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

## FINDINGS

(a) The City has previously issued, and there are currently outstanding, the Series 2005 Bonds, pursuant to the Series 2005 Bond Ordinance, the Series 2013 Bonds, pursuant to the Series 2013 Bond Ordinance, the Series 2013A Bonds, pursuant to the Series 2013A Bond Ordinance, and the Series 2014 Bonds, pursuant to the Series 2014 Bond Ordinance, issued as Revenue Bonds in compliance with the terms of each Series' respective ordinance.

(c) The Revenue Bond Ordinances each (i) provide for the issuance of additional series of obligations, secured by a lien on and pledge of Net Revenues on parity with the Currently Outstanding Revenue Bonds, and (ii) reserve the right to issue subordinated revenue obligations.

(e) The bonds authorized by this Ordinance are issued as Revenue Bonds in compliance with the Revenue Bond Ordinances and shall be equally and ratably secured on parity with the Currently Outstanding Revenue Bonds.

32 (f) This Ordinance is substantially in the forms of the Revenue Bond  
33 Ordinances, with changes to reflect the terms and conditions of sale of the bonds  
34 authorized by this Ordinance.

35 (g) Council by separate ordinance will authorize the issuance of a  
36 separate series of Revenue Bonds on parity with the Currently Outstanding  
37 Revenue Bonds and the bonds authorized by this Ordinance.

38 (h) Council finds that sufficient written notice of the date, hour, place,  
39 and subject of the council meeting at which this Ordinance was adopted was  
40 posted at a place convenient and readily accessible at all times to the general  
41 public at the City Hall of the City for the time required by law preceding this  
42 meeting, as required by the Open Meetings Law, Chapter 551, Texas  
43 Government Code, and that this meeting has been open to the public as required  
44 by law at all times during which this Ordinance has been discussed, considered,  
45 and formally acted upon. Council further ratifies, approves and confirms the  
46 written notice and the contents and posting of the meeting notice.

47 (i) The table of contents, titles, and headings of the articles and sections  
48 of this Ordinance have been provided for convenience of reference only and are  
49 not considered to be a part of this Ordinance and shall never be considered or  
50 given any effect in interpreting this Ordinance or in determining intent, if any  
51 question of intent arises.

## 52 ***ARTICLE TWO***

### 53 ***DEFINITIONS***

54 Section 2.01. **DEFINITIONS.** Unless otherwise expressly provided or  
55 unless the context otherwise requires, the terms defined in this Section for all  
56 purposes of this Ordinance, and any ordinance amending or supplementing this  
57 Ordinance, shall have the meanings stated below:

58 "Additional Revenue Bonds" means the additional parity Revenue Bonds  
59 permitted to be issued by the City pursuant to Section 6.01 of this Ordinance.

60 "Administrative Expense Fund" means the fund by that name established  
61 in Section 5.04(d) of this Ordinance.

62 "Administrative Expenses" means the fees, expenses, and indemnification  
63 liabilities payable to the Persons to whom fees and expenses are due and owing  
64 in connection with the Revenue Bonds, and Credit Agreement Obligations

65 incurred in connection with a related series of Revenue Bonds, including but not  
66 limited to the fees and expenses of the Paying Agent/Registrars, the Credit  
67 Providers, the rebate analysts, the remarketing agents and the tender agents, and  
68 of which the City is given actual notice at least 30 days prior to the date payment  
69 of these amounts is due.

70 "Airport" means the air carrier airport developed, constructed and  
71 operated by the City pursuant to the city-wide election held within the City on  
72 May 1, 1993, and designated as the Austin-Bergstrom International Airport  
73 (ABIA).

74 "Airport Consultant" means a nationally recognized independent firm,  
75 person or corporation having a widely known and favorable reputation for  
76 special skill, knowledge, and experience in methods of developing, operating  
77 and financing airports of approximately the same size as the properties  
78 constituting the Airport System.

79 "Airport System" means all or any interest in airport, heliport and aviation  
80 facilities, now or from time to time owned, operated or controlled in whole or in  
81 part by the City, including the Airport, together with all properties, facilities, and  
82 services of the Airport, and all additions, extensions, replacements and  
83 improvements to the Airport, and all services currently provided, or to be  
84 provided, by the City in connection with the Airport, but expressly excluding (i)  
85 any heliport or heliports operated by City departments other than the Aviation  
86 Department, (ii) the Austin consolidated rental car facility, financed by the  
87 issuance of City of Austin, Texas Rental Car Special Facility Revenue Bonds,  
88 Taxable Series 2013, as Special Facilities, and (iii) the Mueller Airport Property.

89 "Authorized Denominations" means \$5,000 and integral multiples of  
90 \$5,000.

91 "Authorized Officer" means the City Manager of the City and the Chief  
92 Financial Officer of the City, the City Treasurer, or any Assistant City Manager  
93 authorized by the City Manager to sign documents on his or her behalf.

94 "Aviation Director" means the Executive Director of the City's  
95 Department of Aviation, or any successor or person acting in that capacity.

96 "Bond Insurer" or "Insurer" means Assured Guaranty Municipal Corp.  
97 (the successor to Financial Security Assurance Inc., a New York stock insurance  
98 company), or any successor to or assignee of Assured Guaranty Municipal Corp.

99 "Bond Purchase Agreement" means the bond purchase agreement  
100 between the City and the Underwriters, relating to the sale and delivery of the  
101 Bonds, in substantially the form approved by Council in the sale of obligations  
102 to underwriters in a negotiated sale.

103 "Bonds" means the City of Austin, Texas, Airport System Revenue  
104 Bonds, Series 2017B (AMT), authorized by this Ordinance.

105 "Business Day" means any day other than a Saturday, Sunday or legal  
106 holiday or other day on which banking institutions in the City, or in the City  
107 where the Designated Payment/Transfer Office of the Paying Agent/Registrar is  
108 located, are generally authorized or obligated by law or executive order to close.

109 "Capital Fund" means the fund designated in Section 5.04 of this  
110 Ordinance.

111 "Capitalized Interest Account" means the account designated in Section  
112 5.15(c) of this Ordinance.

113 "Chapter 9" means Chapter 9, Texas Business & Commerce Code.

114 "Chapter 22" means Chapter 22, Texas Transportation Code.

115 "Chapter 1208" means Chapter 1208, Texas Government Code.

116 "Chapter 1371" means Chapter 1371, Texas Government Code.

117 "City" means the City of Austin, Texas, and, where appropriate, council,  
118 or any successor as owner and operator of the Airport System.

119 "Code" means the Internal Revenue Code of 1986.

120 "Concurrent Bonds" means the City of Austin, Texas, Airport System  
121 Revenue Bonds, Series 2017A, authorized by the Concurrent Ordinance.

122 "Concurrent Ordinance" means the ordinance adopted concurrently with  
123 this Ordinance, and all amendments and supplements to the ordinance,  
124 authorizing the issuance of the Concurrent Bonds.

125 "Construction Fund" means the fund designated in Section 5.04(g) of this  
126 Ordinance.

127 "Credit Agreement" means (i) any agreement of the City entered into in  
128 connection with and for the purpose of (A) enhancing or supporting the

creditworthiness of a series of Revenue Bonds or (B) providing liquidity with respect to Revenue Bonds which by their terms are subject to tender for purchase, and which, by its terms, creates a liability on the part of the City on a parity with the Revenue Bonds to which it relates, and (ii) a Swap Agreement. A determination by the City that an agreement constitutes a Credit Agreement under this definition shall be conclusive as against all Owners.

"Credit Agreement Obligations" means any amounts payable by the City under and pursuant to a Credit Agreement other than amounts payable as an Administrative Expense.

"Credit Provider" means the issuer or provider of a Credit Agreement.

"Currently Outstanding Revenue Bonds" means the Series 2005 Bonds, the Series 2013 Bonds, the Series 2013A Bonds and the Series 2014 Bonds.

"Debt Service" means (i) with respect to a series of Revenue Bonds, an amount equal to the Principal Installment, redemption premium, if any, and interest on such Revenue Bonds, (ii) with respect to a Credit Agreement other than a Swap Agreement, amounts payable as Credit Agreement Obligations, and (iii) with respect to a Swap Agreement, regularly scheduled amounts payable by the City under a Swap Agreement, so long as the counterparty is not in default (specifically excluding Termination Payments, which shall constitute Subordinate Obligations).

"Debt Service Fund" means the fund designated in Section 5.04(b) of this Ordinance established with respect to the Revenue Bonds.

"Debt Service Requirements" means for any particular period of time, an amount equal to the sum of the following for such period with respect to all or any portion of Revenue Bonds or Credit Agreement Obligations, as applicable, then Outstanding:

(a) That portion of interest which would accrue with respect to Revenue Bonds during such period if interest were deemed to accrue only during the six month period prior to its payment (12 month period in the case of capital appreciation or compound interest bonds), plus

(b) That portion of the principal amount of Revenue Bonds which would accrue during such period if principal were deemed to accrue only during the 12 month period prior to its scheduled payment date (either at maturity or by

reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory Revenue Bond redemptions),

less and except any such interest or principal for the payment of which provision has been made by: (i) appropriating for such purpose amounts sufficient to provide for the full and timely payment of such interest or principal either from proceeds of bonds, from interest earned or to be earned thereon, from Airport System funds other than Net Revenues, or from any combination of such sources; and (ii) depositing such amounts (except in the case of interest to be earned, which shall be deposited as received) into a dedicated fund or account (including, without limitation, the Capitalized Interest Account), the proceeds of which are required to be transferred as needed into the Debt Service Fund, or directly to the Paying Agent/Registrar for the Revenue Bonds.

For purposes of calculating Debt Service Requirements, in making estimates as to interest accrued or to accrue on Variable Rate Bonds, the actual interest rate shall be used to the extent known or ascertainable and to the extent unknown and not ascertainable, the Maximum Interest Rate shall be used; provided, however, that to the extent Variable Rate Bonds are subject to a Swap Agreement, the fixed rate that is effective with respect to such Variable Rate Bonds pursuant to such Swap Agreement shall be used.

"Debt Service Reserve Fund" means the fund designated and established in Section 5.04(c) of this Ordinance with respect to the Revenue Bonds.

"Debt Service Reserve Fund Requirement" means the amount required to be maintained in the Debt Service Reserve Fund. This amount shall be computed and recomputed annually as a part of the City's budget process and upon the issuance of each series of Revenue Bonds to be the arithmetic average of the Debt Service Requirements scheduled to occur in the then current and each future Fiscal Year for all Revenue Bonds then Outstanding including the series of Revenue Bonds then being issued. In no event, however, will the amount deposited in the Debt Service Reserve Fund that is allocable to the Revenue Bonds or Additional Revenue Bonds, in accordance with section 1.148-6 of the regulations promulgated under the Code, exceed the least of: (a) 10% of the stated principal amount of each issue of which the Revenue Bonds or Additional Revenue Bonds are a part; (b) the maximum annual principal and interest requirements of the issue; or (c) 125% of the average annual principal and interest requirements of the issue, unless there is received an opinion of nationally recognized bond counsel to the effect that the additional amount will

not cause the Revenue Bonds and any Additional Revenue Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code and the related regulations promulgated from time to time.

"Debt Service Reserve Fund Surety Bond" means any surety bond or insurance policy having a rating in the highest respective rating categories by Moody's and Standard & Poor's issued to the City for the benefit of the Owners of the Revenue Bonds to satisfy any part of the Debt Service Reserve Fund Requirement as provided in Section 5.07 of this Ordinance.

"Defeasance Obligations" means: (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States; (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 of their purchase, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (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 council adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named in Section 8.01 of this Ordinance, its corporate trust office in Plano, Texas, and (ii) with respect to any successor Paying Agent/Registrar, the office of the successor designated and located as may be agreed upon by the City and the successor.

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

"DTC Participant" means the securities brokers, 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.

"Federal Payments" means those funds received by the Airport System from the federal government or any agency of the federal government as payments for the use of any facilities or services of the Airport System.

232 "Fiscal Year" means the City's fiscal year as from time to time designated  
233 by the City, which is currently October 1 to September 30.

234 "General Obligation Airport Bonds" means those bonds or other  
235 obligations of the City secured by a levy of ad valorem taxes from time to time  
236 issued or to be issued by the City for Airport System purposes.

237 "Gross Revenues" means all income and revenues derived directly or  
238 indirectly by the City from the operation and use of and otherwise pertaining to  
239 all or any part of the Airport System, whether resulting from extensions,  
240 enlargements, repairs, betterments or other improvements to the Airport  
241 System, or otherwise, and includes, except to the extent expressly excluded  
242 below, all revenues received by the City from the Airport System, including,  
243 without limitation, all rentals, rates, fees and other charges for the use of the  
244 Airport System, or for any service rendered by the City in the operation of the  
245 Airport System, interest and other income realized from the investment or  
246 deposit of amounts required to be transferred or credited to the Revenue Fund.  
247 Gross Revenues expressly excludes:

- 248 (a) proceeds of any Revenue Bonds and Subordinate Obligations;
- 249 (b) interest or other investment income derived from proceeds of Revenue  
250 Bonds and Subordinate Obligations deposited to the credit of a  
251 construction fund, and all other interest or investment income not  
252 required to be transferred or credited to the Revenue Fund;
- 253 (c) any monies received as grants, appropriations, or gifts, the use of  
254 which is limited by the grantor or donor to the construction or  
255 acquisition of Airport System facilities, except to the extent any such  
256 monies shall be received as payments for the use of the Airport  
257 System facilities;
- 258 (d) any revenues derived from any Special Facilities (e.g., customer  
259 facility charges) which are pledged to the payment of Special  
260 Facilities Bonds;
- 261 (e) insurance proceeds other than loss of use or business interruption  
262 insurance proceeds;
- 263 (f) the proceeds of the passenger facility charge (PFC) currently imposed  
264 by the City and any other per-passenger charge as may be lawfully  
265 authorized;



- 266 (g) sales and other taxes collected by the Airport System on behalf of the  
267 State of Texas and any other taxing entities;
- 268 (h) Federal Payments received by the Airport System unless the City first  
269 receives an opinion from nationally recognized bond counsel to the  
270 effect that the payments, if included in Gross Revenues, would not  
271 cause the interest on the Bonds to be includable within the gross  
272 income of the Owners of the Bonds for federal income tax purposes;
- 273 (i) the proceeds received by the City from the sale or other disposition of  
274 Airport System property, except amounts representing interest or  
275 finance charges in a deferred sale or other similar method of  
276 conveyance where a portion of the sale price is payable on a deferred  
277 basis, in which case any interest or finance charges shall be  
278 considered Gross Revenues; and
- 279 (j) Other Available Funds transferred to the Revenue Fund as provided in  
280 this Ordinance.

281 "Initial Bonds" means the Initial Bonds authorized by Section 3.06 of this  
282 Ordinance.

283 "Interest Payment Date" means each May 15 and November 15,  
284 commencing May 15, 2017, until maturity or prior redemption of the Bonds.

285 "Minimum Capital Reserve" means an amount, designated by the  
286 Aviation Director not less frequently than annually at the end of each Fiscal  
287 Year, but in any event not more than \$100,000 each Fiscal Year, necessary to  
288 accumulate or to re-accumulate in the Capital Fund a reserve in an amount not  
289 less than \$1,000,000.

290 "Moody's" means Moody's Investors Service, Inc., its successors and  
291 assigns, and if this corporation shall for any reason no longer perform the  
292 functions of a securities rating agency, "Moody's" shall refer to any other  
293 nationally recognized securities rating agency designated by the City.

294 "MSRB" means the Municipal Securities Rulemaking Board.

295 "Mueller Airport Property" means the property and facilities that  
296 comprised the former Robert Mueller Municipal Airport, located within the  
297 City. The Mueller Airport Property is not part of the Airport System.

298 "Net Revenues" means that portion of the Gross Revenues remaining after  
299 the deduction of the Operation and Maintenance Expenses of the Airport  
300 System.

301 "Operation and Maintenance Expenses" means all reasonable and  
302 necessary current expenses of the City, paid or accrued, of operating,  
303 maintaining and repairing the Airport System, including, without limitation,  
304 those reasonably allocated City overhead expenses relating to the administration,  
305 operation and maintenance of the Airport System; insurance and fidelity bond  
306 premiums; payments to pension and other funds and to any self-insurance fund;  
307 any general and excise taxes or other governmental charges imposed by entities  
308 other than the City; any required rebate of any portion of interest income to the  
309 federal government which is payable from Gross Revenues or the Revenue  
310 Fund; costs of contractual and professional services, labor, materials and  
311 supplies for current operations, including the costs of direct City services  
312 rendered to the Airport System as are requested from the City by the Airport  
313 System and as are reasonably necessary for the operation of the Airport System;  
314 costs of issuance of Revenue Bonds and Subordinate Obligations for the Airport  
315 System (except to the extent paid from the proceeds); fiduciary costs; costs of  
316 collecting and refunding Gross Revenues; utility costs; any lawful refunds of  
317 any Gross Revenues; and all other administrative, general and commercial  
318 expenses, but excluding:

- 319 (a) any allowance for depreciation;
- 320 (b) costs of capital improvements;
- 321 (c) reserves for major capital improvements, Airport System operations,  
322 maintenance or repair;
- 323 (d) any allowance for redemption of, or payment of interest or premium  
324 on, Revenue Bonds and Subordinate Obligations;
- 325 (e) any liabilities incurred in acquiring or improving properties of the  
326 Airport System;
- 327 (f) expenses of lessees under Special Facilities Leases and operation and  
328 maintenance expenses pertaining to Special Facilities to the extent  
329 they are required to be paid by such lessees pursuant to the terms of  
330 the Special Facilities Leases;

331 (g) any charges or obligations incurred in connection with any lawful  
332 Airport System purpose, including the lease, acquisition, operation or  
333 maintenance of any facility or property benefiting the Airport System,  
334 provided that the payment of such charges or obligations is expressly  
335 agreed by the payee to be payable solely from proceeds of the Capital  
336 Fund;

337 (h) liabilities based upon the City's negligence or other ground not based  
338 on contract; and

339 (i) so long as Federal Payments are excluded from Gross Revenues, an  
340 amount of expenses that would otherwise constitute Operation and  
341 Maintenance Expenses for such period equal to the Federal Payments  
342 for such period.

343 "Operation and Maintenance Reserve Fund" means the fund designated  
344 and established in Section 5.04(a) of this Ordinance.

345 "Ordinance" means this ordinance and all amendments and supplements  
346 to this ordinance.

347 "Other Available Funds" means any amount of unencumbered funds  
348 accumulated in the Capital Fund in excess of the Minimum Capital Reserve  
349 which, before the beginning of any Fiscal Year, are designated by the City as  
350 Other Available Funds and transferred at the beginning of such Fiscal Year to  
351 the Revenue Fund; but in no event may this amount exceed 25% of the Debt  
352 Service Requirements for the Revenue Bonds for such Fiscal Year for purposes  
353 of Sections 5.03 and 6.01 of this Ordinance.

354 "Outstanding" when used with reference to any Revenue Bonds or  
355 Subordinate Obligations, means, as of a particular date, all those Revenue Bonds  
356 or Subordinate Obligations delivered except: (a) any obligation paid, discharged,  
357 or cancelled by or on behalf of the City at or before that date; (b) any obligation  
358 defeased pursuant to the defeasance provisions of the ordinance authorizing its  
359 issuance, or otherwise defeased as permitted by applicable law; and (c) any  
360 obligation in lieu of or in substitution for which another obligation was delivered  
361 pursuant to the ordinance authorizing the issuance of the obligation.

362 "Owner" or "Registered Owner," when used with respect to any Revenue  
363 Bond means the person or entity in whose name the Revenue Bond is registered  
364 in the Register. Any reference to a particular percentage or proportion of the

365 Owners means the Owners at a particular time of the specified percentage or  
366 proportion in aggregate principal amount of all Revenue Bonds then  
367 Outstanding under this Ordinance.

368 "Paying Agent/Registrar" initially means, for the Bonds, the entity named  
369 in Section 8.01 and its successors in that capacity.

370 "Person" means any individual, corporation, partnership, limited liability  
371 company, joint venture, association, joint-stock company, trust, unincorporated  
372 organization or government or any agency or political subdivision of the  
373 government.

374 "Principal Installment" means, with respect to Revenue Bonds or a series  
375 of Revenue Bonds, any amounts, including any mandatory sinking fund  
376 installments, which are stated to be due or required to be made on or with  
377 respect to a Revenue Bond or series of Revenue Bonds, which, when made,  
378 would reduce the amount of the Revenue Bond or series of Revenue Bonds that  
379 remain Outstanding or would retire and pay the same in full.

380 "Qualified Put" means any agreement, however denominated, provided by  
381 a qualifying financial institution (as described in the next sentence) which  
382 contractually commits to purchase, upon no more than seven days' notice, for  
383 not less than a stated price any class or amount of investment securities or other  
384 authorized investments of the City at any time that such investment securities or  
385 investments must be liquidated in order to make cash transfers from the fund or  
386 account that holds such investments. A Qualified Put may be entered into only  
387 with a qualifying financial institution which is (a) a domestic bank the long-term  
388 debt of which is rated at least "AA" by Standard & Poor's and "Aa" by Moody's,  
389 or (b) a foreign bank the long-term debt of which is rated "AAA" by Standard &  
390 Poor's and at least "Aa" by Moody's , or at least "AA" by Standard & Poor's and  
391 "Aaa" by Moody's , or (c) a financial institution the long-term debt of which is  
392 rated at least "A" by both Standard & Poor's and Moody's and agrees to  
393 collateralize its obligations under such agreement by lodging with a third party  
394 trustee, escrow agent, custodian or other financial third party direct obligations  
395 of the United States of America or its agencies with a market value equal to  
396 102% of the difference between the face amount of its purchase obligation under  
397 the agreement and the market value of the investment securities to which the  
398 agreement relates (based upon periodic market valuations at least monthly). A  
399 Qualified Put may be integrated into any investment authorized under Texas  
400 law, such as a repurchase agreement.

401 "Record Date" shall have the meaning assigned in the FORM OF BONDS  
402 (Exhibit A to this Ordinance).

403 "Refunding Revenue Bonds" mean one or more series of bonds or other  
404 evidences of indebtedness issued by the City for the purpose of: (i) refunding  
405 Outstanding Revenue Bonds or Credit Agreement Obligations; or (ii) to provide  
406 for the payment of a Termination Payment.

407 "Register" means the books of registration kept by the Paying  
408 Agent/Registrar in which are maintained the names and addresses of and the  
409 principal amounts registered to each Owner.

410 "Related Document" means any transaction document relating to this  
411 Ordinance or the Bonds, including any related underlying security agreement.

412 "Renewal and Replacement Fund" means the fund designated in Section  
413 5.04(e) of this Ordinance.

414 "Renewal and Replacement Fund Requirement" means the amount  
415 required to be maintained in the Renewal and Replacement Fund pursuant to  
416 Article Five, or any greater amount required by any ordinance authorizing any  
417 series of Additional Revenue Bonds.

418 "Representative of the Underwriters" means RBC Capital Markets, LLC,  
419 designated by the Underwriters in the Bond Purchase Agreement to act as their  
420 representative.

421 "Revenue Bond Ordinances" means the Series 2005 Bond Ordinance, the  
422 Series 2013 Bond Ordinance, the Series 2013A Bond Ordinance, the Series  
423 2014 Bond Ordinance, this Ordinance, the Concurrent Ordinance and any  
424 ordinances pursuant to which Additional Revenue Bonds are issued.

425 "Revenue Bonds" means the Currently Outstanding Revenue Bonds, the  
426 Bonds, the Concurrent Bonds, and each series of bonds, notes or other  
427 obligations, other than Credit Agreement Obligations, which the City has  
428 reserved the right to issue or incur from time to time pursuant to Section 6.01,  
429 payable from and secured by a first lien on and pledge of Net Revenues.

430 "Revenue Fund" means the fund designated in Section 5.04(a).

431 "Rule" means SEC Rule 15c2-12.

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

433 "Series 2005 Bond Ordinance" means the ordinance of the City adopted  
434 by council on August 4, 2005, authorizing the issuance of the Series 2005  
435 Bonds, and all amendments to the ordinance adopted by council after August 4,  
436 2005.

437 "Series 2005 Bonds" means the City of Austin, Texas, Airport System  
438 Refunding Revenue Bonds, Series 2005 (AMT), outstanding, as of November 1,  
439 2016, in the aggregate principal amount of \$198,750,000.

440 "Series 2013 Bond Ordinance" means the ordinance of the City adopted  
441 by council on May 9, 2013, authorizing the issuance of the Series 2013 Bonds,  
442 and all amendments to the ordinance adopted by council after May 9, 2013.

443 "Series 2013 Bonds" means the City of Austin, Texas, Airport System  
444 Revenue Bonds, Series 2013, outstanding, as of November 1, 2016, in the  
445 aggregate principal amount of \$60,000,000.

446 "Series 2013A Bond Ordinance" means the ordinance of the City adopted  
447 by Council on September 26, 2013, authorizing the issuance of the Series 2013A  
448 Bonds, and all amendments to the ordinance adopted by Council after  
449 September 26, 2013.

450 "Series 2013A Bonds" means the City of Austin, Texas, Airport System  
451 Revenue Refunding Bonds, Series 2013A, outstanding, as of November 1, 2016,  
452 in the aggregate principal amount of \$35,014,000.

453 "Series 2014 Bond Ordinance" means the ordinance of the City adopted  
454 by council on November 20, 2014, authorizing the issuance of the Series 2014  
455 Bonds, and all amendments to the ordinance adopted by council after November  
456 20, 2014.

457 "Series 2014 Bonds" means the City of Austin, Texas, Airport System  
458 Revenue Bonds, Series 2014 (AMT), outstanding, as of November 1, 2016, in  
459 the aggregate principal amount of \$244,495,000.

460 "Special Facilities" means structures, hangars, aircraft overhaul,  
461 maintenance or repair shops, heliports, hotels, storage facilities, garages, inflight  
462 kitchens, training facilities and any and all other facilities and appurtenances  
463 being a part of, or related to, the Airport System, the cost of the construction or  
464 other acquisition of which is financed with the proceeds of Special Facilities  
465 Bonds.

466 "Special Facilities Bonds" means those bonds previously issued or from  
467 time to time issued by the City after the date of this Ordinance pursuant to  
468 Section 6.04 of this Ordinance.

469 "Special Facilities Lease" means any lease or agreement pursuant to  
470 which a Special Facility is leased by the City to the lessee in consideration for  
471 which the lessee agrees to pay (i) all debt service on the Special Facilities Bonds  
472 issued to finance the Special Facility (which payments are pledged to secure the  
473 Special Facilities Bonds) and (ii) the operation and maintenance expenses of the  
474 Special Facility.

475 "Standard & Poor's" or "S&P" means S&P Global Ratings, a Standard &  
476 Poor's Financial Services LLC business, its successors and assigns, and if this  
477 entity shall for any reason no longer perform the functions of a securities rating  
478 agency, "Standard & Poor's" and "S&P" shall refer to any other nationally  
479 recognized securities rating agency designated by the City.

480 "Subordinate Obligations" means each series of bonds, notes, or other  
481 obligations, including reimbursement obligations and obligations pursuant to  
482 credit agreements and interest rate hedges, which the City has reserved the right  
483 to issue or incur from time to time pursuant to Section 6.03 as Subordinate  
484 Obligations secured in whole or in part by liens on the Net Revenues that are  
485 junior and subordinate to the lien on Net Revenues securing payment of the  
486 Revenue Bonds.

487 "Swap Agreement" means a Credit Agreement, approved (if required) in  
488 writing by the Bond Insurer, with respect to a series of Revenue Bonds pursuant  
489 to which the City has entered into an interest rate exchange agreement or other  
490 interest rate hedge agreement for the purpose of converting in whole or in part  
491 the City's fixed or variable interest rate liability on all or a portion of the  
492 Revenue Bonds to a fixed or variable rate liability (including converting a  
493 variable rate liability to a different variable rate liability). For the purpose of this  
494 definition, a counterparty is not qualified unless it holds, on the date of  
495 execution of a Swap Agreement, a current rating by at least two of the following  
496 three rating agencies: Moody's, and by Standard & Poor's, and by Fitch Ratings,  
497 or their respective successors, at least equal to the rating of each such rating  
498 agency assigned to the Revenue Bonds without reference to any Credit  
499 Agreement. The "Series 2005 Swap Agreement" previously executed and  
500 delivered by the City with respect to the Series 2005 Bonds constitutes a Swap  
501 Agreement.

"Termination Payment" means an amount owed by the City to a counterparty pursuant to a Swap Agreement incurred in connection with the termination of the Swap Agreement and which, on the date of execution of the Swap Agreement, is not an amount representing a regularly scheduled payment under the Swap Agreement. "Termination Payment" shall not include any amount representing an Administrative Expense.

"Treasury Regulations" means all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

"Underwriters" means, with respect to the Bonds, the entities designated in the Bond Purchase Agreement as the underwriters of the Bonds.

"Variable Rate" means an interest rate borne by the Revenue Bonds that is reset from time to time.

"Variable Rate Bonds" means Revenue Bonds which bear a Variable Rate.

Section 2.02 **INTERPRETATIONS.** All terms defined and all pronouns used in this Ordinance shall apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part of this Ordinance and shall not in any way modify or restrict any of the terms or provisions of this Ordinance. References to any article or section shall refer to the article or section contained in this Ordinance. References to FORM OF BONDS refer to the form of the Bonds set forth in Exhibit A to this Ordinance. References to any constitutional, statutory or regulatory provision shall include the provision as it exists on the date this Ordinance is adopted and any future amendments to or successor provisions of the provision. References to a City official means the Person acting in that capacity, whether on either an interim or a permanent basis. This Ordinance and all of its terms and provisions shall be liberally construed to effectuate the purposes set forth in this Ordinance and to sustain the validity of the Revenue Bonds, the Credit Agreement Obligations and the Administrative Expenses and the validity of the lien on and pledge of the Net Revenues to secure their payment. A finding or determination made by an Authorized Officer acting under the authority delegated by this Ordinance with respect to all matters relating to the issuance and sale of the Bonds shall have the same force and effect as a finding or determination made by council. If the Concurrent Bonds



are not issued, references to Concurrent Bonds and Concurrent Ordinance in this Ordinance have no effect.

### ***ARTICLE THREE***

#### ***TERMS OF THE BONDS***

Section 3.01 **AUTHORIZATION.** The Bonds shall be known and designated as CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE BONDS, SERIES 2017B (AMT). The Bonds are authorized to be issued and delivered pursuant to the authority of Chapter 22 and Chapter 1371 and all other applicable law. The Bonds shall be issued in an aggregate principal amount not to exceed \$160,000,000 for the purpose of (i) planning, acquiring, establishing, constructing, improving or equipping the Airport, in accordance with Chapter 22, (ii) depositing funds to the credit of the Capitalized Interest Account and the Debt Service Reserve Fund as provided in this Ordinance, and (iii) paying the costs of issuance of the Bonds.

Section 3.02 **INTEREST AND MATURITIES.** The Bonds shall be dated the date set forth in the Bond Purchase Agreement. The Bonds shall be issued in fully registered form, without coupons, in Authorized Denominations, and shall be numbered separately from R-1 upward. Subject to the conditions set forth in Section 10.01 of this Ordinance, the Bonds shall mature on the dates, and shall bear interest at the rates of interest until maturity or prior redemption, as set forth in the Bond Purchase Agreement. Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the date of initial delivery to the Underwriters or the most recent Interest Payment Date to which interest has been paid or provided for. Interest shall be paid on each Interest Payment Date, or the Business Day immediately following an Interest Payment Date if the scheduled Interest Payment Date is not a Business Day. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 3.03 **REDEMPTION PRIOR TO MATURITY.** The Bonds are subject to redemption prior to maturity in the manner provided in the Bond Purchase Agreement. The terms of redemption shall be set forth in, and subject to the conditions reserved in, the FORM OF BONDS. Notice of redemption of Bonds subject to redemption shall be given in the manner provided in the FORM OF BONDS.

572                   Section 3.04 **MANNER                   OF                   EXECUTION                   AND**  
573 **AUTHENTICATION.** The Paying Agent/Registrar is appointed as the paying  
574 agent for the Bonds. The Bonds shall be payable, shall have the characteristics,  
575 shall be executed and sealed, and shall be authenticated, all as provided and in  
576 the manner indicated in the FORM OF BONDS. If any officer of the City whose  
577 manual or facsimile signature shall appear on the Bonds, as provided in the  
578 FORM OF BONDS, shall cease to be the officer before the authentication of the  
579 Bonds or before the delivery of the Bonds, the signature shall nevertheless be  
580 valid and sufficient for all purposes as if the officer had remained in office.

581                   Section 3.05 **OWNERSHIP.** The City, the Paying Agent/Registrar and  
582 any other Person may treat the Person in whose name any Bond is registered as  
583 the absolute owner of the Bond for the purpose of making and receiving  
584 payment of the principal of and premium, if any, and the interest on, the Bond  
585 and for all other purposes, whether the Bond is overdue, and neither the City nor  
586 the Paying Agent/Registrar shall be bound by any notice or knowledge to the  
587 contrary. All payments made to the Person deemed to be the Owner of any Bond  
588 in accordance with this section shall be valid and effectual and shall discharge  
589 the liability of the City and the Paying Agent/Registrar upon the Bond to the  
590 extent of the sums paid.

591                   Section 3.06 **TRANSFER AND EXCHANGE.** On the date of initial  
592 delivery and payment for the Bonds, one or more Initial Bonds, representing the  
593 entire principal amount of all Bonds, payable to the Underwriters, executed by  
594 the Mayor and City Clerk of the City, approved by the Attorney General of the  
595 State of Texas, and registered and manually signed by the Comptroller of Public  
596 Accounts of the State of Texas, will be delivered to the Representative of the  
597 Underwriters. Upon payment for the Initial Bonds, the Paying Agent/Registrar  
598 shall cancel the Initial Bonds and deliver to DTC on behalf of the Underwriters  
599 one or more registered Bonds for each year of maturity of the Bonds in the  
600 aggregate principal amount of the Bonds, registered in the name of Cede & Co.,  
601 as nominee of DTC.

602                   So long as any Bond remains Outstanding, the Paying Agent/Registrar  
603 shall maintain the Register in which the Paying Agent/Registrar shall provide  
604 for the registration and transfer of the Bonds in accordance with the terms of this  
605 Ordinance, subject to reasonable regulations prescribed by the Paying  
606 Agent/Registrar.

Each Bond shall be transferable only upon its presentation and surrender at the Designated Payment Transfer Office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or the authorized representative of the Registered Owner in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond for transfer, the Paying Agent/Registrar shall authenticate and deliver, within 72 hours after such presentation, a new Bond or Bonds in exchange for the Bond presented for transfer, registered in the name of the transferee or transferees, in Authorized Denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the presented Bond or Bonds.

A Bond shall be exchangeable upon its presentation and surrender at the Designated Payment Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar shall be and is authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which a Bond is delivered.

The Paying Agent/Registrar shall require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of the Bond and any fee or charge in connection with the transfer or exchange other than the Paying Agent/Registrar fees, which shall be paid by the City.

The Paying Agent/Registrar shall not be required to transfer or exchange any Bond during the 45-day period prior to the date fixed for redemption; provided, however, that this restriction shall not apply to the transfer or exchange by the Registered Owner of the unredeemed portion of a Bond called for redemption in part.

**Section 3.07 CANCELLATION.** All Bonds paid or redeemed, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered, in accordance with this Ordinance, shall be cancelled and shall be disposed of in accordance with the rules and regulations promulgated under the Securities Exchange Act of 1934.

643           Section 3.08 **REPLACEMENT BONDS.** Upon the presentation and  
644           surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying  
645           Agent/Registrar shall authenticate and deliver a replacement Bond of like  
646           maturity, interest rate, and principal amount, bearing a number not  
647           contemporaneously outstanding, in exchange for the presented Bond. The  
648           Paying Agent/Registrar shall require the Owner of the Bond to pay a sum  
649           sufficient to cover any tax or other governmental charge that may be imposed,  
650           and any other expenses, including the fees and expenses of the Paying  
651           Agent/Registrar, to effect this exchange.

652           If any Bond is lost, apparently destroyed, or wrongfully taken, the City,  
653           pursuant to the applicable laws of the State of Texas and in the absence of notice  
654           or knowledge that the Bond has been acquired by a bona fide purchaser, shall  
655           execute and the Paying Agent/Registrar shall authenticate and deliver a  
656           replacement Bond of like maturity, interest rate, and principal amount, bearing a  
657           number not contemporaneously outstanding, provided that the Owner shall have:

- 658           (a) furnished to the City and the Paying Agent/Registrar satisfactory  
659           evidence of the ownership of and the circumstances of the loss,  
660           destruction or theft of the Bond;
- 661           (b) furnished security and indemnity as may be required by the Paying  
662           Agent/Registrar and the City to save them harmless;
- 663           (c) paid all expenses and charges, including, but not limited to, printing  
664           costs, legal fees, fees of the Paying Agent/Registrar and any tax or  
665           other governmental charge that may be imposed, as a result of the  
666           loss, destruction or wrongful taking of the Bond; and
- 667           (d) met or complied with any other reasonable requirements of the City  
668           and the Paying Agent/Registrar.

669           If, after the delivery of a replacement Bond, a bona fide purchaser of the  
670           original Bond in lieu of which the replacement Bond was issued presents for  
671           payment the original Bond, the City and the Paying Agent/Registrar shall be  
672           entitled to recover the replacement Bond from the Person to whom it was  
673           delivered or any Person taking from the person, except a bona fide purchaser,  
674           and shall be entitled to recover upon the security or indemnity provided to the  
675           extent of any loss, damage, cost or expense incurred by the City or the Paying  
676           Agent/Registrar.

677 If any mutilated, lost, apparently destroyed or wrongfully taken Bond has  
678 become or is about to become due and payable, the City in its discretion may,  
679 instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to  
680 pay that Bond.

681 Each replacement Bond delivered in accordance with this Section shall be  
682 entitled to the benefits and security of this Ordinance to the same extent as the  
683 Bond or Bonds in lieu of which a replacement Bond is delivered.

684 Section 3.09 **BOOK-ENTRY SYSTEM.** This section describes the  
685 book-entry system of DTC. As provided in the Bond Purchase Agreement, the  
686 definitive Bonds shall be registered in the name of Cede & Co., as nominee of  
687 DTC, as registered owner of the Bonds, and held in the custody of DTC.

688 Unless otherwise requested by DTC, a single certificate will be issued and  
689 delivered to DTC for each maturity of the Bonds. Beneficial owners of Bonds  
690 will not receive physical delivery of Bond certificates except as provided below.  
691 For so long as DTC may serve as securities depository for the Bonds, all  
692 transfers of beneficial ownership interests will be made by book-entry only, and  
693 no investor or other party purchasing, selling or otherwise transferring beneficial  
694 ownership of Bonds is to receive, hold or deliver any Bond certificate.

695 With respect to Bonds registered in the name of Cede & Co., as nominee  
696 of DTC, neither the City nor the Paying Agent/Registrar shall have any  
697 responsibility or obligation to any DTC Participant or to any Person on whose  
698 behalf a DTC Participant holds an interest in the Bonds. Without limiting the  
699 immediately preceding sentence, neither the City nor the Paying Agent/Registrar  
700 shall have any responsibility or obligation with respect to (i) the accuracy of the  
701 records of DTC, Cede & Co. or any DTC Participant with respect to any  
702 ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any  
703 other person, other than a Registered Owner of the Bonds, as shown on the  
704 Register, of any notice with respect to the Bonds, including any notice of  
705 redemption, and (iii) the payment to any DTC Participant or any other person,  
706 other than a Registered Owner of the Bonds, as shown in the Register, of any  
707 amount with respect to principal of and premium, if any, or interest on the  
708 Bonds.

709 Replacement Bonds may be issued directly to beneficial owners of Bonds  
710 other than DTC, or its nominee, but only in the event that (i) DTC determines  
711 not to continue to act as securities depository for the Bonds (which  
712 determination shall become effective after reasonable written notice to such

713 effect to the City and the Paying Agent/Registrar), or (ii) the City has advised  
714 DTC of its determination (which determination is conclusive as to DTC and the  
715 beneficial owners of the Bonds) that DTC is incapable of discharging its duties  
716 as securities depository for the Bonds, or (iii) the City has determined (which  
717 determination is conclusive as to DTC and the beneficial owners of the Bonds)  
718 that the interests of the beneficial owners of the Bonds might be adversely  
719 affected if such book-entry only system of transfer is continued. Upon  
720 concurrence of any event described in (i) or (ii) above, the City shall use its best  
721 efforts to attempt to locate another qualified securities depository. If the City  
722 fails to locate another qualified securities depository to replace DTC, the City  
723 shall cause to be executed, authenticated and delivered replacement Bonds, in  
724 certificated form, to the DTC Participants having an interest in the Bonds as  
725 shown on the records of DTC provided by DTC to the City. In the event that the  
726 City makes the determination noted in (iii) above and has made provisions to  
727 notify the beneficial owners of Bonds of such determination by mailing an  
728 appropriate notice to DTC, it shall cause to be issued replacement Bonds in  
729 certificated form to the DTC Participants having an interest in the Bonds as  
730 shown on the records of DTC provided by DTC to the City. The City undertakes  
731 no obligation to make any investigation to determine the occurrence of any  
732 events that would permit the City to make any determination described in (ii) or  
733 (iii) above.

734 Whenever, during the term of the Bonds, beneficial ownership is  
735 determined by a book entry at DTC (or any successor securities depository), the  
736 requirements in this Ordinance of holding, registering, delivering, exchanging or  
737 transferring Bonds shall be deemed modified to require the appropriate person  
738 or entity to meet the requirements of DTC (or such successor securities  
739 depository) as to holding, registering, delivering, exchanging or transferring the  
740 book entry to produce the same effect.

741 The Blanket Letter of Representations, dated June 1, 1995, between the  
742 City and DTC shall apply to the Bonds.

743 If at any time DTC ceases to hold the Bonds, all references to DTC shall  
744 be of no further force or effect.

745 **Section 3.10 FUNDING OF CAPITALIZED INTEREST ACCOUNT.**  
746 On the date of the initial delivery of the Bonds, the City will deposit to the credit  
747 of the Capitalized Interest Account, from proceeds of the Bonds, an amount  
748 determined by an Authorized Officer to be no greater than the amount of interest

749 payable on the Bonds during the construction of the improvements, and for one  
750 year after construction of the improvements, financed with the proceeds of the  
751 Bonds is completed.

752 Section 3.11 **FUNDING OF DEBT SERVICE RESERVE FUND.** On  
753 the date of the initial delivery of the Bonds, the City will deposit to the credit of  
754 the Debt Service Reserve Fund, from proceeds of the Bonds, the amount  
755 determined by an Authorized Officer to enable the Debt Service Reserve Fund  
756 Requirement to be fully funded after giving effect to the issuance of the Bonds.

## 757 **ARTICLE FOUR**

### 758 **FORM OF BONDS**

759 Section 4.01 **FORM GENERALLY.** (a) The Bonds, including the  
760 forms of the Registration Certificate of the Comptroller of Public Accounts of  
761 the State of Texas, the Certificate of the Paying Agent/Registrar, and the  
762 Assignment to appear on each Bond, (i) shall be substantially in the form set  
763 forth in Exhibit A to this Ordinance, with appropriate insertions, omissions,  
764 substitutions, and other variations as are permitted or required by this Ordinance  
765 or the Bond Purchase Agreement, and (ii) may have distinguishing letters,  
766 numbers, or other marks of identification and legends and endorsements  
767 (including any reproduction of an opinion of counsel) as may be determined by  
768 the City or by the officers executing the Bonds, as evidenced by their execution  
769 of the Bonds.

770 (b) The Bonds shall be typed, photocopied, printed, lithographed, or  
771 engraved, and may be produced by any combination of these methods or  
772 produced in any other similar manner, all as determined by the officers  
773 executing the Bonds, as evidenced by their execution.

774 Section 4.02 **CUSIP REGISTRATION.** The City may secure  
775 identification numbers through CUSIP Global Services, and may authorize the  
776 printing of CUSIP numbers on the face of the Bonds. It is expressly provided,  
777 however, that the presence or absence of CUSIP numbers on the Bonds shall be  
778 of no significance or effect as regards the legality thereof and neither the City  
779 nor the attorneys approving the Bonds as to legality are to be held responsible  
780 for CUSIP numbers incorrectly printed on the Bonds.

781 Section 4.03 **LEGAL OPINION.** The approving legal opinion of  
782 McCall, Parkhurst & Horton L.L.P., Bond Counsel, may be printed on or

783 attached to the back of each Bond, but errors or omissions in the printing of the  
784 opinion shall have no effect on the validity of the Bonds.

## 785 ***ARTICLE FIVE***

### 786 ***SECURITY AND SOURCE OF PAYMENT***

787       Section 5.01       **PLEDGE AND SOURCE OF PAYMENT.** The City  
788 covenants and agrees that Gross Revenues shall be deposited and paid into the  
789 special funds established and confirmed in this Ordinance, and shall be applied  
790 in the manner set forth in this Ordinance, in order to provide for the payment of  
791 all Operation and Maintenance Expenses of the Airport System and to provide  
792 for the payment of Debt Service on the Revenue Bonds and Credit Agreement  
793 Obligations and for the payment when due of Administrative Expenses. Except  
794 as otherwise specifically provided in this Ordinance, the Revenue Bonds and the  
795 Credit Agreement Obligations shall constitute special obligations of the City that  
796 shall be payable from, and shall be equally and ratably secured by a first lien on  
797 the Net Revenues. The Administrative Expenses shall constitute special  
798 obligations of the City that shall be payable from and secured by a lien on the  
799 Net Revenues subordinate only to the payment of Debt Service on the Revenue  
800 Bonds. Net Revenues shall, in the manner provided in this Ordinance, be set  
801 aside for and pledged to the payment of the Revenue Bonds in the Debt Service  
802 Fund and the Debt Service Reserve Fund as provided in this Ordinance. The  
803 City grants a lien on the Net Revenues and the Debt Service Fund and the Debt  
804 Service Reserve Fund to secure the payment of Debt Service on the Revenue  
805 Bonds and related Credit Agreement Obligations in accordance with their terms,  
806 and to pay Administrative Expenses to the Persons entitled to payment. All  
807 Revenue Bonds and related Credit Agreement Obligations shall be in all  
808 respects on a parity with and of equal dignity with one another; provided,  
809 however, that a Termination Payment shall be a Subordinate Obligation. Neither  
810 the Owners nor the Credit Providers shall ever have the right to demand  
811 payment of Debt Service out of any funds raised or to be raised by taxation.

812       Chapter 1208 applies to the authorization and issuance of the Revenue  
813 Bonds and to the pledge of and lien on the Net Revenues granted by the City  
814 under this Ordinance, and the pledge of and lien on the Net Revenues are valid  
815 and effective in accordance with the terms of this Ordinance and are perfected  
816 from the date of adoption of this Ordinance without the filing of any document  
817 or other act. To the extent Texas law is amended at any time while the Revenue  
818 Bonds are Outstanding and unpaid such that the pledge of and lien on the Net



Revenues granted by the City under this Ordinance are to be subject to the filing requirements of Chapter 9, the City agrees to take all actions and make, or cause to be made, all filings as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9.

**Section 5.02 ANNUAL BUDGET.** So long as any Revenue Bond or Credit Agreement Obligation remains Outstanding, the Aviation Director shall, prior to the commencement of each Fiscal Year, prepare and deliver to the chief budget officer of the City, for submission to council, a recommended annual budget for the Airport System for that Fiscal Year. The City shall adopt annual budgets for the Airport System for each Fiscal Year, containing an estimate of Gross Revenues and only those budgeted expenditures as will produce Net Revenues in an amount that is not less than the amount necessary to pay the Debt Service and Administrative Expenses when due and make the required deposits to the Debt Service Reserve Fund. After the adoption of the annual Airport System budget by the City, the total expenditures for Operation and Maintenance Expenses will not exceed the total expenditures authorized for the purposes described in the budget, as the budget may from time to time be amended.

**Section 5.03 RATE COVENANT.** The City covenants that it will at all times fix, charge, impose and collect rentals, rates, fees and other charges for the use of the Airport System, and, to the extent it legally may do so, revise the same as may be necessary or appropriate, in order that in each Fiscal Year the Net Revenues will be at least sufficient to equal the larger of either:

- (a) all amounts required to be deposited in the Fiscal Year to the credit of the Debt Service Fund, the Debt Service Reserve Fund, and the Administrative Expense Fund and to any debt service or debt service reserve fund or account for Subordinate Obligations, or
- (b) an amount, together with Other Available Funds, not less than 125% of the Debt Service Requirements for Revenue Bonds for the Fiscal Year plus an amount equal to 100% of anticipated and budgeted Administrative Expenses for the Fiscal Year.

If the Net Revenues in any Fiscal Year are less than the amounts specified above, the City, promptly upon receipt of the annual audit for the Fiscal Year, must request an Airport Consultant to make any recommendations to revise the City's rentals, rates, fees and other charges, its Operation and Maintenance Expenses or the method of operation of the Airport System in order to satisfy as

quickly as practicable the requirements of this Section. Copies of the request and the recommendations of the Airport Consultant shall be filed with the City Clerk. So long as the City substantially complies in a timely fashion with the recommendations of the Airport Consultant, the City will not have defaulted in the performance of its duties under this Ordinance even if the resulting Net Revenues plus Other Available Funds are not sufficient to be in compliance with the rate covenant, so long as Debt Service is paid when due.

Section 5.04 **SPECIAL FUNDS.** The following special funds and accounts previously have been established and are confirmed, and shall be maintained and accounted for so long as any Revenue Bond and related Credit Agreement Obligation remains Outstanding and Administrative Expenses remain unpaid. The funds and accounts may also include any additional accounts or subaccounts as may from time to time be designated by the City, including specifically rebate accounts or subaccounts for accumulating rebatable arbitrage payable to the federal government, so long as they are not inconsistent with this Ordinance:

- (a) Airport System Revenue Fund ("Revenue Fund"), including an Operation and Maintenance Reserve Fund ("Operation and Maintenance Reserve Fund");
- (b) Airport System Revenue Bond Debt Service Fund ("Debt Service Fund");
- (c) Airport System Revenue Bond Debt Service Reserve Fund ("Debt Service Reserve Fund");
- (d) Airport System Revenue Bond Administrative Expense Fund (the "Administrative Expense Fund");
- (e) Airport System Renewal and Replacement Fund ("Renewal and Replacement Fund");
- (f) Airport System Capital Fund ("Capital Fund"), including a Capital Improvement Account; and
- (g) Airport System Construction Fund ("Construction Fund"), including the Capitalized Interest Account and a Series 2017B (AMT) Project Account.

887 The Revenue Fund, including the Operation and Maintenance Reserve  
888 Fund, the Renewal and Replacement Fund, the Capital Fund and the  
889 Construction Fund (other than any Capitalized Interest Account in the  
890 Construction Fund) shall be maintained as separate funds or accounts on the  
891 books of the City and all amounts credited to the Funds and Accounts shall be  
892 maintained in an official depository bank of the City. The Debt Service Fund,  
893 the Debt Service Reserve Fund and the Administrative Expense Fund shall be  
894 maintained at an official depository bank of the City or in a trustee bank  
895 designated by the City separate and apart from all other funds and accounts of  
896 the City. The Debt Service Fund and the Debt Service Reserve Fund shall  
897 constitute trust funds which shall be held in trust for the owners of the Revenue  
898 Bonds and the proceeds of which shall be pledged, as herein provided, to the  
899 payment of the Revenue Bonds. The Administrative Expense Fund shall  
900 constitute trust funds which shall be held in trust for the payment of  
901 Administrative Expenses to the Persons entitled to those Administrative  
902 Expenses.

903 Section 5.05 **FLOW OF FUNDS.** Gross Revenues shall be deposited  
904 as received by the City into the Revenue Fund. In addition, the City may deposit  
905 into the Revenue Fund any Federal Payments not restricted for capital purposes,  
906 provided that, so long as the Federal Payments are excluded from the definition  
907 of Gross Revenues, the Federal Payments shall be applied solely to the payment  
908 of Operation and Maintenance Expenses or capital expenditures and never  
909 constitute Net Revenues. Other Available Funds may also be deposited into the  
910 Revenue Fund. Moneys from time to time credited to the Revenue Fund shall be  
911 applied as follows in the following order of priority:

- 912 (a) First, to provide for all payments of Operation and Maintenance  
913 Expenses required by the Revenue Bond Ordinances.
- 914 (b) Second, to transfer all amounts to the Debt Service Fund required by  
915 the Revenue Bond Ordinances necessary to pay Debt Service on the  
916 Revenue Bonds and any related Credit Agreement Obligations.
- 917 (c) Third, to transfer all amounts to the Administrative Expense Fund  
918 required to pay Administrative Expenses to the Persons entitled to  
919 payment when due.
- 920 (d) Fourth, to transfer all amounts to the Debt Service Reserve Fund  
921 required by the Revenue Bond Ordinances.

- (e) Fifth, to transfer all amounts necessary to provide for the payment of Subordinate Obligations, or to provide reserves for payment, as may be required by any ordinance authorizing Subordinate Obligations and related credit agreement obligations.
- (f) Sixth, to transfer all amounts necessary to provide for the payment of principal of and interest on General Obligation Airport Bonds.
- (g) Seventh, to transfer all amounts to the Operation and Maintenance Reserve Fund required by the Revenue Bond Ordinances.
- (h) Eighth, to transfer all amounts to the Renewal and Replacement Fund required by the Revenue Bond Ordinances.
- (i) Ninth, the balance shall be transferred to the Capital Fund.

Section 5.06 **DEBT SERVICE FUND.** (a) On the date of initial delivery of the Bonds, there shall be transferred from the Capitalized Interest Account to the Debt Service Fund the amount necessary to pay interest coming due on the Bonds on their first Interest Payment Date. Thereafter, to the extent moneys remain on deposit in the Capitalized Interest Account, on the Business Day immediately following an Interest Payment Date, there shall be transferred from the Capitalized Interest Account to the Debt Service Fund amounts available to pay the interest coming due on the Bonds on the next succeeding Interest Payment Date.

(b) On or before the last Business Day of each month so long as any Revenue Bonds remain Outstanding, after making all required payments of Operation and Maintenance Expenses, there shall be transferred from the Revenue Fund to the Debt Service Fund the amount necessary to cause the balance in the Debt Service Fund to equal the Debt Service on all Revenue Bonds and Credit Agreement Obligations accrued, but unpaid, through the end of the current month and the Debt Service on all Revenue Bonds and Credit Agreement Obligations reasonably expected to accrue and be payable on or before the last Business Day of the next succeeding month.

(c) Moneys credited to the Debt Service Fund shall be used solely for the purpose of paying Debt Service on Revenue Bonds and Credit Agreement Obligations.

Section 5.07 **DEBT SERVICE RESERVE FUND.** (a) The City shall establish and maintain a balance in the Debt Service Reserve Fund equal to the

956 Debt Service Reserve Fund Requirement. Each increase in the Debt Service  
957 Reserve Fund Requirement resulting from the issuance of Additional Revenue  
958 Bonds shall be funded at the time of issuance and delivery of the series of  
959 Additional Revenue Bonds by depositing to the credit of the Debt Service  
960 Reserve Fund either: (A) proceeds of the Additional Revenue Bonds and/or  
961 other lawfully appropriated funds in not less than the amount which will be  
962 sufficient to fund fully the Debt Service Reserve Fund Requirement; or (B) a  
963 Debt Service Reserve Fund Surety Bond sufficient to provide that portion of the  
964 Debt Service Reserve Fund Requirement. The City further expressly reserves  
965 the right to substitute at any time a Debt Service Reserve Fund Surety Bond for  
966 any funded amounts in the Debt Service Reserve Fund and to apply the funds  
967 released, to the greatest extent permitted by law, to any of the purposes for  
968 which the related Revenue Bonds were issued or to pay debt service on the  
969 related Revenue Bonds. The City shall not employ any Debt Service Reserve  
970 Fund Surety Bond unless: (i) the City officially finds that the purchase of the  
971 Debt Service Reserve Fund Surety Bond is cost effective; (ii) the Debt Service  
972 Reserve Fund Surety Bond does not impose upon the City a repayment  
973 obligation (in the event the Debt Service Reserve Fund Surety Bond is drawn  
974 upon) greater than can be funded in 18 monthly installments as provided in  
975 subsection (b) below, payable out of Net Revenues on a parity with the monthly  
976 deposits that are otherwise required to be made to the Debt Service Reserve  
977 Fund; and (iii) that any interest due in connection with the repayment  
978 obligations does not exceed the highest lawful rate of interest which may be paid  
979 by the City at the time of delivery of the Debt Service Reserve Fund Surety  
980 Bond.

981 (b) In any month in which the Debt Service Reserve Fund contains less  
982 than the Debt Service Reserve Fund Requirement or in which the City is  
983 obligated to repay or reimburse any issuer of a Debt Service Reserve Fund  
984 Surety Bond (in the event such Debt Service Reserve Fund Surety Bond is  
985 drawn upon), then on or before the last Business Day of that month, after  
986 making all required transfers to the Debt Service Fund and the Administrative  
987 Expense Fund, the City shall transfer into the Debt Service Reserve Fund from  
988 the Revenue Fund, in approximately equal monthly installments, amounts  
989 sufficient to enable the City within an 18 month period to reestablish in the Debt  
990 Service Reserve Fund the Debt Service Reserve Fund Requirement and satisfy  
991 any repayment obligations to the issuer of any Debt Service Reserve Fund  
992 Surety Bond. After this amount has been accumulated in the Debt Service  
993 Reserve Fund and after satisfying any repayment obligation to any Debt Service

994 Reserve Fund Surety Bond issuer and so long thereafter as the Debt Service  
995 Reserve Fund contains this amount and all repayment obligations have been  
996 satisfied, no further transfers shall be required to be made, and any excess  
997 amounts in the Debt Service Reserve Fund shall be transferred to the Revenue  
998 Fund. But if and whenever the balance in the Debt Service Reserve Fund is  
999 reduced below this amount or any Debt Service Reserve Fund Surety Bond  
1000 repayment obligations arise, monthly transfers to the Debt Service Reserve Fund  
1001 shall be resumed and continued in amounts required to restore the Debt Service  
1002 Reserve Fund to this amount and to pay reimbursement obligations within an 18  
1003 month period.

1004 (c) The City shall use the Debt Service Reserve Fund to pay Debt  
1005 Service on the Revenue Bonds and the Credit Agreement Obligations at any  
1006 time the amount available in the Debt Service Fund is insufficient for this  
1007 purpose, and to make any payments required to satisfy repayment obligations to  
1008 issuers of Debt Service Reserve Fund Surety Bonds. The City may use the Debt  
1009 Service Reserve Fund to make the final payments for the retirement or  
1010 defeasance of Revenue Bonds, related Credit Agreement Obligations, and  
1011 Administrative Expenses.

1012 **Section 5.08 FUNDS AND ACCOUNTS FOR SUBORDINATE**  
1013 **OBLIGATIONS.** On or before the last Business Day of each month, after  
1014 making all required transfers to the Debt Service Fund, the Debt Service  
1015 Reserve Fund and the Administrative Expense Fund the City shall transfer into  
1016 the funds and accounts as the City may establish pursuant to an ordinance  
1017 authorizing the issuance or incurrence of Subordinate Obligations, the amounts  
1018 required pursuant to the ordinance authorizing the issuance or incurrence of  
1019 Subordinate Obligations to provide for the payment, or to provide reserves for  
1020 the payment, of the Subordinate Obligations.

1021 **Section 5.09 ADMINISTRATIVE EXPENSE FUND.** On or before the  
1022 last Business Day of each month, after making all required transfers to the Debt  
1023 Service Fund, the City shall transfer to the Administrative Expense Fund an  
1024 amount equal to the Administrative Expenses expected to be paid to the Persons  
1025 entitled to payment in the next succeeding month. Amounts on deposit in the  
1026 Administrative Expense Fund shall be applied solely to the payment of  
1027 Administrative Expenses.

1028 **Section 5.10 GENERAL OBLIGATION AIRPORT BONDS.** On or  
1029 before the last Business Day of each month, so long as any General Obligation

Airport Bond remains outstanding, after making all required transfers to the Debt Service Fund, the Debt Service Reserve Fund, the Administrative Expense Fund and any other fund and account established by ordinance authorizing the issuance of Revenue Bonds and Subordinate Obligations, the City shall transfer from the Revenue Fund, to the extent there are funds available, the amounts necessary to provide for the payment, when due, of principal of and interest on General Obligation Airport Bonds.

**Section 5.11 OPERATION AND MAINTENANCE RESERVE FUND.** The City shall fund and maintain a balance of money and investments in the Operation and Maintenance Reserve Fund at least equal to two months current Operation and Maintenance Expenses, which amount shall annually be re-determined by the Aviation Director at the time the recommended budget for the Airport System is submitted pursuant to Section 5.02 of this Ordinance, based upon either the Aviation Director's recommended budget for Operation and Maintenance Expenses or the Aviation Director's estimate of actual Operation and Maintenance Expenses for the then current Fiscal Year. On or before the last Business Day of each month, after making all required transfers to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative Expense Fund, and any required transfers for Subordinate Obligations or General Obligation Airport Bonds as provided in this Ordinance, there shall be transferred from the Revenue Fund, to the extent there are funds available, to the Operation and Maintenance Reserve Fund an amount equal to 1/12th of the deficiency, if any, in the Operation and Maintenance Reserve Fund as of the last day of the previous Fiscal Year until the required balance in the Operation and Maintenance Reserve Fund is established or reestablished. Amounts from time to time credited to the Operation and Maintenance Reserve Fund may be used at any time: first, to pay for any Operation and Maintenance Expenses for which amounts are not otherwise available in the Revenue Fund; second, to pay any costs or expenses payable from the Renewal and Replacement Fund for which there are insufficient amounts in the Renewal and Replacement Fund; and third, to the extent any amounts are remaining, to be transferred to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative Expense Fund or any similar fund created to provide for the payment, and reserves for the payment, of Subordinate Obligations and General Obligation Airport Bonds to the extent of any deficiency in any of these funds.

**Section 5.12 RENEWAL AND REPLACEMENT FUND.** The City has established the Renewal and Replacement Fund Requirement to be

1067 \$5,000,000. On or before the last Business Day of each month, if the Renewal  
1068 and Replacement Fund contains less than the Renewal and Replacement Fund  
1069 Requirement, then after making all required transfers to the Debt Service Fund,  
1070 the Debt Service Reserve Fund and the Administrative Expense Fund, and any  
1071 required transfers for Subordinate Obligations or General Obligation Airport  
1072 Bonds as provided in this Ordinance, and to the Operation and Maintenance  
1073 Reserve Fund, the City shall transfer from the Revenue Fund, to the extent there  
1074 are funds available, to the Renewal and Replacement Fund an amount equal to  
1075 1/12th of the deficiency (being the amount by which the Renewal and  
1076 Replacement Fund Requirement exceeded the unappropriated balance in the  
1077 Renewal and Replacement Fund) as of the last day of the previous Fiscal Year  
1078 and, at the discretion of the City, to pay directly from the Revenue Fund any  
1079 other costs that could be paid from amounts on deposit in the Renewal and  
1080 Replacement Fund. The City is required to make these transfers into the  
1081 Renewal and Replacement Fund until such time as the Renewal and  
1082 Replacement Fund Requirement has again been accumulated in the Renewal and  
1083 Replacement Fund. Amounts from time to time credited to the Renewal and  
1084 Replacement Fund may be used at any time: first, to pay for any costs of  
1085 replacing depreciable property and equipment of the Airport System and making  
1086 repairs, replacements or renovations of the Airport System; second, to pay any  
1087 Operation and Maintenance Expenses for which insufficient amounts are  
1088 available in the Revenue Fund; and third, to the extent any amounts are  
1089 remaining, to be transferred to the Debt Service Fund, the Debt Service Reserve  
1090 Fund and the Administrative Expense Fund or any similar fund created to  
1091 provide for the payment, and reserves for the payment, of Subordinate  
1092 Obligations and General Obligation Airport Bonds to the extent of any  
1093 deficiency.

1094 Section 5.13 **CAPITAL FUND.** After the City makes all payments and  
1095 transfers required by this Ordinance, at least annually it shall also transfer all  
1096 amounts remaining in the Revenue Fund to the Capital Fund; provided,  
1097 however, that no transfers shall be made to the Capital Fund unless the Debt  
1098 Service Reserve Fund contains the Debt Service Reserve Requirement and all  
1099 Administrative Expenses have been paid. Amounts credited to the Capital  
1100 Improvement Account may be used only for lawful purposes relating to the  
1101 Airport System, including without limitation, to pay for any capital expenditures  
1102 or to pay costs of replacing any depreciable property or equipment of the Airport  
1103 System, to make any major or extraordinary repairs, replacements or renewals of  
1104 the Airport System, to acquire land or any interest in such land, to pay costs



necessary or incident to the closing or disposition of any facility of the Airport System and, at the City's discretion, to be designated as Other Available Funds to be transferred to the Revenue Fund.

Section 5.14 **DEFICIENCIES IN FUNDS OR ACCOUNTS.** If in any month the City does not transfer into any Fund or Account maintained pursuant to Sections 5.06 through 5.12, inclusive, the full amounts required by this Ordinance, the City shall set apart amounts equivalent to the deficiency and shall transfer those amounts to the deficient Fund or Account from the first available and unallocated moneys in the Revenue Fund, and this transfer shall be in addition to the amounts otherwise required to be transferred to the Fund or Account during any succeeding month or months.

Section 5.15 **CONSTRUCTION FUND.** (a) From the proceeds of each series of Revenue Bonds (other than the proceeds of Refunding Revenue Bonds) there shall be deposited into the Capitalized Interest Account (if any) established in the Construction Fund for that series the amount of capitalized interest required by the ordinance authorizing issuance of the series of Revenue Bonds. The amounts may be applied to pay interest on the series of Revenue Bonds as provided in the authorizing ordinance.

(b) From the proceeds of each series of Revenue Bonds (other than the proceeds of Refunding Revenue Bonds) there shall be deposited into the applicable Project Account established in the Construction Fund the amounts as shall be provided in the ordinance authorizing the series of Revenue Bonds. The amounts may be applied to pay costs of establishing, improving, enlarging, extending, and repairing the Airport System or any project to become part of the Airport System, to reimburse advances made by the City for these costs, to pay costs of issuance of Revenue Bonds and to pay any other capital costs of the Airport System as provided in the ordinance authorizing the series of Revenue Bonds.

(c) There shall be established within the Construction Fund two accounts, the Series 2017B Project Account and the Capitalized Interest Account. Moneys in the Series 2017B Project Account shall be used to pay costs of constructing the improvements to the Airport consistent with the purpose for which the Bonds are issued. Moneys in the Capitalized Interest Account shall be held for the purpose of paying interest on the Bonds during the construction of the improvements and for one year after the improvements have been constructed,

and shall be transferred from time to time to the Debt Service Fund in the manner provided in Section 5.06(a) of this Ordinance.

Section 5.16 **MUELLER AIRPORT DISPOSITION FUND.** The Robert Mueller Municipal Airport was closed for aviation purposes and the Mueller Airport Property was transferred out of the Airport System and is no longer part of the Airport System. In connection with the transfer of the Mueller Airport Property, the City deposited certain funds into the Mueller Disposition Fund. These funds, together with any other amounts deposited into the Mueller Disposition Fund, may be used for the payment or reimbursement of all costs and expenses incurred by the City necessary or incident to the closing of Robert Mueller Municipal Airport to aviation purposes and the disposition of the Mueller Airport Property. Any amounts remaining will be transferred to the City's aviation department.

Section 5.17 **INVESTMENT; TRANSFER OF INVESTMENT INCOME.** (a) Money in all Funds and Accounts shall, at the option of the City, be invested in the manner provided by Texas law; provided, that all deposits and investments shall be made in a manner that the money required to be expended from any Fund will be available at the proper time or times. Moneys in the Funds and Accounts may be subjected to further investment restrictions imposed from time to time by ordinance authorizing the issuance of Revenue Bonds and Subordinate Obligations. All such investments shall be valued no less frequently than once per Fiscal Year at market value, except that: (i) any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount; and (ii) any investments which are subject to a Qualified Put may continuously be valued at the amount at which they can be put or sold under the terms of such Qualified Put. For purposes of maximizing investment returns, money in the Funds may be invested, together with money in other Funds or with other money of the City, in common investments or in a common pool of such investments maintained by the City at an official depository of the City or in any fund or investment vehicle permitted by Texas law, which shall not be deemed to be a loss of the segregation of the money or Funds provided that safekeeping receipts, certificates of participation or other documents clearly evidencing the investment or investment pool in which the money is invested and the share purchased with such money or owned by the Fund are held by or on behalf of each Fund. If and to the extent necessary, the investments or participations shall be promptly sold to prevent any default.

(b) All interest and income derived from deposits and investments credited to any of the following Funds and Accounts shall be applied as follows, except as provided in subsection (c) below:

<u>Source of Interest or Income</u>	<u>Fund or Account to which such Interest or Income should be Credited</u>
Revenue Fund	Remains in Revenue Fund
Debt Service Reserve Fund	Remains in the fund until the applicable Debt Service Reserve Fund Requirement is satisfied (unless otherwise required to be transferred to the Rebate Fund by Section 11.01); thereafter to the Revenue Fund
Administrative Expense Fund	Revenue Fund
Operation and Maintenance Reserve Fund	Remains in the fund until fully funded; thereafter to the Revenue Fund
Renewal and Replacement Fund	Remains in the fund until Renewal and Replacement Fund Requirement is met; thereafter to the Revenue Fund
Capital Fund - Capital Improvement Account	Remains in the fund (unless otherwise required to be transferred to the Rebate Fund by Section 11.01) or in the appropriate fund or account therein

(c) Notwithstanding anything to the contrary, any interest and income derived from deposits and investments of any amounts credited to any Fund or Account may be: (i) transferred into any rebate account or subaccount; and (ii) paid to the federal government if in the opinion of nationally recognized bond counsel the payment is required to comply with any covenant or required in order to prevent interest on any bonds payable from Net Revenues from being includable within the gross income of Owners for federal income tax purposes.

1189           Section 5.18 **SECURITY FOR UNINVESTED FUNDS.** So long as  
1190 any Revenue Bond remains Outstanding, all uninvested moneys on deposit in, or  
1191 credited to, the Funds and Accounts established or confirmed as stated in this  
1192 Ordinance shall be secured by the pledge of security, as provided by Texas law.  
1193

## 1194                           **ARTICLE SIX**

### 1195                           **ADDITIONAL BONDS**

1196  
1197  
1198           Section 6.01 **ADDITIONAL REVENUE BONDS.** The City reserves  
1199 the right to issue, for any lawful Airport System purpose, one or more  
1200 installments of Additional Revenue Bonds payable from and secured by Net  
1201 Revenues on a parity with the Outstanding Revenue Bonds; provided, however,  
1202 that no series of Additional Revenue Bonds shall be issued unless:

1203           (a) No Default. The City Manager and the Aviation Director certify that,  
1204 upon the issuance of Additional Revenue Bonds, the City will not be in default  
1205 under any term or provision of any Revenue Bonds then Outstanding or any  
1206 ordinance pursuant to which any Revenue Bonds were issued unless the default  
1207 will be cured by the issuance of the Additional Revenue Bonds.

1208           (b) Proper Fund Balances. The City's Chief Financial Officer or trustee, if  
1209 one has been appointed, shall certify that, upon the issuance of Additional  
1210 Revenue Bonds, the Debt Service Fund will have the required amounts on  
1211 deposit and that the Debt Service Reserve Fund will contain the Debt Service  
1212 Reserve Fund Requirement or the amount as is required to be funded at that  
1213 time.

1214           (c) Projected Coverage for Additional Revenue Bonds. An Airport  
1215 Consultant provides a written report setting forth projections which indicate that  
1216 the estimated Net Revenues, together with the estimated Other Available Funds,  
1217 of the Airport System for each of three consecutive Fiscal Years beginning in  
1218 the earlier of:

1219                   (i)   the first Fiscal Year following the estimated date of completion  
1220 and initial use of all revenue producing facilities to be financed with  
1221 Additional Revenue Bonds, based upon a certified written estimated  
1222 completion date by the consulting engineer for the facility or facilities; or

1223                   (ii)   the first Fiscal Year in which the City will have scheduled  
1224 payments of interest on or principal of the Additional Revenue Bonds to be

issued for the payment of which provision has not been made as indicated in the report of the Airport Consultant from proceeds of the Additional Revenue Bonds, investment income on the proceeds of such Additional Revenue Bonds or from other appropriated sources (other than Net Revenues),

are equal to at least 125% of the Debt Service Requirements on all Outstanding Revenue Bonds scheduled to occur during each respective Fiscal Year after taking into consideration the additional Debt Service Requirements for the Additional Revenue Bonds to be issued.

(d) Alternate Coverage for Additional Revenue Bonds. In lieu of the certification described in (c) above, the City's Chief Financial Officer may provide a certificate showing that, for either the City's most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, the Net Revenues, together with Other Available Funds, of the Airport System were equal to at least 125% of the maximum Debt Service Requirements on all Revenue Bonds scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Additional Revenue Bonds proposed to be issued.

(e) Refunding Bonds. If Additional Revenue Bonds are being issued for the purpose of refunding less than all previously issued Revenue Bonds which are then Outstanding, neither of the certifications described in (c) or (d) above are required so long as the maximum annual Debt Service Requirements in any Fiscal Year after the issuance of the Additional Revenue Bonds will not exceed the maximum annual Debt Service Requirements in any Fiscal Year prior to the issuance of the Additional Revenue Bonds.

(f) Bond Ordinance Requirements. Provision is made in the Revenue Bond Ordinances authorizing the Additional Revenue Bonds proposed to be issued for: (1) additional payments into the Debt Service Fund sufficient to provide for any principal and interest requirements resulting from the issuance of the Additional Revenue Bonds including, in the event that interest on the additional series of Revenue Bonds is capitalized and/or to be paid from investment earnings, a requirement for the transfer from the capitalized interest fund or account and/or from the construction fund to the Debt Service Fund of amounts fully sufficient to pay interest on such Additional Revenue Bonds during the period specified in the Revenue Bond Ordinances; and (2) satisfaction of the Debt Service Reserve Fund Requirement by not later than the

1261 date required by this Ordinance or any other Revenue Bond Ordinance  
1262 authorizing Additional Revenue Bonds.

1263 (g) Special Provisions for Completion Bonds. The provisions of  
1264 paragraphs (c) and (d) above shall not apply to the issuance of Completion  
1265 Bonds in accordance with Section 6.02.

1266 Section 6.02 **COMPLETION BONDS.** The City reserves the right to  
1267 issue one or more series of Revenue Bonds to pay the cost of completing any  
1268 Project for which Revenue Bonds have previously been issued.

1269 Prior to the issuance of any series of Completion Bonds the City must  
1270 provide, in addition to all of the applicable certificates required by Section 6.01,  
1271 the following documents:

- 1272 (a) a certificate of the consulting engineer engaged by the City to design  
1273 the Airport Project for which the Completion Bonds are to be issued  
1274 stating that the Airport Project has not materially changed in scope  
1275 since the issuance of the most recent series of Revenue Bonds for the  
1276 intended purpose (except as permitted in the applicable ordinance  
1277 authorizing the Revenue Bonds) and setting forth the aggregate cost of  
1278 the Airport Project which, in the opinion of the consulting engineer,  
1279 has been or will be incurred; and
- 1280 (b) a certificate of the Aviation Director: (i) stating that all amounts  
1281 allocated to pay costs of the Airport Project from the proceeds of the  
1282 most recent series of Revenue Bonds issued in connection with the  
1283 Airport Project for which the Completion Bonds are being issued were  
1284 used or are still available to be used to pay costs of the Airport  
1285 Project; (ii) containing a calculation of the amount by which the  
1286 aggregate cost of that Airport Project (furnished in the consulting  
1287 engineer's certificate described above) exceeds the sum of the costs of  
1288 the Airport Project paid to such date plus the moneys available at such  
1289 date within any construction fund or other like account applicable to  
1290 the Airport Project plus any other moneys which the Aviation  
1291 Director, in his discretion, has determined are available to pay such  
1292 costs in any other fund; and (iii) certifying that, in the opinion of the  
1293 Aviation Director, the issuance of the Completion Bonds is necessary  
1294 to provide funds for the completion of the Airport Project.

For purposes of this Section, the term "Airport Project" means the Airport or any other Airport System facility or project which shall be defined as an Airport Project in any ordinance authorizing the issuance of Additional Revenue Bonds, for the purpose of financing the Airport Project. Any such ordinance may contain further provisions as the City shall deem appropriate with regard to the use, completion, modification or abandonment of the Project.

**Section 6.03 SUBORDINATE OBLIGATIONS.** The City reserves the right to issue or incur, for any lawful Airport System purpose, Subordinate Obligations and credit agreement obligations related to the Subordinate Obligations, secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues securing payment of the Revenue Bonds. Although referred to in this Ordinance as "Subordinate Obligations," the Subordinate Obligations may bear any name or designation provided by ordinance authorizing their issuance or incurrence. The Subordinate Obligations may be further secured by any other source of payment lawfully available. Unless expressly provided to the contrary in this Ordinance, no default with respect to a Subordinate Obligation shall constitute a default under this Ordinance.

**Section 6.04 SPECIAL FACILITIES BONDS.** The City reserves the right to issue from time to time, in one or more series, Special Facilities Bonds as provided in this Ordinance to finance and refinance the cost of any Special Facilities, including all required reserves, all related costs of issuance and other reasonably related amounts, provided that Special Facilities Bonds shall be payable solely from payments by lessees under Special Facilities Leases or other security not provided by the City. In no event shall Gross Revenues or any other amounts held in any other fund or account maintained by the City as security for the Revenue Bonds or for the construction, operation, maintenance, or repair of the Airport System be pledged to the payment of Special Facilities Bonds. Unless expressly provided to the contrary in this Ordinance, no default with respect to a Special Facilities Bond shall constitute a default under this Ordinance.

**Section 6.05 CREDIT AGREEMENTS.** To the fullest extent permitted by applicable law, the City expressly reserves the right to enter into Credit Agreements in connection with any series of Revenue Bonds and to pledge to and secure the payment of related Credit Agreement Obligations from Net Revenues and the various funds and accounts established or referred to in this Ordinance to the extent permitted by this Ordinance, and any of the City's other

ordinances authorizing the issuance of Additional Revenue Bonds and to enter into credit agreements in connection with any series of Subordinate Obligations.

## ***ARTICLE SEVEN***

### ***COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS***

Section 7.01 **PUNCTUAL PAYMENT OF BONDS.** The City covenants that it will punctually pay, or cause to be paid, the Debt Service on all Revenue Bonds and Credit Agreement Obligations, according to their terms, and to pay all Administrative Expenses to the Persons entitled to payment when due, and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in any other ordinance authorizing the issuance of Revenue Bonds.

Section 7.02 **MAINTENANCE OF AIRPORT SYSTEM.** Except as provided in Section 7.04, the City covenants that it will at all times maintain and operate the Airport System, or within the limits of its authority cause the Airport System to be maintained and operated, in good and serviceable condition.

Section 7.03 **LIMITATION ON CITY CHARGES FOR OPERATION AND MAINTENANCE EXPENSES.** The City covenants that it will not charge the Airport System any amounts for overhead expenses relating to the administration, operation, and maintenance of the Airport System except to the extent that the amounts charged are reasonably allocable to the Airport System based upon a stated policy of allocation, reasonably applied to the Airport System. All charges imposed by the City upon the Airport System shall be consistent with all applicable federal laws, regulations, and other requirements applicable to the Airport System or imposed upon the Airport System in connection with the acceptance by the Airport System of any federal grants or aid.

Section 7.04 **SALE OR ENCUMBRANCE OF AIRPORT SYSTEM.** Except for the use of the Airport System or services pertaining to the Airport System in the normal course of business, the City covenants that neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Revenue Bonds, Credit Agreement Obligations and Administrative Expenses have been paid in full, or unless provision for payment has been made, and the City shall not dispose of its title to the Airport System or to any useful part of the Airport System, including, without limitation, any property necessary to the operation and use of the



Airport System, except for the execution of leases, licenses, easements, or other agreements in connection with the operation of the Airport System by the City, or in connection with any Special Facilities, except for any pledges of and liens on revenues derived from the operation and use of all or any part of the Airport System, or any Special Facilities, for the payment of Revenue Bonds, Credit Agreement Obligations, Administrative Expenses, Special Facilities Bonds, and any other obligations pertaining to the Airport System, and except as otherwise provided in the next two paragraphs.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any property constituting a part of the Airport System which the Aviation Director certifies: (i) to be no longer useful in the construction or operation of the Airport System; (ii) to be no longer necessary for the efficient operation of the Airport System; or (iii) to have been replaced by other property of at least equal value. The net proceeds of the sale or disposition of any Airport System property (or the fair market value of any property so excluded) pursuant to this paragraph shall be used for the purpose of replacing properties at the Airport System, shall be paid into the Capital Fund - Capital Improvement Account or shall be applied to retire or pay principal of or interest on Revenue Bonds.

Nothing in this Ordinance prevents any transfer of all or a substantial part of the Airport System to another body corporate and politic (including, but not necessarily limited to, a joint action agency or an airport authority) which assumes the City's obligations under this Ordinance and in any ordinance authorizing the issuance of Revenue Bonds, in whole or in part, if: (i) in the written opinion of the Airport Consultant, the ability to meet the rate covenant and other covenants under this Ordinance and in any ordinance authorizing the issuance of Revenue Bonds, are not materially and adversely affected; and (ii) in the written opinion of nationally recognized bond counsel, the transfer and assumption will not cause the interest on any Revenue Bonds that were issued as "tax-exempt bonds" within the meaning of the regulations promulgated under the Code to be includable in gross income of the Owners of the Revenue Bonds for federal income tax purposes. Following the transfer and assumption, all references to the City, City officials, City ordinances, City budgetary procedures and any other officials, actions, powers or characteristics of the City will be references to the transferee entity and comparable officials, actions, powers or characteristics of the entity. In the event of any transfer and assumption, nothing in this Ordinance shall prevent the retention by the City of any facility

1404 of the Airport System if, in the written opinion of the Airport Consultant, the  
1405 retention will not materially and adversely affect nor unreasonably restrict the  
1406 transferee entity's ability to comply with the requirements of the rate covenant  
1407 and the other covenants of this Ordinance and any other Revenue Bond  
1408 Ordinance.

1409       Section 7.05 **INSURANCE.** The City covenants and agrees that it will  
1410 keep the Airport System insured with insurers of good standing against risks,  
1411 accidents or casualties against which and to the extent customarily insured  
1412 against by political subdivisions of the State of Texas operating similar  
1413 properties, to the extent that the insurance is available; provided, however, that  
1414 if any insurance is not commercially available or not available on more  
1415 favorable economic terms, the City may elect to be self-insured in whole or in  
1416 part against the risk or loss that would otherwise be covered by insurance, in  
1417 which case the City will establish reserves for the risk or loss in amounts the  
1418 City determines to be appropriate. All net proceeds of property or casualty  
1419 insurance shall be applied to repair or replace the insured property that is  
1420 damaged or destroyed or to make other capital improvements to the Airport  
1421 System or to redeem Revenue Bonds. Proceeds of business interruption  
1422 insurance may be credited to the Revenue Fund.

1423       Section 7.06 **ACCOUNTS, RECORDS, AND AUDITS.** The City  
1424 covenants and agrees that it will maintain a proper and complete system of  
1425 records and accounts pertaining to the Gross Revenues and the operation of the  
1426 Airport System in which full, true and proper entries will be made of all  
1427 dealings, transactions, business and affairs which in any way affect or pertain to  
1428 the Gross Revenues and the Airport System. After the close of each Fiscal Year,  
1429 the City shall cause an audit report of the records and accounts described in the  
1430 preceding sentence to be prepared by an independent certified public accountant  
1431 or independent firm of certified public accountants, which may be part of an  
1432 overall audit report of the City and/or other of its enterprise funds. All expenses  
1433 of obtaining these reports shall constitute Operation and Maintenance Expenses  
1434 of the Airport System.

1435       Section 7.07 **PLEDGE AND ENCUMBRANCE OF REVENUES.** The  
1436 City covenants and represents that it has the lawful power to create a lien on and  
1437 to pledge the Net Revenues to secure the payment of the Revenue Bonds, the  
1438 Credit Agreement Obligations and Administrative Expenses, and has lawfully  
1439 exercised this power under the Constitution and laws of the State of Texas,  
1440 including specifically the Act. The City further covenants and represents that,

other than to the payment of Operation and Maintenance Expenses, the Revenue Bonds, the Credit Agreement Obligations and Administrative Expenses, the Gross Revenues are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the City, unless the lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Revenue Bonds, the Credit Agreement Obligations and Administrative Expenses.

Section 7.08 **BONDHOLDERS REMEDIES.** This Ordinance is a contract between the City and the Owners of the Revenue Bonds and the holders of related Credit Agreement Obligations from time to time outstanding and this Ordinance shall be and remain irrevocable until the Revenue Bonds, the related Credit Agreement Obligations and Administrative Expenses shall be fully paid or discharged or provision for their payment shall have been made as provided in this Ordinance. In the event of a default in the payment of the Debt Service on any of the Revenue Bonds or Credit Agreement Obligations or a default in the performance of any duty or covenant provided by law or in this Ordinance, the Owner or Owners of any of the Revenue Bonds, and the holders of any Credit Agreement Obligations and the Persons to whom Administrative Expenses are owed may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Revenue Bonds or holder of Credit Agreement Obligations or Person to whom Administrative Expenses are owed, may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the City under this Ordinance, including the making of reasonably required rates and charges for the use and services of the Airport System, the deposit of the Gross Revenues into the special funds provided in this Ordinance, and the application of such Gross Revenues in the manner required in this Ordinance.

Notwithstanding the provisions of the foregoing paragraph: (i) acceleration as a remedy is expressly denied; (ii) no grace period for a default in the performance of any duty or covenant shall exceed 30 days, nor shall any grace period be extended for more than 60 days without the written consent of the Bond Insurer (to the extent consent is required); and (iii) no grace period is permitted with respect to a default in the payment of Debt Service or the payment of Administrative Expenses when due. For purposes of exercising the

1478 rights of Owners upon the occurrence of an event of default described in the  
1479 immediately preceding paragraph, the Bond Insurer shall be deemed to be the  
1480 sole holder of the Series 2005 Bonds for the purpose of exercising any voting  
1481 right or privilege or giving any consent or direction or taking any other action  
1482 that the Owners are entitled to take pursuant to this Ordinance.

1483       Section 7.09 **DISCHARGE BY DEPOSIT.** (a) The City may discharge  
1484 its obligation to the Owners of any or all of the Bonds to pay Debt Service, or  
1485 any portion of the Debt Service, by depositing with the Paying Agent/Registrar  
1486 cash in an amount equal to the Debt Service of the Bonds to the date of maturity  
1487 or redemption, or any portion of the Bonds to be discharged, or by depositing  
1488 either with the Paying Agent/Registrar or with any national banking association  
1489 with capital and surplus in excess of \$100,000,000, pursuant to an escrow or  
1490 trust agreement, cash and/or Defeasance Obligations in principal amounts and  
1491 maturities and bearing interest at rates sufficient to provide for the timely  
1492 payment of Debt Service on the Bonds to the date of maturity or redemption or  
1493 any portion thereof to be discharged. Upon such deposit, the Bonds, or any  
1494 portion thereof, shall no longer be regarded to be Outstanding or unpaid. In case  
1495 any Bonds are to be redeemed on any date prior to their maturity, the City shall  
1496 give to the Paying Agent/Registrar irrevocable instructions to give notice of  
1497 redemption of Bonds to be so redeemed in the manner required in this  
1498 Ordinance. Any determination not to redeem Bonds that is made in conjunction  
1499 with the payment arrangements described above shall not be irrevocable,  
1500 provided that: (1) in the proceedings providing for the payment arrangements,  
1501 the City expressly reserves the right to call the Bonds for redemption; (2) the  
1502 City gives notice of the reservation of that right to the owners of the Bonds  
1503 immediately following the making of the payment arrangements; and (3) the  
1504 City directs that notice of the reservation be included in any redemption notices  
1505 that it authorizes.

1506       (b) Prior to the defeasance of the Bonds: (i) a report of an independent  
1507 firm of nationally recognized certified public accountants (Accountant)  
1508 verifying the sufficiency of the escrow established to pay the Bonds in full on  
1509 the respective maturity or redemption date (Verification) will be obtained by the  
1510 City; (ii) an escrow agreement will be executed and delivered by the City; and  
1511 (iii) an opinion of nationally recognized bond counsel to the effect that the  
1512 Bonds are no longer Outstanding under this Ordinance will be obtained by the  
1513 City. Each Verification and defeasance opinion shall be acceptable in form and  
1514 substance, and addressed, to the City.

1515 Section 7.10 **LEGAL HOLIDAYS.** If any date on which a payment of  
1516 Debt Service is due is not a Business Day, then such payment need not be made  
1517 on such date but may be made on the next succeeding Business Day with the  
1518 same force and effect as if made on the date of scheduled payment of Debt  
1519 Service.

## 1520 **ARTICLE EIGHT**

### 1521 **CONCERNING THE PAYING AGENT/REGISTRAR**

1522  
1523 Section 8.01 **APPOINTMENT OF INITIAL PAYING**  
1524 **AGENT/REGISTRAR.** Amegy Bank, a division of ZB, National Association  
1525 is appointed to serve as the initial Paying Agent/Registrar for the Bonds.  
1526

1527  
1528 Section 8.02 **QUALIFICATIONS.** Each Paying Agent/Registrar shall  
1529 be a commercial bank or a trust company organized under the laws of the State  
1530 of Texas or the United States of America, or any other entity duly qualified and  
1531 legally authorized to serve as and perform the duties and services of paying  
1532 agent and registrar for the Bonds.

1533 Section 8.03 **MAINTAINING PAYING AGENT/REGISTRAR.** (a)  
1534 At all times while any Bond is Outstanding, the City will maintain a Paying  
1535 Agent/Registrar that is qualified under Section 8.02. An Authorized Officer is  
1536 authorized and directed to execute an agreement with the Paying  
1537 Agent/Registrar specifying the duties and responsibilities of the City and the  
1538 Paying Agent/Registrar in the substantially final form presented with this  
1539 Ordinance.

1540 (b) If the Paying Agent/Registrar resigns or otherwise ceases to serve in  
1541 this capacity, the City will promptly appoint a replacement.

1542 Section 8.04 **TERMINATION.** The City may terminate the appointment  
1543 of any Paying Agent/Registrar by delivering to the entity whose appointment is  
1544 to be terminated written notice, at least 60 days before termination, of such  
1545 termination.

1546 Section 8.05 **NOTICE OF CHANGE TO OWNERS.** Promptly upon  
1547 each change in the entity serving as Paying Agent/Registrar, the City will cause  
1548 notice of the change to be sent to each Owner by first class United States mail,  
1549 postage prepaid, at the address in the Register, stating the effective date of the

change and the name and mailing address of the replacement Paying Agent/Registrar.

**Section 8.06 AGREEMENT TO PERFORM DUTIES AND FUNCTIONS.** By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the prescribed duties and functions of Paying Agent/Registrar. The Paying Agent/Registrar Agreement presented with this Ordinance is approved and the Authorized Officers are directed to execute and deliver the Paying Agent/Registrar Agreement with any changes as may be approved by the Authorized Officer.

**Section 8.07 DELIVERY OF RECORDS TO SUCCESSOR.** If a Paying Agent/Registrar is replaced, the Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

**Section 8.08 TRUST FUNDS.** All money transferred to the Paying Agent/Registrar under this Ordinance (except sums representing Paying Agent/Registrar's fees) shall be held in trust for the benefit of the City, shall be the property of the City, and shall be disbursed in accordance with this Ordinance.

**Section 8.09 BONDS PRESENTED.** Subject to the provisions of Section 8.10, all matured Bonds presented to the Paying Agent/Registrar for payment shall be paid without the necessity of further instructions from the City. The Bonds shall be cancelled as provided in this Ordinance.

**Section 8.10 UNCLAIMED FUNDS HELD BY THE PAYING AGENT/REGISTRAR.** Funds held by the Paying Agent/Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date the funds have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code.

The Paying Agent/Registrar shall have no liability to the Owners of the Bonds by virtue of actions taken in compliance with this Section.

1584 ***ARTICLE NINE***

1585 ***ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE***

1586  
1587 Section 9.01 **ALTERATION OF RIGHTS AND DUTIES.** The rights,  
1588 duties, and obligations of the City and the Owners of the Bonds and the holders  
1589 of Credit Agreement Obligations related to the Bonds, and Persons to whom  
1590 Administrative Expenses are owed, are subject in all respects to all applicable  
1591 federal and state laws including, without limitation, the provisions of federal law  
1592 regarding the composition of indebtedness of political subdivisions, as the same  
1593 now exist or as may be amended in the future.

1594 Section 9.02 **AMENDMENT OF ORDINANCE WITHOUT**  
1595 **CONSENT.** The City may, without the consent of or notice to any of the  
1596 Owners of the Bonds, amend this Ordinance for any one or more of the  
1597 following purposes:

- 1598 (a) to cure any ambiguity, defect, omission or inconsistent provision in  
1599 the Revenue Bond Ordinances or in the Revenue Bonds; or to comply  
1600 with any applicable provision of law or regulation of Federal  
1601 agencies; to obtain a rating on the Revenue Bonds from any Rating  
1602 Agency; or to obtain the approving opinion of the Attorney General of  
1603 Texas as required by law; provided, however, that such action shall  
1604 not adversely affect the interests of the Owners of the Revenue Bonds;
- 1605 (b) to change the terms or provisions of this Ordinance to the extent  
1606 necessary to prevent the interest on the Revenue Bonds from being  
1607 includable within the gross income of the Owners for federal income  
1608 tax purposes;
- 1609 (c) to grant to or confer upon the Owners of the Revenue Bonds any  
1610 additional rights, remedies, powers or authority that may lawfully be  
1611 granted to or conferred upon the Owners of the Revenue Bonds;
- 1612 (d) to add to the covenants and agreements of the City contained in the  
1613 Revenue Bond Ordinances other covenants and agreements of, or  
1614 conditions or restrictions upon, the City or to surrender or eliminate  
1615 any right or power reserved to or conferred upon the City in this  
1616 Ordinance;

- 1617 (e) to amend any provisions of this Ordinance relating to the issuance of  
1618 Revenue Bonds and Subordinate Obligations, or the incurrence of and  
1619 security for reimbursement obligations in connection with the  
1620 issuance of Revenue Bonds and Subordinate Obligations, so long as to  
1621 do so does not cause any reduction in any rating assigned to the  
1622 Outstanding Revenue Bonds by any nationally recognized rating  
1623 agency then rating any series of Revenue Bonds;
- 1624 (f) to subject to the lien and pledge of the Revenue Bond Ordinances  
1625 additional Net Revenues which may include revenues, properties or  
1626 other collateral; and
- 1627 (g) to amend the provisions of Article Twelve to the extent permitted in  
1628 Article Twelve.

1629 Section 9.03 **AMENDMENTS OF ORDINANCE REQUIRING**  
1630 **CONSENT.** The City may at any time adopt one or more ordinances amending,  
1631 modifying, adding to or eliminating any of the provisions of this Ordinance but,  
1632 if the amendment is not of the character described in Section 9.02, only with the  
1633 consent given in accordance with Section 9.04 of the Owner or Owners of not  
1634 less than 66-2/3% of the aggregate unpaid principal amount of the Revenue  
1635 Bonds then Outstanding and affected by the amendment, modification, addition,  
1636 or elimination and with the consent of the Bond Insurer (to the extent the  
1637 consent is required); provided, however, that nothing in this Section shall permit  
1638 (a) an extension of the maturity of the principal of or interest on any Revenue  
1639 Bond issued under this Ordinance, or (b) a reduction in the principal amount of  
1640 any Revenue Bond or the rate of interest on any Revenue Bond, or (c) a  
1641 privilege or priority of any Revenue Bond or Revenue Bonds over any other  
1642 Revenue Bond or Revenue Bonds, or (d) a reduction in the percentage of  
1643 aggregate principal amount of the Revenue Bonds required for consent to the  
1644 amendment.

1645 Section 9.04 **CONSENT OF OWNERS.** Any consent required by  
1646 Section 9.03 by any Owner must be in writing, may be in any number of  
1647 concurrent writings of similar tenor, and may be signed by the Owner or its duly  
1648 authorized attorney. Proof of the execution of any consent or of the writing  
1649 appointing any attorney and of the ownership of Revenue Bonds, if made in the  
1650 following manner, shall be sufficient for any of the purposes of the Revenue  
1651 Bond Ordinances, and shall be conclusive in favor of the City with regard to any



1652 action taken, suffered or omitted to be taken by the City under the instrument,  
1653 namely:

1654 (a) The fact and date of the execution by any person of any writing  
1655 may be proved by the certificate of any officer in any jurisdiction who by  
1656 law has power to take acknowledgments within that jurisdiction that the  
1657 person signing the writing acknowledged its execution before him or her, or  
1658 by affidavit of any witness to the execution;

1659 (b) The fact of the ownership by any person of any Revenue Bond  
1660 and the date of the ownership may be proved by a certificate executed by an  
1661 appropriate officer of the Paying Agent/Registrar, stating that on that date  
1662 the Revenue Bond was registered in the name of that party in the Register.

1663 In lieu of the foregoing the City may accept any other proof as it finds  
1664 appropriate.

1665 Consents required pursuant to Section 9.03 shall be valid only if given  
1666 following the giving of notice by or on behalf of the City requesting the consent  
1667 and setting forth the substance of the amendment of this Ordinance in respect of  
1668 which such consent is sought and stating that copies thereof are available at the  
1669 office of the City Clerk for inspection. Such notice shall be given by certified  
1670 mail to each Registered Owner of the Revenue Bonds affected at the address  
1671 shown on the Register.

1672 Copies of all amendments and supplements to this Ordinance or to any  
1673 Related Document shall be sent to Standard & Poor's and Moody's at least 10  
1674 days before its effective date.

1675 Section 9.05 **REVOCATION OF CONSENT.** Any consent by any  
1676 Owner of a Revenue Bond pursuant to the provisions of this Article shall be  
1677 irrevocable for a period of 18 months from the date of mailing of the notice  
1678 provided for in this Article, and shall be conclusive and binding upon all future  
1679 Owners of the same Revenue Bond and any Revenue Bond delivered on transfer  
1680 thereof or in exchange for or replacement of the Revenue Bond during this  
1681 period. The consent may be revoked at any time after 18 months from the date  
1682 of the first mailing of the notice by the Owner who gave the consent or by a  
1683 successor in title, by filing notice with the Paying Agent/Registrar, but the  
1684 revocation shall not be effective if the Owners of a majority in aggregate  
1685 principal amount of the Revenue Bonds Outstanding as in this Ordinance

defined have, prior to the attempted revocation, consented to and approved the amendment.

Section 9.06 **CONSENT TO CERTAIN AMENDMENTS GIVEN THROUGH OWNERSHIP OF BONDS.** By acceptance of the Bonds, each Owner of a Bond: (i) irrevocably and specifically consents to and approves the amendments described in (1) and (2) below; (ii) irrevocably appoints the Aviation Director as its true and lawful attorney-in-fact for the limited purpose of executing the written instrument required by Section 9.04 of this Ordinance to evidence the Owner's specific consent to and approval of the amendments described in (1) and (2) below; and (iii) confirms all actions taken by the Aviation Director as attorney-in-fact for the Owner, it being specifically provided that the Aviation Director need not consult with, or provide notice to, an Owner in connection with the actions taken by the Aviation Director under this Section. The power of attorney granted to the Aviation Director shall be limited to effecting the below amendments and is irrevocable for so long as any Bond remains Outstanding.

The amendments are:

(1) Amend Section 6.01(e) of this Ordinance and the Revenue Bond Ordinances to read:

"Refunding Bonds. If Additional Revenue Bonds are being issued for the purpose of refunding less than all previously issued Prior Lien Bonds or Revenue Bonds which are then Outstanding, neither of the certifications described in (c) or (d) above are required so long as the aggregate Debt Service Requirements after the issuance of the Additional Revenue Bonds do not exceed the aggregate Debt Service Requirements prior to the issuance of the Additional Revenue Bonds; provided, that the annual debt service on the refunding bonds in any Fiscal Year will not be more than 10% higher than it is in any other Fiscal Year."

(2) Amend Section 9.03 of this Ordinance and the Revenue Bond Ordinances by changing the phrase "66-2/3% of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding" to "a majority of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding".

The amendment described in clause (1) will become effective once the City determines that the consent of 66-2/3% of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding is received, and the amendment

described in clause (2) will become effective once the City determines that the consent of 100% of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding is received. Since the Series 2005 Bonds are insured, the consent of the Insurer will be required to be obtained. Since there are no Prior Lien Bonds (as defined in the Series 2005 Bond Ordinance) now Outstanding, the reference to Prior Lien Bonds in clause (1) above is of no force and effect.

## **ARTICLE TEN**

### ***SALE OF THE BONDS; APPROVAL OF BOND PURCHASE AGREEMENT; APPLICATION OF PROCEEDS OF THE BONDS***

Section 10.01 **SALE OF THE BONDS; BOND PURCHASE AGREEMENT.** The Bonds shall be sold to the Underwriters in accordance with the terms of this Ordinance and the Bond Purchase Agreement. In the Bond Purchase Agreement, there shall be a finding made that the sale of the Bonds to the Underwriters is on terms that are most advantageous to the City reasonably obtained and, upon the advice of the City's financial advisor, is in the best interests of the City.

Each Authorized Officer is authorized come to an agreement with the Underwriters on the following, among other matters:

- (1) The details of the purchase and sale of the Bonds, including series designation;
- (2) The details of the public offering of the Bonds by the Underwriters;
- (3) The details of an Official Statement (and, if appropriate, any Preliminary Official Statement) relating to the Bonds and the City's compliance with the Rule;
- (4) A security deposit for the Bonds;
- (5) The representations and warranties of the City to the Underwriters;
- (6) The details of the delivery of, and payment for, the Bonds;
- (7) The Underwriters' obligations under the Bond Purchase Agreement;
- (8) The conditions to the obligations of the City and the Underwriters under the Bond Purchase Agreement;
- (9) Termination of the Bond Purchase Agreement;
- (10) Particular covenants of the City;

- 1757 (11) The survival of representations made in the Bond Purchase  
1758 Agreement;  
1759 (12) The payment of any expenses relating to the Bond Purchase  
1760 Agreement;  
1761 (13) Notices; and  
1762 (14) Any and all such other details that are found by the Authorized  
1763 Officer to be necessary and advisable for the purchase and sale of  
1764 the Bonds.

1765 The Authorized Officer and other appropriate officers, employees, and  
1766 agents of the City shall carry out and comply with the terms and provisions of  
1767 the Bond Purchase Agreement. Bonds sold under the Bond Purchase Agreement  
1768 may not be sold: (1) in an aggregate principal amount in excess of  
1769 \$160,000,000; (2) bearing interest in any maturity in excess of 8.00% per  
1770 annum; (3) having a final maturity after November 15, 2047; and (4) unless the  
1771 Bonds have a credit rating that would cause the Bonds to be “obligations”, as  
1772 defined in Chapter 1371. The authority of an Authorized Officer to execute a  
1773 Bond Purchase Agreement expires at 5:00 p.m., Friday, September 29, 2017.

1774 The Mayor and City Clerk of the City may manually or electronically  
1775 execute and deliver for and on behalf of the City copies of a Preliminary Official  
1776 Statement and Official Statement, prepared in connection with the offering of  
1777 the Bonds by the Underwriters, in final form as may be required by the  
1778 Underwriters, and the final Official Statement in the form and content as  
1779 approved by an Authorized Officer or as manually or electronically executed by  
1780 the City officials shall be deemed to be approved by council and constitute the  
1781 Official Statement authorized for distribution and use by the Underwriters.

1782 **Section 10.02 APPROVAL, REGISTRATION, AND INITIAL**  
1783 **DELIVERY.** The Authorized Officer shall have control and custody of the  
1784 Bonds and all necessary records and proceedings pertaining to the Bonds  
1785 pending their delivery, and the Authorized Officer and other officers and  
1786 employees of the City are instructed to make certifications and to execute  
1787 instruments as may be necessary to accomplish the initial delivery of the Initial  
1788 Bonds and to assure the investigation, examination, and approval of the Bonds  
1789 by the Attorney General of the State of Texas and their registration by the  
1790 Comptroller of Public Accounts of the State of Texas. Upon registration of the  
1791 Bonds, the Comptroller of Public Accounts of the State of Texas (or a deputy  
1792 designated in writing to act for her) shall be requested to sign manually the  
1793 Comptroller's Registration Certificate set forth in the FORM OF BONDS and

the seal of the Comptroller of Public Accounts of the State of Texas shall be impressed or printed or lithographed on the Initial Bonds. The Bonds will be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement.

**Section 10.03 APPLICATION OF PROCEEDS OF THE BONDS.**  
On the closing date for the Bonds, proceeds from the sale of the Bonds shall be applied as set forth in the letter of instructions executed by the City, as follows:

(a) A portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the Series 2017B (AMT) Project Account within the Construction Fund and used to pay costs of financing the improvements to the Airport; and

(b) A portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the Capitalized Interest Account in an amount determined in accordance with Section 3.10 of this Ordinance; and

(c) A portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the Debt Service Reserve Fund in an amount determined in accordance with Section 3.11 of this Ordinance; and

(d) The balance of the proceeds of the Bonds shall be applied to pay all costs of issuance of the Bonds, and, to the extent not so used, shall be deposited into the Debt Service Fund.

**Section 10.04 USE OF PASSENGER FACILITY CHARGES.**  
Consistent with the definitions of Debt Service Requirements and Gross Revenues, the City acknowledges and agrees that debt service with respect to the Revenue Bonds paid from passenger facility charges is not included in the calculation of Debt Service Requirements. The City covenants and agrees, for the benefit of the Owners of the Revenue Bonds, that during each Fiscal Year the City will set aside from any passenger facility charges imposed by the City on enplaned passengers the lesser of (i) such passenger facility charges imposed and collected by the City or (ii) \$4.50 derived from each passenger facility charge so imposed and collected by the City for the payment of debt service on the Revenue Bonds in the following Fiscal Year, unless the City receives a report from an Airport Consultant showing that an alternative use of all or a portion of the passenger facility charges will not reduce the forecast coverage of Debt Service Requirements with respect to the Revenue Bonds by forecast Net

Revenues during the following Fiscal Year (or such longer forecast period as may be covered in the Airport Consultant's Report) to less than 125%.

## ***ARTICLE ELEVEN***

### ***FEDERAL INCOME TAX COVENANTS***

Section 11.01 **GENERAL TAX COVENANTS.** The City covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the 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. The City covenants as follows:

(a) to take such action or refrain from such action which would result in the Bonds not being "exempt facility bonds", as defined in section 142(a) of the Code, at least 95 percent of the proceeds of which are used to provide airport facilities (within the meaning of section 142(a) of the Code);

(b) to take such action to assure at all times while the Bonds remain outstanding, the facilities, directly or indirectly, financed with the proceeds thereof will be owned by a governmental unit;

(c) that no part of the facilities, directly or indirectly, financed with the proceeds of the Bonds will constitute: (A) any lodging facility; (B) any retail facility (including food or beverage facilities) in excess of a size necessary to serve passengers and employees at the exempt facility; (C) any retail facility (other than parking) for passengers or the general public located outside the exempt facility terminal; (D) any office building for individuals who are not employees of a governmental unit or of the operating authority for the exempt facility; (E) any industrial park or manufacturing facility; or (F) any residential real property for family units;

(d) that the maturity of the Bonds does not exceed 120 percent of the economic life of the facilities, directly or indirectly, financed with the proceeds of the Bonds, as more specifically set forth in section 147(b) of the Code;

(e) that fewer than 25 percent of the proceeds of the Bonds will be used for the acquisition of land or an interest in such land, unless such land

1864 is acquired for noise abatement or wetland preservation or the future use of  
1865 the Airport, and there is no other significant use of such land;

1866  
1867 (f) to refrain from using any portion of the proceeds of the Bonds,  
1868 directly or indirectly, to acquire or to replace funds which were used,  
1869 directly or indirectly, to acquire investment property (as defined in section  
1870 148(b)(2) of the Code) which produces a materially higher yield over the  
1871 term of the Bonds, other than investment property acquired with:

1872  
1873 (1) proceeds of the Bonds invested for a reasonable  
1874 temporary period until the proceeds are needed for the purpose for  
1875 which the Bonds are issued;

1876 (2) amounts invested in a bona fide debt service fund, within  
1877 the meaning of section 1.148-1(b) of the Treasury Regulations; and

1878  
1879 (3) amounts deposited in any reasonably required reserve or  
1880 replacement fund to the extent such amounts do not exceed 10 percent  
1881 of the proceeds of the Bonds;

1882  
1883 (g) that any property acquired, directly or indirectly, with the  
1884 proceeds of the Bonds was not placed-in-service prior to its acquisition  
1885 unless the provisions of section 147(d) of the Code, relating to rehabilitation,  
1886 are satisfied;

1887  
1888 (h) that the costs of issuance to be financed with the proceeds of the  
1889 Bonds do not exceed two percent of the proceeds of the Bonds;

1890  
1891 (i) to refrain from taking any action that would result in the Bonds  
1892 being "federally guaranteed" within the meaning of section 149(b) of the  
1893 Code;

1894  
1895 (j) to otherwise restrict the use of the proceeds of the Bonds or  
1896 amounts treated as proceeds of the Bonds, as may be necessary, to satisfy the  
1897 requirements of section 148 of the Code (relating to arbitrage);

1898  
1899 (k) to create and maintain a Rebate Fund, as required below, to pay  
1900 to the United States of America at least once during each five-year period  
1901 (beginning on the date of delivery of the Bonds) an amount that is at least

1902 equal to 90 percent of the "Excess Earnings", within the meaning of section  
1903 148(f) of the Code, and to pay to the United States of America, not later than  
1904 60 days after the Bonds have been paid in full, 100 percent of the amount  
1905 then required to be paid as a result of Excess Earnings under section 148(f)  
1906 of the Code; and

1907 (l) to maintain records that will enable the City to fulfill its  
1908 responsibilities under this Section and section 148 of the Code and to retain  
1909 the records for at least six years following the final payment of principal and  
1910 interest on the Bonds.

1911 The City understands that the term "proceeds" includes "disposition  
1912 proceeds" as defined in the Treasury Regulations and, in the case of refunding  
1913 bonds, transferred proceeds (if any) and proceeds of the refunded bonds  
1914 expended prior to the date of the issuance of the Bonds. It is the understanding  
1915 of the City that the covenants contained in this Ordinance are intended to assure  
1916 compliance with the Code and any regulations or rulings promulgated by the  
1917 U.S. Department of the Treasury pursuant to the Code. In the event that  
1918 regulations or rulings are hereafter promulgated which modify or expand  
1919 provisions of the Code, as applicable to the Bonds, the City will not be required  
1920 to comply with any covenant contained herein to the extent that such failure to  
1921 comply, in the opinion of nationally-recognized bond counsel, will not adversely  
1922 affect the exemption from federal income taxation of interest on the Bonds  
1923 under section 103 of the Code. In the event that regulations or rulings are  
1924 hereafter promulgated which impose additional requirements which are  
1925 applicable to the Bonds, the City agrees to comply with the additional  
1926 requirements to the extent necessary, in the opinion of nationally-recognized  
1927 bond counsel, to preserve the exemption from federal income taxation of interest  
1928 on the Bonds under section 103 of the Code. In furtherance of the foregoing, the  
1929 Mayor, the City Manager, any Assistant City Manager, the Chief Financial  
1930 Officer of the City, any Deputy Chief Financial Officer of the City and the City  
1931 Treasurer may execute any documents, certificates or other reports required by  
1932 the Code and to make such elections, on behalf of the City, which may be  
1933 permitted by the Code as are consistent with the purpose for the issuance of the  
1934 Bonds.

1935  
1936 In order to facilitate compliance with clause (h) above, a "Rebate Fund" is  
1937 established and held by the City for the sole benefit of the United States of  
1938 America, and such Rebate Fund shall not be subject to the claim of any other



1939 person, including without limitation the Registered Owners of the Bonds. The  
1940 Rebate Fund is established for the additional purpose of compliance with section  
1941 148 of the Code.

1942  
1943 Section 11.02 **DISPOSITON OF PROJECT.** The City covenants that  
1944 the property financed or refinanced with the proceeds of the Bonds will not be  
1945 sold or otherwise disposed in a transaction resulting in the receipt by the City of  
1946 cash or other compensation, unless the City obtains an opinion of nationally-  
1947 recognized bond counsel substantially to the effect that such sale or other  
1948 disposition will not adversely affect the tax-exempt status of the Bonds. The  
1949 portion of the property comprising personal property and disposed of in the  
1950 ordinary course of business shall not be treated as a transaction resulting in the  
1951 receipt of cash or other compensation. The City shall not be obligated to  
1952 comply with this covenant if it obtains an opinion of nationally-recognized bond  
1953 counsel to the effect that such failure to comply will not adversely affect the  
1954 excludability for federal income tax purposes from gross income of the interest.

1955 Section 11.03 **CONTINUING OBLIGATION.** Notwithstanding any  
1956 other provision of this Ordinance, the City's obligations under the covenants and  
1957 provisions of this Article Eleven shall survive the defeasance and discharge of  
1958 the Bonds.

## 1959 1960 **ARTICLE TWELVE**

### 1961 1962 **CONTINUING DISCLOSURE**

1963  
1964 Section 12.01 **ANNUAL REPORTS.** The City shall provide annually  
1965 to the MSRB, within six months after the end of each Fiscal Year ending in or  
1966 after 2017, financial information and operating data with respect to the City of  
1967 the general type included in the final Official Statement authorized by Section  
1968 10.01 of this Ordinance, being the information described in Section 12.04. Any  
1969 financial statements provided shall be prepared in accordance with the  
1970 accounting principles described in Section 12.04, or other accounting principles  
1971 as the City may be required to employ from time to time pursuant to state law or  
1972 regulation, and audited, if the City commissions an audit of the statements and  
1973 the audit is completed within twelve months after the end of each fiscal year  
1974 ending in or after 2017. If audited financial statements of the City are not  
1975 available by the end of the 12 month period, the City will provide notice that the  
1976 audited financial statements are not available, and will provide unaudited

1977 financial statements by the end of the 12 month period and audited financial  
1978 statements for the applicable fiscal year when and if the audited financial  
1979 statements become available.

1980 If the City changes its Fiscal Year, it will notify the MSRB of the change  
1981 (and of the date of the new Fiscal Year end) before the next date the City would  
1982 be required to provide financial information and operating data pursuant to this  
1983 Article. The financial information and operating data to be provided pursuant to  
1984 this Article may be set forth in full in one or more documents or may be  
1985 included by specific reference to any document (including an official statement  
1986 or other offering document), if it is available to the public on the MSRB's  
1987 internet website or filed with the SEC. Filings shall be made electronically, in  
1988 the format and accompanied by identifying information as prescribed by the  
1989 MSRB.

1990 Section 12.02 **DISCLOSURE EVENT NOTICES.** The City shall  
1991 provide to the MSRB, in an electronic format as prescribed by the MSRB, in a  
1992 timely manner not in excess of ten Business Days after the occurrence of the  
1993 event, notice of any of the following events with respect to the Bonds:  
1994

- 1995 1. Principal and interest payment delinquencies;
- 1996 2. Non-payment related defaults, if material;
- 1997 3. Unscheduled draws on debt service reserves reflecting financial  
1998 difficulties;
- 1999 4. Unscheduled draws on credit enhancements reflecting financial  
2000 difficulties;
- 2001 5. Substitution of credit or liquidity providers, or their failure to  
2002 perform;
- 2003 6. Adverse tax opinions, the issuance by the Internal Revenue  
2004 Service of proposed or final determinations of taxability,  
2005 Notices of Proposed Issue (IRS Form 5701-TEB) or other  
2006 material notices or determinations with respect to the tax status  
2007 of the Bonds, or other material events affecting the tax status of  
2008 the Bonds;
- 2009 7. Modifications to rights of holders of the Bonds, if material;
- 2010 8. Bond calls, if material, and tender offers;
- 2011 9. Defeasances;
- 2012 10. Release, substitution, or sale of property securing repayment of  
2013 the Bonds, if material;

- 2014 11. Rating changes;  
2015 12. Bankruptcy, insolvency, receivership or similar event of the  
2016 City;  
2017 13. The consummation of a merger, consolidation, or acquisition  
2018 involving the City or the sale of all or substantially all of the  
2019 assets of the City, other than in the ordinary course of business,  
2020 the entry into a definitive agreement to undertake such an action  
2021 or the termination of a definitive agreement relating to any such  
2022 actions, other than pursuant to its terms, if material; and  
2023 14. Appointment of a successor Paying Agent/Registrar or change  
2024 in the name of the Paying Agent/Registrar, if material.  
2025

2026 The City shall provide to the MSRB, in an electronic format as prescribed  
2027 by the MSRB, notice in a timely manner, of any failure by the City to provide  
2028 financial information or operating data in accordance with Section 12.01 of this  
2029 Ordinance by the time required by Section 12.01 of this Ordinance. As used in  
2030 clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar  
2031 event" means the appointment of a receiver, fiscal agent or similar officer for  
2032 the City in a proceeding under the U.S. Bankruptcy Code or in any other  
2033 proceeding under state or federal law in which a court or governmental authority  
2034 has assumed jurisdiction over substantially all of the assets or business of the  
2035 City, or if jurisdiction has been assumed by leaving council and officials or  
2036 officers of the City in possession but subject to the supervision and orders of a  
2037 court or governmental authority, or the entry of an order confirming a plan of  
2038 reorganization, arrangement or liquidation by a court or governmental authority  
2039 having supervision or jurisdiction over substantially all of the assets or business  
2040 of the City. All documents provided to the MSRB pursuant to this Section shall  
2041 be accompanied by identifying information as prescribed by the MSRB.

2042 Section 12.03 **LIMITATIONS, DISCLAIMERS, AND**  
2043 **AMENDMENTS.** The City shall be obligated to observe and perform the  
2044 covenants specified in this Article for so long as, but only for so long as, the  
2045 City remains an "obligated person" with respect to the Bonds within the  
2046 meaning of the Rule, except that the City in any event will give the notice  
2047 required by Section 12.02 of any Bond calls and any defeasance that cause the  
2048 City to be no longer an "obligated person."

2049 The provisions of this Article are for the sole benefit of the Owners and  
2050 beneficial owners of the Bonds, and nothing in this Article, 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 Article and does not 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 to update any information provided in accordance with this Article or otherwise, except as expressly provided in this Ordinance. 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 OWNER OR BENEFICIAL OWNER OF ANY BONDS 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 ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.**

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

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

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

The provisions of this Article 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 Article, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners 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 consent 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 interests of the Owners and beneficial owners of the Bonds. If the City amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.01 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 Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that the provisions of the Rule are invalid, but only and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

#### **Section 12.04 DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.**

(a) Annual Financial Information and Operating Data. The financial information and operating data with respect to the City to be provided annually pursuant to Section 12.01 of this Ordinance are (i) the portions of the financial statements of the City appended to the final Official Statement authorized by Section 10.01 of this Ordinance as Appendix B, but for the most recently concluded Fiscal Year, and (ii) all quantitative financial information and operating data with respect to the City of the general type included in the main text of the final Official Statement authorized by Section 10.01 of this Ordinance within the numbered Tables 1 through 9 only. As used in this Article, the term "unaudited financial statements" means the financial statements and tables that are referenced in the section entitled "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports" in the final Official Statement authorized by Section 10.01 of this Ordinance.

(b) Accounting Principles. The accounting principles referred to in Section 12.01 are the accounting principles described in the notes to the financial statements referred to clause (a)(i) above, as the principles may be changed from time to time to comply with State law or regulation.

2121 **ARTICLE THIRTEEN**

2122 **MISCELLANEOUS**

2123 Section 13.01 **FURTHER PROCEDURES.** The Mayor, the City  
2124 Manager, the Aviation Director, the Chief Financial Officer, the City Treasurer  
2125 and the City Clerk, and other appropriate officials of the City, are authorized and  
2126 directed to do any and all things necessary and/or convenient to carry out the  
2127 terms of this Ordinance. Council authorizes the City Clerk to designate a person  
2128 or persons to carry out her duties under this Ordinance should the City Clerk be  
2129 absent and unable to fulfill all or part of her duties under this Ordinance.

2130 Section 13.02 **COMPLIANCE WITH SECTION 2252.908,**  
2131 **GOVERNMENT CODE.** The Chief Financial Officer shall confirm that, to  
2132 the extent required by Section 2252.908, Texas Government Code, each  
2133 contracting party in connection with the issuance of Bonds has made disclosure  
2134 filings to the Texas Ethics Commission in accordance with Section 2252.908,  
2135 Texas Government Code. Within 30 days of receipt of the disclosure filings  
2136 from the contracting party, the City will submit a copy of the disclosure filings  
2137 with the Texas Ethics Commission.

2138 Section 13.03 **SEVERABILITY.** If any article, section, paragraph,  
2139 clause or provision of this Ordinance shall for any reason be held to be invalid  
2140 or unenforceable, the invalidity or unenforceability of the article, section,  
2141 paragraph, clause or provision shall not affect any of the remaining provisions of  
2142 this Ordinance.

2143 Section 13.04 **EFFECTIVE IMMEDIATELY.** Notwithstanding the  
2144 provisions of the City Charter, this Ordinance is effective immediately upon its  
2145 adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

2146 Section 13.05 **REPEALER.** All orders, resolutions and ordinances, or  
2147 parts inconsistent with this Ordinance are repealed to the extent of such  
2148 inconsistency.

PASSED AND APPROVED this 15th day of December, 2016.

\_\_\_\_\_  
Steve Adler, Mayor

ATTEST:

\_\_\_\_\_  
Jannette S. Goodall, City Clerk

(SEAL)

APPROVED:

\_\_\_\_\_  
Anne L. Morgan, City Attorney

EXHIBIT A  
FORM OF BONDS

REGISTERED

No. \_\_\_\_\_

REGISTERED

\$ \_\_\_\_\_

United States of America  
State of Texas  
CITY OF AUSTIN, TEXAS  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2017B (AMT)

MATURITY DATE      INTEREST RATE      DELIVERY DATE      CUSIP

November 15, \_\_\_\_ %

THE CITY OF AUSTIN, TEXAS (the "City"), in Travis, Williamson and Hays Counties, Texas, for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, on the Maturity Date, as specified above, the sum of \_\_\_\_\_ DOLLARS

and to pay interest thereon, to the maturity date specified above, or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on May 15, 2017, and semiannually on each November 15 and May 15 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than May 15, 2017, such interest is payable semiannually on each November 15 and May 15 following such date. Interest on the Bonds shall accrue from the Delivery Date specified above. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Capitalized terms appearing herein that are defined terms in the Ordinance defined below, have the meanings assigned to them in the Ordinance. Reference is made to the Ordinance for such definitions and for all other purposes.



The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Plano, Texas (the "Designated Payment Transfer Office"), of Amegy Bank, a division of ZB, National Association, as Paying Agent/Registrar, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment Transfer Office of such successor. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the last Business Day of the month next preceding such Interest Payment Date (a "Record Date") by check, dated as of such Interest Payment Date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid, on each such Interest Payment Date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity or upon 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 Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Debt Service Fund the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Bonds, when due.

In the event of nonpayment of interest on a scheduled Interest 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. 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 Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City

or in the city in which the Designated Payment Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding 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 fully registered bonds specified in the title hereof, dated \_\_\_\_\_, issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the Ordinance. This Bond is one of the Revenue Bonds authorized by the Ordinance and is subject to the terms and provisions thereof. The Ordinance and its terms and provisions are incorporated herein for all purposes.

The Bonds are issued by the City for the purposes of obtaining funds to construct improvements to the City's Austin-Bergstrom Municipal Airport, to fund a reserve fund and capitalized interest for the Bonds, and to pay the City's costs incurred in connection with the issuance of the Bonds.

This Bond and all of the Bonds are special obligations of the City that are equally and ratably payable from and secured by a first lien on and pledge of the "Net Revenues" and by amounts on deposit in certain special funds of the "Airport System" of the City of Austin, Texas. Net Revenues are required to be set aside for and pledged to the payment of the Bonds and certain other outstanding obligations equally and ratably secured on a parity with the Bonds (collectively, the "Revenue Bonds") and "Credit Agreement Obligations" heretofore or hereafter issued or incurred in connection therewith, in the debt service fund and the debt service reserve fund required to be maintained for the payment of all such Revenue Bonds, all as more fully described and provided for in the Ordinance. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Net Revenues and special funds and do not constitute an indebtedness or general obligation of the City.

The City has reserved the right to issue additional obligations on a parity with the outstanding Revenue Bonds and the Bonds and subordinate or inferior obligations, subject to the restrictions contained in the Ordinance, which may be secured by a lien on a parity with, subordinate or inferior to, the lien on the aforesaid Net Revenues securing this Bond and the series of which it is a part.

The Ordinance contains provisions permitting the City to defease the Ordinance and to amend the Ordinance under certain circumstances. Any amendment to the Ordinance shall be binding upon the Owner of this Bond without

endorsement hereon or any reference to such amendment, provided that no amendment shall permit (a) an extension of the maturity of the principal of or the interest on this Bond, or (b) a reduction of the principal amount of this Bond or the rate of interest thereon.

The Bonds maturing on and after November 15, 2027 may be redeemed prior to their stated maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity by lot by the Paying Agent/Registrar), on November 15, 2026 or on any date thereafter, at the redemption price of par plus accrued interest thereon to the redemption date.

The Bonds maturing on November 15 in each of the years 20\_\_ and 20\_\_ are subject to mandatory sinking fund redemption in part (at random in such manner as the Paying Agent/Registrar in its discretion deems proper) on the dates and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the Redemption Date, from sinking fund installments which are required to be made in amounts sufficient to redeem on the dates set forth below the principal amount of such respective Bonds specified below:

<u>Sinking Fund Installments</u>	
<u>Date</u>	<u>Principal Amount (\$)</u>

\*Final Maturity

The principal amount of the Term Bonds of a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the Issuer, by the principal amount of Term Bonds of like maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Not less than thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class

postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the registration books maintained by the Paying Agent/Registrar and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within forty-five days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by notice to the contrary.

It is hereby certified, recited and represented that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that due provision has been made for the payment of the principal of and interest on the Revenue Bonds by granting a first lien on and pledge of the Net Revenues and special funds as provided in the Ordinance; and that the issuance of the Bonds does not exceed any constitutional or statutory limitation.

This Bond shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Bond either (i) is registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) is authenticated by the Paying Agent/Registrar by due execution of the authentication certificate manually endorsed hereon. A duly executed certificate of authentication shall be conclusive evidence that this Bond was delivered by the Paying Agent/Registrar under the provisions of the Ordinance.

The owner of this Bond shall never have the right to demand payment of this Bond or the interest thereon out of any funds raised or to be raised by taxation.

IN WITNESS WHEREOF, the City has caused the official seal of the City to be impressed or placed in facsimile hereon and this Bond to be signed by the Mayor and attested by the City Clerk by their manual, lithographed, or printed facsimile signatures.

---

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

---

Steve Adler  
Mayor, City of Austin, Texas

[SEAL]

Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

It is hereby certified that this Bond has been issued under the Ordinance as described in the text of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or portions of a bond or bonds of an issued 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.

---

Amegy Bank, a division of ZB, National  
Association, as Paying Agent/Registrar

Dated:

Form of Comptroller's Registration Certificate

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bonds in lieu of the Certificate of the Paying Agent/Registrar:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS  
THE STATE OF TEXAS

§  
§ 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 registered by the Comptroller of Public Accounts of the State of Texas

WITNESS MY SIGNATURE AND SEAL OF OFFICE this  
\_\_\_\_\_.

[SEAL]

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas



## Form of Assignment

### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name, address and zip code of transferee):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Signature Guaranteed By:

\_\_\_\_\_  
Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner satisfactory to the Paying Agent/Registrar.

## EXHIBIT B

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