

D-1-GN-24-001064

CAUSE NO. _____

IN RE THE CITY OF AUSTIN, TEXAS,	§	DISTRICT COURT FOR THE
AUSTIN TRANSIT PARTNERSHIP LOCAL	§	
GOVERNMENT CORPORATION, AND	§	
AUSTIN TRANSIT PARTNERSHIP LOCAL	§	_____ JUDICIAL DISTRICT
GOVERNMENT CORPORATION SENIOR	§	53RD, DISTRICT COURT
LIEN CONTRACT REVENUE BONDS,	§	
SERIES 2024	§	
	§	TRAVIS COUNTY, TEXAS

**ORIGINAL PETITION FOR EXPEDITED DECLARATORY RELIEF
UNDER TEXAS GOVERNMENT CODE CHAPTER 1205
TO AFFIRM, AMONG OTHER THINGS, THE FINANCING FOR LIGHT RAIL
COMPONENTS OF VOTER-APPROVED PROJECT CONNECT**

TO THE HONORABLE JUDGE OF SAID COURT:

In November 2020, at an election in which voter turnout surpassed all-time records, City of Austin voters overwhelmingly approved “Proposition A,” a ballot proposition to fund high-capacity transit in Austin. Proposition A described a vision for rapid bus, light rail infrastructure, and transit-supportive development, to be funded by Austin taxpayers, referred to as “Project Connect.” Project Connect is a citywide traffic-easing rapid transit system, the components of which are to be financed, constructed, and commissioned by an independent board that is Austin Transit Partnership (“ATP”), a local government corporation jointly created by the City and Capital Metropolitan Transportation Authority (“Capital Metro”). Notwithstanding the clear and overwhelming support received from voters, a few vocal naysayers have refused to accept the results of a fair and transparent election. In response, the City and ATP (the “Petitioners”) bring this suit to move Austin forward and prevent a handful of opponents from derailing Project Connect. Petitioners invoke the expedited authority of [Chapter 1205](#) of the Texas Government Code (“Chapter 1205”) to resolve any uncertainty about the City’s authority to collect and dedicate the tax the voters approved through Proposition A and to validate the financing plan and initial bonds for the light rail components of Project Connect.

More specifically, Petitioners seek an expedited declaration that (i) the City is authorized to levy and collect taxes at the increased rate approved by the voters in Proposition A; (ii) the City is authorized, subject to appropriation, to pay the Proposition A tax revenue to ATP pursuant to an interlocal agreement (the “Contract Revenue Payments”); (iii) the Contract Revenue Payments are the property of ATP, and ATP is authorized to pledge the Contract Revenue Payments as security for repayment of its bonds and other obligations; and (iv) ATP is authorized to spend the Contract Revenue Payments and the proceeds of its bonds and other obligations for the voter-approved purpose of funding a high-capacity transit system in Austin.

Chapter 1205 requires the Court, upon receipt of this original petition, to “immediately issue an order” that sets this matter for trial “at 10:00 a.m. on the first Monday after the 20th day after the date of the order.”

I. DISCOVERY

1. Petitioners intend to conduct discovery, if at all, under the requirements of Texas Government Code Section 1205.064.

II. JURISDICTION & VENUE

2. This Court has jurisdiction over this proceeding under Texas Government Code Section 1205.021, and venue is proper in Travis County pursuant to Texas Government Code Section 1205.022.

III. PARTIES

3. ATP is a public non-profit local government corporation of the State of Texas created by the City and Capital Metro pursuant to Chapter 431, Subchapter D of the Texas Transportation Code (“Subchapter D”), as amended, and to the extent required by Chapter 394, Subchapter D of the Texas Local Government Code, as amended. ATP’s principal office is located

in Austin, Travis County, Texas. As a local government corporation, in addition to the powers under Subchapter D, ATP has the powers of a transportation corporation created by the Texas Transportation Commission under Chapter 431. Additionally, ATP has all the powers of a private non-profit corporation under Chapter 22 of the Texas Business Organizations Code. Subchapter D also authorizes ATP to issue bonds and notes under any power or authority available to a local government corporation, including Chapters 1201 and 1371 of the Texas Government Code. ATP is an “issuer” of public securities within the meaning of Government Code Section 1205.001.

4. The City of Austin is an incorporated home-rule municipality of the State of Texas that derives its power from the Texas Constitution. While the City has territory in Hays, Travis, and Williamson, Counties, the City’s principal office is located in Travis County. The City may exercise and enjoy all municipal powers, functions, rights, privileges, immunities, and franchises of every name and nature, and is subject to all duties and obligations now pertaining to or incumbent upon the City as a home-rule municipality. The City is a sponsor of ATP pursuant to the provisions of Subchapter D.

5. Attorney General Ken Paxton (“Attorney General”) will be served in accordance with Government Code Section 1205.042. A copy of this petition, attached exhibits, and the order are to be served on the Attorney General before the twentieth (20th) day before the trial date, or the Attorney General may waive formal service. TEX. GOV’T CODE § 1205.042(b). The Attorney General may be served at 209 W. 14th Street, Austin, Texas 78701, or wherever he may be found.

6. This Chapter 1205 action is, by statute, an *in rem* proceeding and also a class action. All persons who reside within the territory of the City; who own property located within the boundaries of the City; who are taxpayers of the City; or who have or claim a right, title, or interest in any property or money to be affected by the authorization or the issuance of the public securities

at issue (collectively, the “Interested Parties”) are parties to this action and any judgment rendered in this action is binding upon all such Interested Parties. Any Interested Party may become a named party to this action by filing an answer to this petition on or before the time set for trial, or thereafter by intervention with leave of court.

7. Section 1205.04I of the Government Code prescribes how notice must be provided to Interested Parties. This prescribed notice requires a general description of the petition but is not required to contain the entire petition or any exhibit attached to the petition, though it must advise Interested Parties of their right to appear for trial at 10:00 a.m. on the first Monday after the twentieth (20th) day after the date of the order and show cause why the petition should not be granted and the public securities or authorization validated and confirmed.

IV. BACKGROUND

A. The City starts planning for high-capacity transit.

8. Austin is the tenth-largest city in the United States, and it is no secret that the City has been long plagued by traffic congestion and mobility issues. Beginning in 2016, in an effort to address the concerns of its residents, the City began developing a comprehensive, ambitious, and transformative multi-modal transit system and related public improvements that would eventually become known as “Project Connect.” Project Connect is a vision for a comprehensive regional transportation system that seeks to enhance mobility and deliver transit solutions throughout the City.

9. Project Connect includes (i) acquiring, planning, designing, financing, developing, constructing, equipping, and commissioning a light rail system (the “Light Rail Components”), (ii) the expansion of existing heavy rail service, rapid bus service, express bus service, on-demand transit service, park-and-ride facilities, transit centers, and related right-of-way improvements (the

“Capital Metro Components”), (iii) dedicated funding for anti-displacement measures, equitable transit-oriented development, and (iv) customer technology improvements.

10. In early 2019, the City and the Capital Metro publicly unveiled Project Connect, and on June 10, 2020, the City Council of the City (“City Council”) adopted Resolution No. 20200610-002, which amended the City’s strategic mobility plan to include the “Project Connect System Plan,” an overview of the project at the preliminary design phase.

B. In 2020, voters overwhelmingly approved Proposition A and Project Connect.

11. On August 12, 2020, the City Council adopted an election ordinance, ordering a special election to be held in the City on November 3, 2020 on a proposition for the voters to authorize an increase to the City’s tax rate for the purpose of funding Project Connect (“Proposition A”). Proposition A appeared on the November 3, 2020 ballot in the following form, and was prepared to permit voting “for” or “against” the proposition:

Approving the ad valorem tax rate of \$0.5335 per \$100 valuation in the City of Austin for the current year, a rate that is \$0.0875 higher per \$100 valuation than the voter-approval tax rate of the City of Austin, for the purpose of providing funds for a citywide traffic-easing rapid transit system known as Project Connect, to address traffic congestion, expand service for essential workers, reduce climate change emissions, decrease traffic fatalities, create jobs, and provide access to schools, health care, jobs and the airport; to include neighborhood supportive affordable housing investments along transit corridors and a fixed rail and bus rapid transit system, including associated road, sidewalk, bike, and street lighting improvements, park and ride hubs, on-demand neighborhood circulator shuttles, and improved access for seniors and persons with disabilities; to be operated by the Capital Metropolitan Transportation Authority, expending its funds to build, operate and maintain the fixed rail and bus rapid transit system; the additional revenue raised by the tax rate is to be dedicated by the City to an independent board to oversee and finance the acquisition, construction, equipping, and operations and maintenance of the rapid transit system by providing funds for loans and grants to develop or expand transportation within the City, and to finance the transit-supportive anti-displacement strategies related to Project Connect. Last year, the ad valorem tax rate in the City of Austin was \$0.4431 per \$100 valuation.

12. As a companion to the Proposition A ordinance, City Council adopted Resolution No. 20200812-015 (Aug. 12, 2020) (the “Companion Resolution”). In this resolution, the City declared its intent to use the voter-approved tax revenues authorized in Proposition A for Project Connect, subject to any required modifications approved by City Council and the Capital Metro board of directors:

The City Council, by this official action, clarifies and declares its intent and commitment to the voters to create a contract with the voters that specifies and commits that the proceeds from the Project Connect tax revenue collected shall be used to invest in a citywide rapid transit system, known as Project Connect, which includes associated transit-supportive anti-displacement strategies. Further, the City Council by this official action, clarifies that *if Project Connect, or the associated Implementation Sequence Plan, require modification, such action may be taken only upon the joint concurrence of City Council and the Capital Metro Board. . . .*

Companion Resolution at 4-5 (emphasis added).

13. Voters overwhelmingly approved Proposition A, with 57.97% voting in favor, at an election with an overall turnout of approximately 71% of registered voters, setting an all-time record for the number of votes cast in an Austin election.¹

C. A more developed design and changed circumstances led to the adoption of a revised first phase of Austin Light Rail.

14. Following the passage of Proposition A, the City and Capital Metro adopted a revised first phase of the Light Rail Components in response to advances in design and a material change in circumstances.

15. Based on a conceptual design package prepared in 2019, the preliminary capital costs of the Light Rail Components, including a 1.56-mile tunnel and underground stations in portions of downtown Austin, were estimated to be \$5.8 billion.

¹Office of the City Clerk, Election History, AUSTINTEXAS.GOV, <https://services.austintexas.gov/election/byrecord.cfm?eid=208> (last visited Feb. 20, 2024).

16. As ATP began advancing toward a 30% design package for the Light Rail Components, dramatic increases to the preliminary cost estimates began to surface, primarily fueled by the effects of the COVID-19 global pandemic, which were only beginning to emerge at the time of the November 2020 election. Three significant cost drivers had grown with the changed economy and advancing design: (i) increases in real estate costs, (ii) inflation and construction cost escalation, and (iii) scope refinement through advancing design.

17. The real estate and inflation cost drivers were market-driven. By April of 2022, ATP estimated that its real estate costs had increased by approximately \$940 million due to rising real estate values.² Construction costs increased by approximately \$380 million due to inflation, increased construction costs, and supply chain impacts.³

18. Additionally, advancements in design revealed overall cost increases of \$3.2 billion. Most notably, the length of the proposed downtown tunnel would need to be extended from approximately 1.56 miles to 4.19 miles to address engineering issues, carrying with it an estimated cost increase of \$2.1 billion.⁴

19. In total, ATP's April 2022 cost estimates for the Light Rail Components rose from \$5.8 billion to \$10.3 billion, a \$4.5 billion increase.⁵ Due to this material change in circumstances, at its July 2022 public board meeting, ATP staff informed the public that the originally proposed Project Connect System Plan scope and sequencing for the Light Rail Components would need to be updated to address the engineering issues and match available funding.⁶

² See Memorandum to the Capital Metro Board of Directors, ATP Board of Directors, and City of Austin Council (Apr. 7, 2020), at 5 (available at <https://publicinput.com/Customer/File/Full/6bba66e5-288f-4bfe-a4eb-a05d4176d792>) (last visited Feb. 20, 2024).

³ *Id.*

⁴ *Id.* at 5-6.

⁵ *Id.* at 6.

⁶ See Austin Transit Partnership Board of Directors Meeting (July 20, 2022), at 12 and 26 (available at https://www.atptx.org/wp-content/uploads/2023/09/july-2022_atp-board-meeting_agenda-packet_v2.pdf) (last visited Feb. 20, 2024).

20. In December 2022, ATP, along with the City and Capital Metro, began an extensive community engagement process to seek input on potentially financially viable modifications to the Light Rail Components of Project Connect. On March 21, 2023, based on the feedback received from this process, ATP publicly unveiled five light rail options to the community, and it spent another six weeks engaging with stakeholders to receive input on the proposed options.⁷ During this process, ATP hosted 91 community engagement activities and connected with over 8,000 community members.⁸ On May 2, 2023, ATP publicly presented a revised first phase for the Light Rail Components, called the “Austin Light Rail Implementation Plan.”

21. The revised plan modifies and supplements the original vision for light rail presented as part of the original Project Connect System Plan, creating a financially viable first phase for light rail. This first phase consists of a 9.8-mile on-street, two-line light rail system running from the intersection of 38th Street and Guadalupe Street, south to the intersection of Oltorf Street and S. Congress Avenue, and Yellow Jacket Lane and E. Riverside Drive, respectively. In addition, the plan indicates future phasing and identifies two priority extension projects, including a planned extension to the Austin Bergstrom International Airport.

22. On June 1, 2023, City Council and Capital Metro both adopted the Austin Light Rail Implementation Plan in accordance with the Companion Resolution, in which the City reserved discretion to modify Project Connect and the sequencing of its components with the joint concurrence of City Council and the Capital Metro Board of Directors. *See* Companion Resolution at 5 (“Further, the City Council by this official action, clarifies that if Project Connect, or the

⁷ *See* Austin Light Rail: Community Engagement Report (May 2023), at 5 (available at <https://publicinput.com/Customer/File/Full/cd851c64-09c5-406a-8b59-1204b89c5825>) (last visited Feb. 20, 2024).

⁸ *Id.* at 6.

associated Implementation Sequence Plan, require modification, such action may be taken only upon the joint occurrence of City Council and the Capital Metro Board.”).

D. In accordance with state public finance laws and as contemplated by the City’s voters, ATP now seeks to issue bonds to fund a portion of the Light Rail Components of Project Connect.

23. By passing Proposition A, voters authorized the City to increase the *ad valorem* tax rate in the City of Austin and dedicate the additional revenue (the “Proposition A Revenue”) to ATP to independently finance and implement Project Connect. In August 2021, the City and ATP entered into an interlocal agreement (“Funding Agreement”) whereby the City agreed to pay the Proposition A Revenue to ATP to accomplish the City’s governmental purposes, namely to implement portions of Project Connect. The Funding Agreement was amended and restated in February 2024 to address potential issues raised by the Texas Attorney General’s Office in May 2023.

24. Pursuant to the Funding Agreement, the City agreed to pay annually, subject to appropriation, the Proposition A Revenue to ATP on a periodic basis (the “Contract Revenue Payments”), and ATP made clear that it would use the Contract Revenue Payments solely for the accomplishment of the City’s governmental purposes of implementing Project Connect. The Contract Revenue Payments are ATP’s primary source of funding for Project Connect.

25. On February 16, 2024, ATP’s Board of Directors adopted a Bond Resolution approving various financing documents (the “Financing Program”), including a Master Trust Agreement to be supplemented as obligations issue and a First Supplemental Agreement for an initial series of obligations issued pursuant to the Financing Program entitled “Austin Transit Partnership Local Government Corporation Senior Lien Contract Revenue Bonds, Series 2024” in an aggregate principal amount not to exceed \$150,000,000 (the “Initial Bonds”) to pay and reimburse for costs of the Light Rail Components. The Bonds will be secured by a pledge of the

Contract Revenue Payments received from the City under the Funding Agreement, and will be ATP's principal source of repayment for the Initial Bonds and all other obligations issued pursuant to the Financing Program.

E. Opponents are trying to derail Project Connect.

26. Certain individuals have sued City Council members and members of the ATP Board of Directors in an effort to stop Project Connect (Cause No. D-I-GN-23-008105, styled *Dirty Martin's et al. v. Mayor Kirk Watson, et al.*, in the 455th District Court, Travis County). According to those litigants, the financing structure for the Light Rail Components creates an unconstitutional "debt," as that term is used in Texas law. Notwithstanding that voters entrusted the City with the discretion to modify Project Connect as necessary, the plaintiffs also assert that the financing structure is invalid because the City allegedly violated its contract with the voters by modifying Project Connect. The plaintiffs seek to enjoin the City from assessing, collecting, and appropriating Proposition A Revenue. They further seek to enjoin ATP from spending the Contract Revenue Payments on the Light Rail Components or any bonds.

27. Thus, the *Dirty Martin's* lawsuit is a direct challenge to the validity of the Funding Agreement, the Initial Bonds, and the Financing Program. Nonetheless, this bond validation action may be maintained "regardless of whether another proceeding is pending in any court relating to a matter to be adjudicated" in this lawsuit. TEX. GOV'T CODE § 1205.025(4). And this Court may consolidate any other proceeding with this action. *Id.* at § 1205.061(b). The City and ATP have or will notify counsel for those litigants of this proceeding.

V. STATUTORY ALLEGATIONS

28. Petitioners incorporate the facts stated in the preceding paragraphs herein. Additionally, Petitioners make the following allegations as required by Texas Government Code Section 1205.024.

A. The City has authority to levy and collect the Proposition A Revenue.

29. Texas Tax Code Section 26.07 requires an election when a municipality of more than 30,000 adopts a tax rate that would exceed the municipality's voter-approval tax rate (the calculation of which is dictated by Tax Code Section 26.04). According to Section 26.07, when seeking approval to adopt a tax rate that exceeds the voter-approval tax rate, a municipality must describe the purpose for the tax increase proposed to the voters. Section 26.07 does not place substantive restrictions on the purposes for which a municipality may seek voter approval for a tax rate increase. Proposition A clearly described the purpose for which the tax would be used, specifically, "for the purpose of providing funds for a citywide traffic-easing rapid transit system known as Project Connect." The voters overwhelmingly voted to adopt a tax rate that exceeded the voter-approval tax rate in order to provide funds for Project Connect. Accordingly, because the City lawfully obtained voter approval under Section 26.07, the City's levy and collection of the Proposition A Revenue for the creation, operation, and maintenance of a high-capacity transit system within the City is a lawful use of maintenance and operations tax revenue under Chapter 26, the City's Home Rule Charter, and the Funding Agreement.

B. The City has authority to transfer the Proposition A Revenue to ATP.

30. The City may enter into an interlocal agreement with a local government corporation to perform governmental functions. *See generally*, TEX. GOV'T CODE § 791.011; *see also* TEX. TRANSP. CODE § 431.105. Such intergovernmental agreements are subject to constitutional requirements of Article XI, Section 5 of the Texas Constitution, placing limits on the authority of political subdivisions to incur pecuniary obligations. The City Council approved the Funding Agreement, committing to pay the Proposition A Revenue to ATP annually, subject to appropriation, to accomplish the City's governmental purposes, namely to implement Project

Connect.⁹ The City’s contractual payment obligation under the Funding Agreement is subject to appropriation and may be terminated at the end of any fiscal year. The Funding Agreement therefore does not create an unconstitutional “debt” within the meaning of Article XI, Section 5 of the Texas Constitution.¹⁰

C. Texas law authorizes entities like ATP to issue bonds and notes secured by contract revenues to finance capital improvements.

31. ATP is a governmental unit of the State of Texas, duly created, organized and validly existing under the laws of the State of Texas. TEX. TRANSP. CODE § 43I.108(a) (“A local government corporation is a governmental unit as that term is used in Chapter 10I, Civil Practice and Remedies Code.”). As a local government corporation, ATP has statutory authority to issue bonds and notes to carry out its purpose under any power or authority available to the corporation, including Chapters 120I and 137I of the Texas Government Code. *Id.* § 43I.070; *see also Id.* § 43I.101(b) (“A local government corporation has the powers of a corporation authorized for creation by the commission under this chapter.”).

32. As a local government corporation created under Subchapter D, ATP is authorized to aid and act on behalf of the City to accomplish any governmental purpose of the City, as set forth in its articles of incorporation and bylaws. *Id.* § 43I.101(a). ATP’s Articles of Incorporation, approved by City Council and the Capital Metro Board of Directors, expressly authorize and empower ATP to implement Project Connect and the Austin Light Rail Implementation Plan, and

⁹ See City of Austin Resolution No. 20240215-044 (adopted Feb. 15, 2024)

¹⁰ “A contract which runs for more than one year is a commitment only of current revenues, and so is not a ‘debt’ if it reserves to the governing body the right to terminate at the end of each budget period.” Tex. Att’y Gen. Op. No. KP-0444 at 4-5 (May 20, 2023). (citing *City-Cnty. Solid Waste Control Bd. v. Cap. City Leasing, Inc.*, 813 S.W.2d 705, 707 (Tex. App.—Austin 1991, writ denied)). The Texas Attorney General concluded that the original interlocal agreement between the City and ATP was an impermissible pecuniary obligation within the meaning of Art. XI, Section 5 because the contract was not subject to termination and the City would be in breach of the agreement if it did not pay the Project Connect Revenue to ATP. However, these issues were rectified by the City and ATP by their adoption of the Funding Agreement, which supersedes and replaces the original interlocal agreement.

more particularly, to “issue bonds, notes and other debt obligations as necessary for the accomplishment of the implementation of Project Connect.”¹¹

D. ATP has authority to pledge its revenues as security for its bonds and notes issued to finance capital improvements.

33. ATP has all statutory authority under Chapters 1201 and 1371 of the Texas Government Code to issue bonds. The Contract Revenue Payments received by the City under the Funding Agreement are the revenues of ATP within the meaning of Section 1201.044 of the Texas Government Code. As explained above, the ATP Board of Directors duly adopted the Bond Resolution, which included authorization for ATP to finalize and enter into a master trust agreement (the “Master Trust Agreement”) and a first supplemental agreement (the “First Supplement”) substantially in the form attached to the Bond Resolution (collectively, the “Trust Agreement”). The Bond Resolution also authorizes the pledge of the Contract Revenue Payments received pursuant to the terms of the Funding Agreement, as security for the repayment of the Initial Bonds and future obligations (including bonds, notes and other obligations) issued pursuant to the Financing Program. The Bond Resolution and the Trust Agreement are attached for all purposes as **Exhibit A**. ATP’s pledge of the Contract Revenue Payments pursuant to its Trust Agreement and Financing Program is valid and effective without any further action of the issuer. *See* TEX. GOV’T CODE § 1201.044(a)(1). The Initial Bonds will be issued in an aggregate principal amount not to exceed \$150,000,000. As provided in the Master Trust Agreement, the Financing Program initially establishes that the aggregate principal amount of obligations outstanding under the Master Trust Agreement may not exceed \$5 billion. The actual interest rate on the Initial Bonds will be set based on market conditions at the time of their sale. The interest rate on the Initial Bonds

¹¹ Amended and Restated Articles of Incorporation of The Austin Transit Partnership Local Government Corporation, Article IV (adopted Feb. 16, 2024).

may not exceed the maximum rate authorized by law, which pursuant to Section 1204.006 of the Government Code is a net effective rate of 15%.

E. Modification of the Project Connect System Plan does not undermine the City's authority to proceed with Project Connect as contemplated.

34. The opponents who seek to derail Project Connect have argued that the City no longer has the statutorily required voter authorization to assess, collect, and transfer the Proposition A Revenue as described above. This is wrong. When voters are asked to approve a city's financial undertakings in an election, as was done here, Texas courts recognize that the terms of the election ordinances become a "contract with the voters." Op. Tex. Att'y Gen. No. GA-0156, at 6 (2004) (citing *Black v. Strength*, 246 S.W. 79, 79 (Tex. 1922); *Fletcher v. Ely*, 53 S.W.2d 817, 818 (Tex. Civ. App.—Amarillo 1932, writ ref'd)). "[T]he proceeds of bonds voted by the people must be expended for the purposes for which they were voted." *Lewis v. City of Fort Worth*, 126 Tex. 458, 463 (1936). Here, the City's adoption of the Austin Light Rail Implementation Plan was consistent with its contract with the voters.

35. Additionally, Texas law provides that, where a governing body reserves the discretion to make changes to a voter-approved project, elected officials are free to make changes according to their honest judgment and discretion. *Wright v. Allen*, 57 S.W. 980, 986 (Tex. Civ. App.—Dallas 1923, writ ref'd). In the Companion Resolution, the City expressly reserved a right to modify the Project Connect System Plan upon the joint concurrence of City Council and the Capital Metro Board of Directors. *See* Companion Resolution. Due to the drastic changes in the local and national economic environment and other developments discovered during design development, the original Project Connect System Plan presented to voters needed to be revised, and City Council, in joint concurrence with the Capital Metro Board of Directors, exercised its duly reserved discretion to revise it. It did this only after it expressly reserved the discretion to

modify the Project Connect System Plan, and ATP, on behalf of the City, engaged in a robust community engagement process before exercising that discretion by adopting the Austin Light Rail Implementation Plan.

VI. PRAYER

WHEREFORE, PREMISES CONSIDERED, Petitioners pray as follows:

36. That the Judge of this Honorable Court make and issue an order in general terms in the form of a notice directed to all interested parties including the Attorney General in accordance with Texas Government Code Section 1205.04I-.044, requiring, in general terms and without naming them, all such persons and the Attorney General to appear for hearing and trial at 10:00 a.m. on the first Monday after the expiration of twenty (20) days from the date of issue of such order and show cause why the prayers of this petition should not be granted and the legal rights of the Petitioners and the proceedings of the Bonds be validated and confirmed as herein prayed;

37. That notice of this suit be published and served in accordance with law and that in the event the Attorney General does not waive service of citation, that the Clerk of this Court shall cause a copy of said order and this Petition, including all exhibits hereto, to be served upon the Attorney General in the manner and within the time as provided by Texas Government Code Section 1205.042;

38. That a day certain be set for the hearing of this cause in accordance with the provisions of Texas Government Code Section 1205.065 and, if necessary, trial be continued but not reset;

39. That upon a final hearing, this Honorable Court enters judgment declaring and establishing the following:

A. That the Petitioners are authorized to bring this suit, that the Court has jurisdiction over the parties and subject matter thereof, that all requirements of due process have been met in citing and giving notice to all possible challengers, opponents, and contestants to the legal authority of the City levy and collect *ad valorem* tax as authorized by and for the purposes described in Proposition A, the authority of ATP to issue obligations from time-to-time pursuant to the Financing Program, including the Initial Bonds, and that there is a justiciable controversy over which the Court has jurisdiction under Texas law to adjudicate in this declaratory judgment suit;

B. That the City is authorized, pursuant to its contract with the voters established with the passage of Proposition A, to levy and collect taxes at the increased rate approved by the voters in Proposition A;

C. That the City is authorized, pursuant to its contract with the voters, to pay, subject to appropriation, the Proposition A Revenue to ATP pursuant to the Funding Agreement, which is validated for the voter-approved purpose;

D. That the Contract Revenue Payments are the property of ATP, and ATP is authorized to pledge the Contract Revenue Payments as security for repayment of the Initial Bonds and other obligations pursuant to the Master Trust Agreement, as supplemented, and the Financing Program;

E. That ATP is authorized and required to spend the Contract Revenue Payments for implementing Project Connect, including the Light Rail Components as currently set forth in the Austin Light Rail Implementation Plan;

F. That the Initial Bonds and any other obligations authorized by the Financing Program, when issued and executed pursuant to the requirements provided by law, including

approval by the Attorney General and filing with the Comptroller of Public Accounts, will constitute valid and incontestable obligations, enforceable according to their terms;

G. That each public security authorization undertaken with respect to the Bonds was legal and valid;

H. That ATP is authorized to issue from time-to-time and use the proceeds of any bonds, notes, or other obligations issued pursuant to the terms of the Master Trust Agreement, as supplemented, and the Financing Program authorized by the Bond Resolution for financing or reimbursing the cost of acquiring, designing, constructing, and implementing of the Light Rail Components;

I. That the City's actions concerning Project Connect, including the adoption of the Austin Light Rail Implementation Plan, have not violated its contract with the voters; and

J. That all other matters of fact and law pertaining to the legality and validity of all proceedings referred to in this petition and developed at trial be adjudicated as part of this expedited validation proceeding and included in the court's declaratory judgment; and

40. For all such other and further relief, both general and special, at law and in equity, to which the Petitioners shall be justly entitled.

Respectfully submitted,

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