACTUAL OBLIGATIONS OF THIS SERIES are issuable solely as fully registered Contractual Obligations, without interest coupons, in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination"). As provided in the Ordinance, this Contractual Obligation may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Contractual Obligations, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Contractual Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Contractual Obligation must be presented and surrendered to the Paying Agent/Registrar, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Contractual Obligation or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Contractual Obligation or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Contractual Obligation may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Contractual Obligation or any portion or portions hereof from time to time by the registered owner. In the case of the assignment, transfer, conversion or exchange of a Contractual Obligation or Contractual Obligations or any portion or portions thereof, the reasonable standard or customary fees and charges of the Paying Agent/Registrar will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion 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, conversion or exchange 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. In any circumstance, neither the Issuer nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Contractual Obligations and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Contractual Obligations so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Contractual Obligation.

IN THE EVENT any Paying Agent/Registrar for the Contractual Obligations is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the 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 Contractual Obligations.

IT IS HEREBY certified, recited and covenanted that this Contractual Obligation 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 Contractual Obligation have been performed, existed and been done in accordance with law; that this Contractual Obligation is a limited tax obligation of the Issuer; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Contractual Obligation, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the Issuer, within the limit prescribed by law.

BY ACCEPTANCE of this Contractual Obligation, the registered owner assents to the terms and provisions of the Ordinance, a copy of which is on file in the official records of the Issuer, and the Contractual Obligation, agrees to be bound by such terms and provisions, and agrees that the terms and provisions of this Contractual Obligation and the Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Contractual Obligation 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 has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Contractual Obligation.



City Clerk, City of Austin, Texas



Mayor, City of Austin, Texas



COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

7348

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

Witness my signature and seal this

NOV 11 2007

Susan Combs

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

SPECIMEN

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(Please insert Social Security or Taxpayer Identification Number of Transferee)

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

the within Contractual Obligation and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Contractual Obligation on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

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