

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

40 (h) This Ordinance is substantially in the form of the Revenue Bond Ordinances
41 (as amended as referenced in finding (e) above), with changes to reflect the terms and
42 conditions of sale of the bonds authorized by this Ordinance.

43 (i) Council by separate ordinance will authorize the issuance of a separate series
44 of Revenue Bonds on parity with the Currently Outstanding Revenue Bonds and the bonds
45 authorized by this Ordinance.

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

54 (k) The table of contents, titles, and headings of the articles and sections of this
55 Ordinance have been provided for convenience of reference only and are not considered to
56 be a part of this Ordinance and shall never be considered or given any effect in interpreting
57 this Ordinance or in determining intent, if any question of intent arises.

58 *ARTICLE TWO*

59 *DEFINITIONS*

60
61 Section 2.01 **DEFINITIONS.** Unless otherwise expressly provided or unless the
62 context otherwise requires, the terms defined in this Section for all purposes of this
63 Ordinance, and any ordinance amending or supplementing this Ordinance, have the
64 meanings stated below:

65 “Additional Revenue Bonds” means the additional parity Revenue Bonds permitted
66 to be issued by the City pursuant to Section 6.01 of this Ordinance.

67 “Administrative Expense Fund” means the fund by that name established in Section
68 5.04(d) of this Ordinance.

69 “Administrative Expenses” means the fees, expenses, and indemnification liabilities
70 payable to the Persons to whom fees and expenses are due and owing in connection with
71 the Revenue Bonds, and Credit Agreement Obligations incurred in connection with a
72 related series of Revenue Bonds, including but not limited to the fees and expenses of the

73 Paying Agent/Registrars, the Credit Providers, the rebate analysts, the remarketing agents
74 and the tender agents, and of which the City is given actual notice at least 30 days prior to
75 the date payment of these amounts is due.

76 “Airport” means the air carrier airport developed, constructed and operated by the
77 City pursuant to the city-wide election held within the City on May 1, 1993, and designated
78 as the Austin-Bergstrom International Airport (ABIA).

79 “Airport Consultant” means a nationally recognized independent firm, person or
80 corporation having a widely known and favorable reputation for special skill, knowledge,
81 and experience in methods of developing, operating and financing airports of
82 approximately the same size as the properties constituting the Airport System.

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

92 “AMT Projects” means, collectively, any projects financed with Proceeds of the
93 Bonds.

94 “Authorized Denominations” means \$5,000 and integral multiples of \$5,000.

95 “Authorized Officer” means the City Manager of the City, the Chief Financial
96 Officer of the City, the City Treasurer, or any Assistant City Manager authorized by the
97 City Manager to sign documents on his or her behalf.

98 “Aviation Director” means the Executive Director of the City’s Department of
99 Aviation, or any successor or person acting in that capacity.

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

103 “Bonds” means the City of Austin, Texas, Airport System Revenue Bonds, Series
104 2019B (AMT), authorized by this Ordinance.

105 “Business Day” means any day other than a Saturday, Sunday or legal holiday or
106 other day on which banking institutions in the City, or in the City where the Designated

107 Payment/Transfer Office of the Paying Agent/Registrar is located, are generally authorized
108 or obligated by law or executive order to close.

109 “Capital Fund” means the fund designated in Section 5.04 of this Ordinance.

110 “Capitalized Interest Account” means the account designated in Section 5.15(c) of
111 this Ordinance.

112 “Chapter 9” means Chapter 9, Texas Business & Commerce Code.

113 “Chapter 22” means Chapter 22, Texas Transportation Code.

114 “Chapter 1208” means Chapter 1208, Texas Government Code.

115 “Chapter 1371” means Chapter 1371, Texas Government Code.

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

118 “Code” means the Internal Revenue Code of 1986, as amended, and, with respect to
119 a specific section thereof, such reference shall be deemed to include (a) the Regulations
120 promulgated under such section, (b) any successor provision of similar import hereafter
121 enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and
122 (d) the regulations promulgated under the provisions described in (b) and (c).

123 “Concurrent Bonds” means the City of Austin, Texas, Airport System Revenue
124 Bonds, Series 2019A, authorized by the Concurrent Ordinance.

125 “Concurrent Ordinance” means the ordinance adopted concurrently with this
126 Ordinance, and all amendments and supplements to the ordinance, authorizing the issuance
127 of the Concurrent Bonds.

128 “Construction Fund” means the fund designated in Section 5.04(g) of this
129 Ordinance.

130 “Credit Agreement” means (i) any agreement of the City entered into in connection
131 with and for the purpose of (A) enhancing or supporting the creditworthiness of a series of
132 Revenue Bonds or (B) providing liquidity with respect to Revenue Bonds which by their
133 terms are subject to tender for purchase, and which, by its terms, creates a liability on the
134 part of the City on a parity with the Revenue Bonds to which it relates, and (ii) a Swap
135 Agreement. A determination by the City that an agreement constitutes a Credit Agreement
136 under this definition shall be conclusive as against all Owners.

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

139 “Credit Provider” means the issuer or provider of a Credit Agreement.

140 “Currently Outstanding Revenue Bonds” means the Series 2013 Bonds, the Series
141 2014 Bonds, the Series 2017A Bonds, the Series 2017B Bonds and the Series 2019 Bonds.

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

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

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

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

158 (b) That portion of the principal amount of Revenue Bonds which would accrue
159 during such period if principal were deemed to accrue only during the 12 month period
160 prior to its scheduled payment date (either at maturity or by reason of scheduled mandatory
161 redemptions, but after taking into account all prior optional and mandatory Revenue Bond
162 redemptions), less and except any such interest or principal for the payment of which
163 provision has been made by: (i) appropriating for such purpose amounts sufficient to
164 provide for the full and timely payment of such interest or principal either from proceeds
165 of bonds, from interest earned or to be earned thereon, from Airport System funds other
166 than Net Revenues, or from any combination of such sources; and (ii) depositing such
167 amounts (except in the case of interest to be earned, which shall be deposited as received)
168 into a dedicated fund or account (including, without limitation, the Capitalized Interest
169 Account), the proceeds of which are required to be transferred as needed into the Debt
170 Service Fund, or directly to the Paying Agent/Registrar for the Revenue Bonds.

171 For purposes of calculating Debt Service Requirements, in making estimates as to
172 interest accrued or to accrue on Variable Rate Bonds, the actual interest rate shall be used
173 to the extent known or ascertainable and to the extent unknown and not ascertainable, the
174 Maximum Interest Rate shall be used; provided, however, that to the extent Variable Rate

175 Bonds are subject to a Swap Agreement, the fixed rate that is effective with respect to such
176 Variable Rate Bonds pursuant to such Swap Agreement shall be used.

177 “Debt Service Reserve Fund” means the fund designated and established in Section
178 5.04(c) of this Ordinance with respect to the Revenue Bonds.

179 “Debt Service Reserve Fund Requirement” means the amount required to be
180 maintained in the Debt Service Reserve Fund. This amount shall be computed and
181 recomputed annually as a part of the City’s budget process and upon the issuance of each
182 series of Revenue Bonds to be the arithmetic average of the Debt Service Requirements
183 scheduled to occur in the then current and each future Fiscal Year for all Revenue Bonds
184 then Outstanding including the series of Revenue Bonds then being issued. In no event,
185 however, will the amount deposited in the Debt Service Reserve Fund that is allocable to
186 the Revenue Bonds or Additional Revenue Bonds, in accordance with section 1.148-6 of
187 the regulations promulgated under the Code, exceed the least of: (a) 10% of the stated
188 principal amount of each issue of which the Revenue Bonds or Additional Revenue Bonds
189 are a part; (b) the maximum annual principal and interest requirements of the issue; or (c)
190 125% of the average annual principal and interest requirements of the issue, unless there is
191 received an opinion of nationally recognized bond counsel to the effect that the additional
192 amount will not cause the Revenue Bonds and any Additional Revenue Bonds to be
193 “arbitrage bonds” within the meaning of section 148 of the Code and the related regulations
194 promulgated from time to time.

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

200 “Defeasance Obligations” means: (i) direct, noncallable obligations of the United
201 States of America, including obligations that are unconditionally guaranteed by the United
202 States; (ii) noncallable obligations of an agency or instrumentality of the United States of
203 America, including obligations that are unconditionally guaranteed or insured by the
204 agency or instrumentality and that, on the date of their purchase, are rated as to investment
205 quality by a nationally recognized investment rating firm not less than “AAA” or its
206 equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality,
207 or other political subdivision of a state that have been refunded and that, on the date council
208 adopts or approves the proceedings authorizing the financial arrangements, are rated as to
209 investment quality by a nationally recognized investment rating firm not less than “AAA”
210 or its equivalent; and (iv) any other then authorized securities or obligations under
211 applicable Texas law in existence on the date the City adopts or approves any proceedings
212 authorizing the issuance of Refunding Revenue Bonds that may be used to defease
213 obligations such as the Bonds. The foregoing notwithstanding, the Authorized Officer may
214 determine in the Bond Purchase Agreement to modify the foregoing definition of

215 “Defeasance Obligations” by eliminating any securities or obligations set forth in the
216 preceding sentence upon determining that it is in the best interest of the City to do so.

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

221 “DTC” means The Depository Trust Company, New York, New York, and its
222 successors and assigns.

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

227 “Favorable Opinion of Bond Counsel” means, with respect to any action, or
228 omission of an action, the taking or omission of which requires such an opinion, an
229 unqualified written opinion of nationally recognized bond counsel to the effect that, under
230 existing law, such action or omission does not adversely affect the excludability of interest
231 payable on the Bonds from gross income for federal income tax purposes (subject to the
232 inclusion of any exceptions contained in the opinion of bond counsel delivered upon
233 original issuance of the Bonds or other customary exceptions acceptable to the recipient
234 thereof).

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

238 “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered
239 into in connection with, or pledged as security or a source of payment for, an existing or
240 planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative
241 instrument; provided that Financial Obligation shall not include municipal securities as to
242 which a final official statement (as defined in the Rule) has been provided to the MSRB
243 consistent with the Rule.

244 “Fiscal Year” means the City’s fiscal year as from time to time designated by the
245 City, which is currently October 1 to September 30.

246 “General Obligation Airport Bonds” means those bonds or other obligations of the
247 City secured by a levy of ad valorem taxes from time to time issued or to be issued by the
248 City for Airport System purposes.

249 “Gross Proceeds” means any Proceeds and any Replacement Proceeds of the Bonds.

250 “Gross Revenues” means all income and revenues derived directly or indirectly by
251 the City from the operation and use of and otherwise pertaining to all or any part of the
252 Airport System, whether resulting from extensions, enlargements, repairs, betterments or
253 other improvements to the Airport System, or otherwise, and includes, except to the extent
254 expressly excluded below, all revenues received by the City from the Airport System,
255 including, without limitation, all rentals, rates, fees and other charges for the use of the
256 Airport System, or for any service rendered by the City in the operation of the Airport
257 System, interest and other income realized from the investment or deposit of amounts
258 required to be transferred or credited to the Revenue Fund. Gross Revenues expressly
259 excludes:

- 260 (a) proceeds of any Revenue Bonds and Subordinate Obligations;
- 261 (b) interest or other investment income derived from proceeds of Revenue Bonds
262 and Subordinate Obligations deposited to the credit of a construction fund, and all other
263 interest or investment income not required to be transferred or credited to the Revenue
264 Fund;
- 265 (c) any monies received as grants, appropriations, or gifts, the use of which is
266 limited by the grantor or donor to the construction or acquisition of Airport System
267 facilities, except to the extent any such monies shall be received as payments for the use of
268 the Airport System facilities;
- 269 (d) any revenues derived from any Special Facilities (e.g., customer facility
270 charges) which are pledged to the payment of Special Facilities Bonds;
- 271 (e) insurance proceeds other than loss of use or business interruption insurance
272 proceeds;
- 273 (f) the proceeds of the passenger facility charge (PFC) currently imposed by the
274 City and any other per-passenger charge as may be lawfully authorized;
- 275 (g) sales and other taxes collected by the Airport System on behalf of the State of
276 Texas and any other taxing entities;
- 277 (h) Federal Payments received by the Airport System unless the City first receives
278 an opinion from nationally recognized bond counsel to the effect that the payments, if
279 included in Gross Revenues, would not cause the interest on the Bonds to be includable
280 within the gross income of the Owners of the Bonds for federal income tax purposes;
- 281 (i) the proceeds received by the City from the sale or other disposition of Airport
282 System property, except amounts representing interest or finance charges in a deferred sale
283 or other similar method of conveyance where a portion of the sale price is payable on a
284 deferred basis, in which case any interest or finance charges shall be considered Gross
285 Revenues; and

286 (j) Other Available Funds transferred to the Revenue Fund as provided in this
287 Ordinance.

288 “Initial Bonds” means the Initial Bonds authorized by Section 3.06 of this
289 Ordinance.

290 “Insurance Agreement” means the Insurance Agreement, if any, related to a Debt
291 Service Reserve Fund Surety Bond for the Bonds if approved by the Authorized Officer in
292 the Pricing Certificate.

293 “Interest Payment Date” means each May 15 and November 15, commencing on the
294 date set forth in the Bond Purchase Agreement, until maturity or prior redemption of the
295 Bonds.

296 “Investment Proceeds” has the meaning set forth in Section 1.148-1(b) of the
297 Regulations and, generally, consist of any amounts actually or constructively received from
298 investing Proceeds.

299 “Minimum Capital Reserve” means an amount, designated by the Aviation Director
300 not less frequently than annually at the end of each Fiscal Year, but in any event not more
301 than \$100,000 each Fiscal Year, necessary to accumulate or to re-accumulate in the Capital
302 Fund a reserve in an amount not less than \$1,000,000.

303 “Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, and
304 if this corporation shall for any reason no longer perform the functions of a securities rating
305 agency, “Moody’s” shall refer to any other nationally recognized securities rating agency
306 designated by the City.

307 “MSRB” means the Municipal Securities Rulemaking Board.

308 “Mueller Airport Property” means the property and facilities that comprised the
309 former Robert Mueller Municipal Airport, located within the City. The Mueller Airport
310 Property is not part of the Airport System.

311 “Net Proceeds” has the meaning set forth in Section 150(a)(3) of the Code and,
312 generally, means Proceeds, less any Proceeds invested in a “reasonably required reserve or
313 replacement fund” as described in section 148 of the Code.

314 “Net Revenues” means that portion of the Gross Revenues remaining after the
315 deduction of the Operation and Maintenance Expenses of the Airport System.

316 “Operation and Maintenance Expenses” means all reasonable and necessary current
317 expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport
318 System, including, without limitation, those reasonably allocated City overhead expenses
319 relating to the administration, operation and maintenance of the Airport System; insurance

320 and fidelity bond premiums; payments to pension and other funds and to any self-insurance
321 fund; any general and excise taxes or other governmental charges imposed by entities other
322 than the City; any required rebate of any portion of interest income to the federal
323 government which is payable from Gross Revenues or the Revenue Fund; costs of
324 contractual and professional services, labor, materials and supplies for current operations,
325 including the costs of direct City services rendered to the Airport System as are requested
326 from the City by the Airport System and as are reasonably necessary for the operation of
327 the Airport System; costs of issuance of Revenue Bonds and Subordinate Obligations for
328 the Airport System (except to the extent paid from the proceeds); fiduciary costs; costs of
329 collecting and refunding Gross Revenues; utility costs; any lawful refunds of any Gross
330 Revenues; and all other administrative, general and commercial expenses, but excluding:

- 331 (a) any allowance for depreciation;
- 332 (b) costs of capital improvements;
- 333 (c) reserves for major capital improvements, Airport System operations,
334 maintenance or repair;
- 335 (d) any allowance for redemption of, or payment of interest or premium on,
336 Revenue Bonds and Subordinate Obligations;
- 337 (e) any liabilities incurred in acquiring or improving properties of the Airport
338 System;
- 339 (f) expenses of lessees under Special Facilities Leases and operation and
340 maintenance expenses pertaining to Special Facilities to the extent they are required to be
341 paid by such lessees pursuant to the terms of the Special Facilities Leases;
- 342 (g) any charges or obligations incurred in connection with any lawful Airport
343 System purpose, including the lease, acquisition, operation or maintenance of any facility
344 or property benefiting the Airport System, provided that the payment of such charges or
345 obligations is expressly agreed by the payee to be payable solely from proceeds of the
346 Capital Fund;
- 347 (h) liabilities based upon the City's negligence or other ground not based on
348 contract; and
- 349 (i) so long as Federal Payments are excluded from Gross Revenues, an amount
350 of expenses that would otherwise constitute Operation and Maintenance Expenses for such
351 period equal to the Federal Payments for such period.

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

354 “Ordinance” means this ordinance and all amendments and supplements to this
355 ordinance.

356 “Other Available Funds” means any amount of unencumbered funds accumulated in
357 the Capital Fund in excess of the Minimum Capital Reserve which, before the beginning
358 of any Fiscal Year, are designated by the City as Other Available Funds and transferred at
359 the beginning of such Fiscal Year to the Revenue Fund; but in no event may this amount
360 exceed 25% of the Debt Service Requirements for the Revenue Bonds for such Fiscal Year
361 for purposes of Sections 5.03 and 6.01 of this Ordinance.

362 “Outstanding” when used with reference to any Revenue Bonds or Subordinate
363 Obligations, means, as of a particular date, all those Revenue Bonds or Subordinate
364 Obligations delivered except: (a) any obligation paid, discharged, or cancelled by or on
365 behalf of the City at or before that date; (b) any obligation defeased pursuant to the
366 defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as
367 permitted by applicable law; and (c) any obligation in lieu of or in substitution for which
368 another obligation was delivered pursuant to the ordinance authorizing the issuance of the
369 obligation.

370 “Owner” or “Registered Owner”, when used with respect to any Revenue Bond
371 means the person or entity in whose name the Revenue Bond is registered in the Register.
372 Any reference to a particular percentage or proportion of the Owners means the Owners at
373 a particular time of the specified percentage or proportion in aggregate principal amount
374 of all Revenue Bonds then Outstanding under this Ordinance.

375 “Paying Agent/Registrar” initially means, for the Bonds, the entity named in Section
376 8.01 and its successors in that capacity.

377 “Person” means any individual, corporation, partnership, limited liability company,
378 joint venture, association, joint-stock company, trust, unincorporated organization or
379 government or any agency or political subdivision of the government.

380 “Pricing Certificate” means one or more certificates executed by an Authorized
381 Officer containing the terms and provisions authorized by Section 10.01 of this Ordinance.

382 “Principal Installment” means, with respect to Revenue Bonds or a series of Revenue
383 Bonds, any amounts, including any mandatory sinking fund installments, which are stated
384 to be due or required to be made on or with respect to a Revenue Bond or series of Revenue
385 Bonds, which, when made, would reduce the amount of the Revenue Bond or series of
386 Revenue Bonds that remain Outstanding or would retire and pay the same in full.

387 “Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and,
388 generally, means any Sale Proceeds and Investment Proceeds.

389 “Qualified Project Costs” means costs relating to the AMT Projects that meet the
390 following requirements:

391 (a) The costs meet the requirements of Section 1.150-2 of the Regulations;

392 (b) The costs are chargeable to a capital account for federal income tax
393 purposes, or would be so chargeable either with a proper election or but for the
394 proper election to deduct those amounts;

395 (c) The costs are not costs of issuance; and

396 (d) The costs are incurred to provide “airport facilities,” which may include
397 both an “airport” (within the meaning of Section 142 of the Code) and property that
398 is functionally related and subordinate thereto (within the meaning of Section 1.103-
399 8(a)(3) and 1.103-8(e)(2)(ii) of the Regulations). For purposes of this definition, a
400 storage or training facility is an “airport facility” only if such facility is directly
401 related to and is physically located on or adjacent to the airport. In addition, an
402 “office” is considered an “airport facility” only if such office is located on the
403 premises of an airport and all but a de minimis amount of the functions to be
404 performed at such office are directly related to the day-to-day operations at such
405 airport.

406 “Qualified Put” means any agreement, however denominated, provided by a
407 qualifying financial institution (as described in the next sentence) which contractually
408 commits to purchase, upon no more than seven days’ notice, for not less than a stated price
409 any class or amount of investment securities or other authorized investments of the City at
410 any time that such investment securities or investments must be liquidated in order to make
411 cash transfers from the fund or account that holds such investments. A Qualified Put may
412 be entered into only with a qualifying financial institution which is (a) a domestic bank the
413 long-term debt of which is rated at least “AA” by Standard & Poor’s and “Aa” by Moody’s,
414 or (b) a foreign bank the long-term debt of which is rated “AAA” by Standard & Poor’s
415 and at least “Aa” by Moody’s , or at least “AA” by Standard & Poor’s and “Aaa” by
416 Moody’s , or (c) a financial institution the long-term debt of which is rated at least “A” by
417 both Standard & Poor’s and Moody’s and agrees to collateralize its obligations under such
418 agreement by lodging with a third party trustee, escrow agent, custodian or other financial
419 third party direct obligations of the United States of America or its agencies with a market
420 value equal to 102% of the difference between the face amount of its purchase obligation
421 under the agreement and the market value of the investment securities to which the
422 agreement relates (based upon periodic market valuations at least monthly). A Qualified
423 Put may be integrated into any investment authorized under Texas law, such as a
424 repurchase agreement.

425 “Record Date” shall have the meaning assigned in the FORM OF BONDS (Exhibit
426 A to this Ordinance).

427 “Refunding Revenue Bonds” mean one or more series of bonds or other evidences
428 of indebtedness issued by the City for the purpose of: (i) refunding Outstanding Revenue
429 Bonds or Credit Agreement Obligations; or (ii) to provide for the payment of a Termination
430 Payment.

431 “Register” means the books of registration kept by the Paying Agent/Registrar in
432 which are maintained the names and addresses of and the principal amounts registered to
433 each Owner.

434 “Regulations” means the applicable proposed, temporary or final Treasury
435 Regulations promulgated under the Code or, to the extent applicable to the Code, under the
436 Internal Revenue Code of 1954, as such regulations may be amended or supplemented from
437 time to time.

438 “Related Document” means any transaction document relating to this Ordinance or
439 the Bonds, including any related underlying security agreement.

440 “Renewal and Replacement Fund” means the fund designated in Section 5.04(e) of
441 this Ordinance.

442 “Renewal and Replacement Fund Requirement” means the amount required to be
443 maintained in the Renewal and Replacement Fund pursuant to Article Five, or any greater
444 amount required by any ordinance authorizing any series of Additional Revenue Bonds.

445 “Replacement Proceeds” has the meaning set forth in Section 1.148-1(c) of the
446 Regulations.

447 “Representative of the Underwriters” means Citigroup Global Markets Inc.,
448 designated by the Underwriters in the Bond Purchase Agreement to act as their
449 representative.

450 “Revenue Bond Ordinances” means the Series 2013 Bond Ordinance, the Series
451 2014 Bond Ordinance, the Series 2017A Bond Ordinance, the Series 2017B Bond
452 Ordinance, the Series 2019 Bond Ordinance, this Ordinance, the Concurrent Ordinance and
453 any ordinances pursuant to which Additional Revenue Bonds are issued.

454 “Revenue Bonds” means the Currently Outstanding Revenue Bonds, the Bonds, the
455 Concurrent Bonds, and each series of bonds, notes or other obligations, other than Credit
456 Agreement Obligations, which the City has reserved the right to issue or incur from time
457 to time pursuant to Section 6.01, payable from and secured by a first lien on and pledge of
458 Net Revenues.

459 “Revenue Fund” means the fund designated in Section 5.04(a).

460 “Rule” means SEC Rule 15c2-12.

461 “Sale Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations
462 and, generally, consist of any amounts actually or constructively received from the sale (or
463 other disposition) of any obligation, including amounts used to pay underwriters’ discount
464 or compensation and accrued interest other than pre-issuance accrued interest. Sale
465 Proceeds also include amounts derived from the sale of a right that is associated with any
466 obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

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

468 “Series 2013 Bond Ordinance” means the ordinance of the City adopted by council
469 on May 9, 2013, authorizing the issuance of the Series 2013 Bonds, and all amendments to
470 the ordinance adopted by council after May 9, 2013.

471 “Series 2013 Bonds” means the City of Austin, Texas, Airport System Revenue
472 Bonds, Series 2013.

473 “Series 2014 Bond Ordinance” means the ordinance of the City adopted by council
474 on November 20, 2014, authorizing the issuance of the Series 2014 Bonds, and all
475 amendments to the ordinance adopted by council after November 20, 2014.

476 “Series 2014 Bonds” means the City of Austin, Texas, Airport System Revenue
477 Bonds, Series 2014 (AMT).

478 “Series 2017A Bond Ordinance” means the ordinance of the City adopted by council
479 on December 15, 2016, authorizing the issuance of the Series 2017A Bonds, and all
480 amendments to the ordinance adopted by council after December 15, 2016.

481 “Series 2017A Bonds” means the City of Austin, Texas, Airport System Revenue
482 Bonds, Series 2017A.

483 “Series 2017B Bond Ordinance” means the ordinance of the City adopted by council
484 on December 15, 2016, authorizing the issuance of the Series 2017A Bonds, and all
485 amendments to the ordinance adopted by council after December 15, 2016.

486 “Series 2017B Bonds” means the City of Austin, Texas, Airport System Revenue
487 Bonds, Series 2017B (AMT).

488 “Series 2017 Hotel Bonds” means the Austin-Bergstrom Landhost Enterprises, Inc.
489 Airport Hotel Senior Revenue Refunding and Improvement Bonds, Series 2017.

490 “Series 2017 Hotel Grant Agreement” means that certain Grant Agreement dated as
491 of October 1, 2017, by and between the City and Austin-Bergstrom Landhost Enterprises,
492 Inc.

493 “Series 2019 Bond Ordinance” means the ordinance of the City adopted by council
494 on April 11, 2019, authorizing the issuance of the Series 2019 Bonds, and all amendments
495 to the ordinance adopted by council after April 11, 2019.

496 “Series 2019 Bonds” means the City of Austin, Texas, Airport System Revenue
497 Refunding Bonds, Series 2019 (AMT).

498 “Series 2019B Project Account” means the account designated in Section 5.15(c) of
499 this Ordinance.

500 “Special Facilities” means structures, hangars, aircraft overhaul, maintenance or
501 repair shops, heliports, hotels, storage facilities, garages, inflight kitchens, training
502 facilities and any and all other facilities and appurtenances being a part of, or related to,
503 the Airport System, the cost of the construction or other acquisition of which is financed
504 with the proceeds of Special Facilities Bonds.

505 “Special Facilities Bonds” means those bonds previously issued or from time to time
506 issued by the City after the date of this Ordinance pursuant to Section 6.04 of this
507 Ordinance.

508 “Special Facilities Lease” means any lease or agreement pursuant to which a Special
509 Facility is leased by the City to the lessee in consideration for which the lessee agrees to
510 pay (i) all debt service on the Special Facilities Bonds issued to finance the Special Facility
511 (which payments are pledged to secure the Special Facilities Bonds) and (ii) the operation
512 and maintenance expenses of the Special Facility.

513 “Standard & Poor’s” or “S&P” means S&P Global Ratings, its successors and
514 assigns, and if this entity shall for any reason no longer perform the functions of a securities
515 rating agency, “Standard & Poor’s” and “S&P” shall refer to any other nationally
516 recognized securities rating agency designated by the City.

517 “Subordinate Obligations” means each series of bonds, notes, or other obligations,
518 including reimbursement obligations and obligations pursuant to credit agreements and
519 interest rate hedges, which the City has reserved the right to issue or incur from time to
520 time pursuant to Section 6.03 as Subordinate Obligations secured in whole or in part by
521 liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues
522 securing payment of the Revenue Bonds. The City’s obligation to fund certain reserve
523 fund deficiencies relating to the Series 2017 Hotel Bonds from “Surplus Airport System
524 Revenues” pursuant to the Series 2017 Hotel Grant Agreement, subject in all respects to
525 the terms of the Series 2017 Hotel Grant Agreement and the Revenue Bond Ordinances,
526 constitutes a Subordinate Obligation.

527 “Swap Agreement” means a Credit Agreement with respect to a series of Revenue
528 Bonds pursuant to which the City has entered into an interest rate exchange agreement or
529 other interest rate hedge agreement for the purpose of converting in whole or in part the

530 City's fixed or variable interest rate liability on all or a portion of the Revenue Bonds to a
531 fixed or variable rate liability (including converting a variable rate liability to a different
532 variable rate liability). For the purpose of this definition, a counterparty is not qualified
533 unless it holds, on the date of execution of a Swap Agreement, a current rating by at least
534 two of the following three rating agencies: Moody's, and by Standard & Poor's, and by
535 Fitch Ratings, or their respective successors, at least equal to the rating of each such rating
536 agency assigned to the Revenue Bonds without reference to any Credit Agreement.

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

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

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

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

547 "Yield" on (a) an issue of obligations has the meaning set forth in Section 1.148-4
548 of the Regulations and, generally, is the discount rate that when used in computing the
549 present value of all payments of principal, interest and fees for qualified guarantees to be
550 paid on the obligation produces an amount equal to the Issue Price of such issue and (b)
551 any investment has the meaning set forth in Section 1.148-5 of the Regulations and,
552 generally, is the discount rate that when used in computing the present value of all
553 payments to be received on the investment produces an amount equal to all payments for
554 the investment.

555 Section 2.02 **INTERPRETATIONS.** All terms defined and all pronouns used in
556 this Ordinance shall apply equally to singular and plural and to all genders. The titles and
557 headings of the articles and sections of this Ordinance have been inserted for convenience
558 of reference only and are not to be considered a part of this Ordinance and shall not in any
559 way modify or restrict any of the terms or provisions of this Ordinance. References to any
560 article or section shall refer to the article or section contained in this Ordinance. References
561 to FORM OF BONDS refer to the form of the Bonds set forth in Exhibit A to this
562 Ordinance. References to any constitutional, statutory or regulatory provision shall include
563 the provision as it exists on the date this Ordinance is adopted and any future amendments
564 to or successor provisions of the provision. References to an Authorized Officer or other
565 City official means the Person acting in that capacity, whether on either an interim or a
566 permanent basis. This Ordinance and all of its terms and provisions shall be liberally
567 construed to effectuate the purposes set forth in this Ordinance and to sustain the validity

568 of the Revenue Bonds, the Credit Agreement Obligations and the Administrative Expenses
569 and the validity of the lien on and pledge of the Net Revenues to secure their payment. A
570 finding or determination made by an Authorized Officer acting under the authority
571 delegated by this Ordinance with respect to all matters relating to the issuance and sale of
572 the Bonds shall have the same force and effect as a finding or determination made by
573 council. If the Concurrent Bonds are not issued, references to Concurrent Bonds and
574 Concurrent Ordinance in this Ordinance have no effect.

575 ***ARTICLE THREE***

576 ***TERMS OF THE BONDS***

577
578 Section 3.01 **AUTHORIZATION.** The Bonds shall be known and designated as
579 CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE BONDS, SERIES 2019B
580 (AMT). The Bonds are authorized to be issued and delivered pursuant to the authority of
581 Chapter 22 and Chapter 1371 and all other applicable law. The Bonds shall be issued in
582 an aggregate principal amount not to exceed \$300,000,000 for the purpose of (i) planning,
583 acquiring, establishing, constructing, improving or equipping the Airport, in accordance
584 with Chapter 22, (ii) depositing funds to the credit of the Capitalized Interest Account and
585 satisfying the Debt Service Reserve Fund Requirement in the manner provided in this
586 Ordinance and the Pricing Certificate, and (iii) paying the costs of issuance of the Bonds.

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

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

605 Section 3.04 **MANNER OF EXECUTION AND AUTHENTICATION.** The
606 Paying Agent/Registrar is appointed as the paying agent for the Bonds. The Bonds shall be

607 payable, shall have the characteristics, shall be executed and sealed, and shall be
608 authenticated, all as provided and in the manner indicated in the FORM OF BONDS. If
609 any officer of the City whose manual or facsimile signature shall appear on the Bonds, as
610 provided in the FORM OF BONDS, shall cease to be the officer before the authentication
611 of the Bonds or before the delivery of the Bonds, the signature shall nevertheless be valid
612 and sufficient for all purposes as if the officer had remained in office.

613 Section 3.05 **OWNERSHIP.** The City, the Paying Agent/Registrar and any other
614 Person may treat the Person in whose name any Bond is registered as the absolute owner
615 of the Bond for the purpose of making and receiving payment of the principal of and
616 premium, if any, and the interest on, the Bond and for all other purposes, whether the Bond
617 is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any
618 notice or knowledge to the contrary. All payments made to the Person deemed to be the
619 Owner of any Bond in accordance with this section shall be valid and effectual and shall
620 discharge the liability of the City and the Paying Agent/Registrar upon the Bond to the
621 extent of the sums paid.

622 Section 3.06 **TRANSFER AND EXCHANGE.** On the date of initial delivery and
623 payment for the Bonds, one or more Initial Bonds, representing the entire principal amount
624 of all Bonds, payable to the Underwriters, executed by the Mayor and City Clerk of the
625 City, approved by the Attorney General of the State of Texas, and registered and manually
626 signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to
627 the Representative of the Underwriters. Upon payment for the Initial Bonds, the Paying
628 Agent/Registrar shall cancel the Initial Bonds and deliver to DTC on behalf of the
629 Underwriters one or more registered Bonds for each year of maturity of the Bonds in the
630 aggregate principal amount of the Bonds, registered in the name of Cede & Co., as nominee
631 of DTC.

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

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

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

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

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

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

667 Section 3.08 **REPLACEMENT BONDS.** Upon the presentation and surrender to
668 the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall
669 authenticate and deliver a replacement Bond of like maturity, interest rate, and principal
670 amount, bearing a number not contemporaneously outstanding, in exchange for the
671 presented Bond. The Paying Agent/Registrar shall require the Owner of the Bond to pay
672 a sum sufficient to cover any tax or other governmental charge that may be imposed, and
673 any other expenses, including the fees and expenses of the Paying Agent/Registrar, to effect
674 this exchange.

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

681 (a) furnished to the City and the Paying Agent/Registrar satisfactory evidence of
682 the ownership of and the circumstances of the loss, destruction or theft of the Bond;

683 (b) furnished security and indemnity as may be required by the Paying
684 Agent/Registrar and the City to save them harmless;

685 (c) paid all expenses and charges, including, but not limited to, printing costs,
686 legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge
687 that may be imposed, as a result of the loss, destruction or wrongful taking of the Bond;
688 and

689 (d) met or complied with any other reasonable requirements of the City and the
690 Paying Agent/Registrar.

691 If, after the delivery of a replacement Bond, a bona fide purchaser of the original
692 Bond in lieu of which the replacement Bond was issued presents for payment the original
693 Bond, the City and the Paying Agent/Registrar shall be entitled to recover the replacement
694 Bond from the Person to whom it was delivered or any Person taking from the person,
695 except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity
696 provided to the extent of any loss, damage, cost or expense incurred by the City or the
697 Paying Agent/Registrar.

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

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

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

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

715 With respect to Bonds registered in the name of Cede & Co., as nominee of DTC,
716 neither the City nor the Paying Agent/Registrar shall have any responsibility or obligation
717 to any DTC Participant or to any Person on whose behalf a DTC Participant holds an
718 interest in the Bonds. Without limiting the immediately preceding sentence, neither the
719 City nor the Paying Agent/Registrar shall have any responsibility or obligation with respect

720 to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect
721 to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other
722 person, other than a Registered Owner of the Bonds, as shown on the Register, of any
723 notice with respect to the Bonds, including any notice of redemption, and (iii) the payment
724 to any DTC Participant or any other person, other than a Registered Owner of the Bonds,
725 as shown in the Register, of any amount with respect to principal of and premium, if any,
726 or interest on the Bonds.

727 Replacement Bonds may be issued directly to beneficial owners of Bonds other than
728 DTC, or its nominee, but only in the event that (i) DTC determines not to continue to act
729 as securities depository for the Bonds (which determination shall become effective after
730 reasonable written notice to such effect to the City and the Paying Agent/Registrar), or (ii)
731 the City has advised DTC of its determination (which determination is conclusive as to
732 DTC and the beneficial owners of the Bonds) that DTC is incapable of discharging its
733 duties as securities depository for the Bonds, or (iii) the City has determined (which
734 determination is conclusive as to DTC and the beneficial owners of the Bonds) that the
735 interests of the beneficial owners of the Bonds might be adversely affected if such book-
736 entry only system of transfer is continued. Upon concurrence of any event described in (i)
737 or (ii) above, the City shall use its best efforts to attempt to locate another qualified
738 securities depository. If the City fails to locate another qualified securities depository to
739 replace DTC, the City shall cause to be executed, authenticated and delivered replacement
740 Bonds, in certificated form, to the DTC Participants having an interest in the Bonds as
741 shown on the records of DTC provided by DTC to the City. In the event that the City
742 makes the determination noted in (iii) above and has made provisions to notify the
743 beneficial owners of Bonds of such determination by mailing an appropriate notice to DTC,
744 it shall cause to be issued replacement Bonds in certificated form to the DTC Participants
745 having an interest in the Bonds as shown on the records of DTC provided by DTC to the
746 City. The City undertakes no obligation to make any investigation to determine the
747 occurrence of any events that would permit the City to make any determination described
748 in (ii) or (iii) above.

749 Whenever, during the term of the Bonds, beneficial ownership is determined by a
750 book entry at DTC (or any successor securities depository), the requirements in this
751 Ordinance of holding, registering, delivering, exchanging or transferring Bonds shall be
752 deemed modified to require the appropriate person or entity to meet the requirements of
753 DTC (or such successor securities depository) as to holding, registering, delivering,
754 exchanging or transferring the book entry to produce the same effect.

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

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

798 the legality of the Bonds and neither the City nor the attorneys approving the Bonds as to
799 legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

800 Section 4.03 **LEGAL OPINION.** The approving legal opinion of Bracewell LLP,
801 Bond Counsel, may be printed on or attached to the back of each Bond, but errors or
802 omissions in the printing of the opinion shall have no effect on the validity of the Bonds.

803 ***ARTICLE FIVE***

804 ***SECURITY AND SOURCE OF PAYMENT***

806 Section 5.01 **PLEDGE AND SOURCE OF PAYMENT.** The City covenants and
807 agrees that Gross Revenues shall be deposited and paid into the special funds established
808 and confirmed in this Ordinance, and shall be applied in the manner set forth in this
809 Ordinance, in order to provide for the payment of all Operation and Maintenance Expenses
810 of the Airport System and to provide for the payment of Debt Service on the Revenue
811 Bonds and Credit Agreement Obligations and for the payment when due of Administrative
812 Expenses. Except as otherwise specifically provided in this Ordinance, the Revenue Bonds
813 and the Credit Agreement Obligations shall constitute special obligations of the City that
814 shall be payable from and shall be equally and ratably secured by a first lien on the Net
815 Revenues. The Administrative Expenses shall constitute special obligations of the City
816 that shall be payable from and secured by a lien on the Net Revenues subordinate only to
817 the payment of Debt Service on the Revenue Bonds. Net Revenues shall, in the manner
818 provided in this Ordinance, be set aside for and pledged to the payment of the Revenue
819 Bonds in the Debt Service Fund and the Debt Service Reserve Fund as provided in this
820 Ordinance. The City grants a lien on the Net Revenues and the Debt Service Fund and the
821 Debt Service Reserve Fund to secure the payment of Debt Service on the Revenue Bonds
822 and related Credit Agreement Obligations in accordance with their terms, and to pay
823 Administrative Expenses to the Persons entitled to payment. All Revenue Bonds and
824 related Credit Agreement Obligations shall be in all respects on a parity with and of equal
825 dignity with one another; provided, however, that a Termination Payment shall be a
826 Subordinate Obligation. Neither the Owners nor the Credit Providers shall ever have the
827 right to demand payment of Debt Service out of any funds raised or to be raised by taxation.

828 Chapter 1208 applies to the authorization and issuance of the Revenue Bonds and to
829 the pledge of and lien on the Net Revenues granted by the City under this Ordinance, and
830 the pledge of and lien on the Net Revenues are valid and effective in accordance with the
831 terms of this Ordinance and are perfected from the date of adoption of this Ordinance
832 without the filing of any document or other act. To the extent Texas law is amended at any
833 time while the Revenue Bonds are Outstanding and unpaid such that the pledge of and lien
834 on the Net Revenues granted by the City under this Ordinance are to be subject to the filing
835 requirements of Chapter 9, the City agrees to take all actions and make, or cause to be
836 made, all filings as it determines are reasonable and necessary under Texas law to comply
837 with the applicable provisions of Chapter 9.

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

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

855 (a) all amounts required to be deposited in the Fiscal Year to the credit of the
856 Debt Service Fund, the Debt Service Reserve Fund, and the Administrative Expense Fund
857 and to any debt service or debt service reserve fund or account for Subordinate Obligations,
858 or

859 (b) an amount, together with Other Available Funds, not less than 125% of the
860 Debt Service Requirements for Revenue Bonds for the Fiscal Year plus an amount equal
861 to 100% of anticipated and budgeted Administrative Expenses for the Fiscal Year.

862 If the Net Revenues in any Fiscal Year are less than the amounts specified above,
863 the City, promptly upon receipt of the annual audit for the Fiscal Year, must request an
864 Airport Consultant to make any recommendations to revise the City's rentals, rates, fees
865 and other charges, its Operation and Maintenance Expenses or the method of operation of
866 the Airport System in order to satisfy as quickly as practicable the requirements of this
867 Section. Copies of the request and the recommendations of the Airport Consultant shall be
868 filed with the City Clerk. So long as the City substantially complies in a timely fashion
869 with the recommendations of the Airport Consultant, the City will not have defaulted in
870 the performance of its duties under this Ordinance even if the resulting Net Revenues plus
871 Other Available Funds are not sufficient to be in compliance with the rate covenant, so
872 long as Debt Service is paid when due.

873 Section 5.04 **SPECIAL FUNDS.** The following special funds and accounts are
874 established or have been previously established and are confirmed, and shall be maintained
875 and accounted for so long as any Revenue Bond and related Credit Agreement Obligation
876 remains Outstanding and Administrative Expenses remain unpaid. The funds and accounts

877 may also include any additional accounts or subaccounts as may from time to time be
878 designated by the City, including specifically rebate accounts or subaccounts for
879 accumulating rebatable arbitrage payable to the federal government, so long as they are not
880 inconsistent with this Ordinance:

881 (a) Airport System Revenue Fund (“Revenue Fund”), including an Operation and
882 Maintenance Reserve Fund (“Operation and Maintenance Reserve Fund”);

883 (b) Airport System Revenue Bond Debt Service Fund (“Debt Service Fund”);

884 (c) Airport System Revenue Bond Debt Service Reserve Fund (“Debt Service
885 Reserve Fund”);

886 (d) Airport System Revenue Bond Administrative Expense Fund (the
887 “Administrative Expense Fund”);

888 (e) Airport System Renewal and Replacement Fund (“Renewal and Replacement
889 Fund”);

890 (f) Airport System Capital Fund (“Capital Fund”), including a Capital
891 Improvement Account; and

892 (g) Airport System Construction Fund (“Construction Fund”), including the
893 Capitalized Interest Account and the Series 2019B Project Account.

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

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

913 also be deposited into the Revenue Fund. Moneys from time to time credited to the Revenue
914 Fund shall be applied as follows in the following order of priority:

915 (a) First, to provide for all payments of Operation and Maintenance Expenses
916 required by the Revenue Bond Ordinances.

917 (b) Second, to transfer all amounts to the Debt Service Fund required by the
918 Revenue Bond Ordinances necessary to pay Debt Service on the Revenue Bonds and any
919 related Credit Agreement Obligations.

920 (c) Third, to transfer all amounts to the Administrative Expense Fund required to
921 pay Administrative Expenses to the Persons entitled to payment when due.

922 (d) Fourth, to transfer all amounts to the Debt Service Reserve Fund required by
923 the Revenue Bond Ordinances.

924 (e) Fifth, to transfer all amounts necessary to provide for the payment of
925 Subordinate Obligations, or to provide reserves for payment, as may be required by any
926 ordinance authorizing Subordinate Obligations and related credit agreement obligations.

927 (f) Sixth, to transfer all amounts necessary to provide for the payment of principal
928 of and interest on General Obligation Airport Bonds.

929 (g) Seventh, to transfer all amounts to the Operation and Maintenance Reserve
930 Fund required by the Revenue Bond Ordinances.

931 (h) Eighth, to transfer all amounts to the Renewal and Replacement Fund required
932 by the Revenue Bond Ordinances.

933 (i) Ninth, the balance shall be transferred to the Capital Fund.

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

942 (b) On or before the last Business Day of each month so long as any Revenue
943 Bonds remain Outstanding, after making all required payments of Operation and
944 Maintenance Expenses, there shall be transferred from the Revenue Fund to the Debt
945 Service Fund the amount necessary to cause the balance in the Debt Service Fund to equal
946 the Debt Service on all Revenue Bonds and Credit Agreement Obligations accrued, but

947 unpaid, through the end of the current month and the Debt Service on all Revenue Bonds
948 and Credit Agreement Obligations reasonably expected to accrue and be payable on or
949 before the last Business Day of the next succeeding month.

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

952 Section 5.07 **DEBT SERVICE RESERVE FUND.** (a) The City shall establish
953 and maintain a balance in the Debt Service Reserve Fund equal to the Debt Service Reserve
954 Fund Requirement. Each increase in the Debt Service Reserve Fund Requirement resulting
955 from the issuance of Additional Revenue Bonds shall be funded at the time of issuance and
956 delivery of the series of Additional Revenue Bonds by depositing to the credit of the Debt
957 Service Reserve Fund either: (A) proceeds of the Additional Revenue Bonds and/or other
958 lawfully appropriated funds in not less than the amount which will be sufficient to fund
959 fully the Debt Service Reserve Fund Requirement; or (B) a Debt Service Reserve Fund
960 Surety Bond sufficient to provide that portion of the Debt Service Reserve Fund
961 Requirement. The City further expressly reserves the right to substitute at any time a Debt
962 Service Reserve Fund Surety Bond for any funded amounts in the Debt Service Reserve
963 Fund and to apply the funds released, to the greatest extent permitted by law, to any of the
964 purposes for which the related Revenue Bonds were issued or to pay debt service on the
965 related Revenue Bonds. The City shall not employ any Debt Service Reserve Fund Surety
966 Bond unless: (i) the City officially finds that the purchase of the Debt Service Reserve Fund
967 Surety Bond is cost effective; (ii) the Debt Service Reserve Fund Surety Bond does not
968 impose upon the City a repayment obligation (in the event the Debt Service Reserve Fund
969 Surety Bond is drawn upon) greater than can be funded in 18 monthly installments as
970 provided in subsection (b) below, payable out of Net Revenues on a parity with the monthly
971 deposits that are otherwise required to be made to the Debt Service Reserve Fund; and (iii)
972 that any interest due in connection with the repayment obligations does not exceed the
973 highest lawful rate of interest which may be paid by the City at the time of delivery of the
974 Debt Service Reserve Fund Surety Bond.

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

987 the Debt Service Reserve Fund contains this amount and all repayment obligations have
988 been satisfied, no further transfers shall be required to be made, and any excess amounts in
989 the Debt Service Reserve Fund shall be transferred to the Revenue Fund. But if and
990 whenever the balance in the Debt Service Reserve Fund is reduced below this amount or
991 any Debt Service Reserve Fund Surety Bond repayment obligations arise, monthly
992 transfers to the Debt Service Reserve Fund shall be resumed and continued in amounts
993 required to restore the Debt Service Reserve Fund to this amount and to pay reimbursement
994 obligations within an 18 month period.

995 (c) The City shall use the Debt Service Reserve Fund to pay Debt Service on the
996 Revenue Bonds and the Credit Agreement Obligations at any time the amount available in
997 the Debt Service Fund is insufficient for this purpose, and to make any payments required
998 to satisfy repayment obligations to issuers of Debt Service Reserve Fund Surety Bonds.
999 The City may use the Debt Service Reserve Fund to make the final payments for the
1000 retirement or defeasance of Revenue Bonds, related Credit Agreement Obligations, and
1001 Administrative Expenses.

1002 Section 5.08 **FUNDS AND ACCOUNTS FOR SUBORDINATE**
1003 **OBLIGATIONS.** On or before the last Business Day of each month, after making all
1004 required transfers to the Debt Service Fund, the Debt Service Reserve Fund and the
1005 Administrative Expense Fund the City shall transfer into the funds and accounts as the City
1006 may establish pursuant to an ordinance authorizing the issuance or incurrence of
1007 Subordinate Obligations, the amounts required pursuant to the ordinance authorizing the
1008 issuance or incurrence of Subordinate Obligations to provide for the payment, or to provide
1009 reserves for the payment, of the Subordinate Obligations.

1010 Section 5.09 **ADMINISTRATIVE EXPENSE FUND.** On or before the last
1011 Business Day of each month, after making all required transfers to the Debt Service Fund,
1012 the City shall transfer to the Administrative Expense Fund an amount equal to the
1013 Administrative Expenses expected to be paid to the Persons entitled to payment in the next
1014 succeeding month. Amounts on deposit in the Administrative Expense Fund shall be
1015 applied solely to the payment of Administrative Expenses.

1016 Section 5.10 **GENERAL OBLIGATION AIRPORT BONDS.** On or before the
1017 last Business Day of each month, so long as any General Obligation Airport Bond remains
1018 outstanding, after making all required transfers to the Debt Service Fund, the Debt Service
1019 Reserve Fund, the Administrative Expense Fund and any other fund and account
1020 established by ordinance authorizing the issuance of Revenue Bonds and Subordinate
1021 Obligations, the City shall transfer from the Revenue Fund, to the extent there are funds
1022 available, the amounts necessary to provide for the payment, when due, of principal of and
1023 interest on General Obligation Airport Bonds.

1024 Section 5.11 **OPERATION AND MAINTENANCE RESERVE FUND.** The
1025 City shall fund and maintain a balance of money and investments in the Operation and

1026 Maintenance Reserve Fund at least equal to two months current Operation and
1027 Maintenance Expenses, which amount shall annually be re-determined by the Aviation
1028 Director at the time the recommended budget for the Airport System is submitted pursuant
1029 to Section 5.02 of this Ordinance, based upon either the Aviation Director's recommended
1030 budget for Operation and Maintenance Expenses or the Aviation Director's estimate of
1031 actual Operation and Maintenance Expenses for the then current Fiscal Year. On or before
1032 the last Business Day of each month, after making all required transfers to the Debt Service
1033 Fund, the Debt Service Reserve Fund and the Administrative Expense Fund, and any
1034 required transfers for Subordinate Obligations or General Obligation Airport Bonds as
1035 provided in this Ordinance, there shall be transferred from the Revenue Fund, to the extent
1036 there are funds available, to the Operation and Maintenance Reserve Fund an amount equal
1037 to 1/12th of the deficiency, if any, in the Operation and Maintenance Reserve Fund as of
1038 the last day of the previous Fiscal Year until the required balance in the Operation and
1039 Maintenance Reserve Fund is established or reestablished. Amounts from time to time
1040 credited to the Operation and Maintenance Reserve Fund may be used at any time: first, to
1041 pay for any Operation and Maintenance Expenses for which amounts are not otherwise
1042 available in the Revenue Fund; second, to pay any costs or expenses payable from the
1043 Renewal and Replacement Fund for which there are insufficient amounts in the Renewal
1044 and Replacement Fund; and third, to the extent any amounts are remaining, to be
1045 transferred to the Debt Service Fund, the Debt Service Reserve Fund and the
1046 Administrative Expense Fund or any similar fund created to provide for the payment, and
1047 reserves for the payment, of Subordinate Obligations and General Obligation Airport
1048 Bonds to the extent of any deficiency in any of these funds.

1049 Section 5.12 **RENEWAL AND REPLACEMENT FUND.** The City has
1050 established the Renewal and Replacement Fund Requirement to be \$5,000,000. On or
1051 before the last Business Day of each month, if the Renewal and Replacement Fund contains
1052 less than the Renewal and Replacement Fund Requirement, then after making all required
1053 transfers to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative
1054 Expense Fund, and any required transfers for Subordinate Obligations or General
1055 Obligation Airport Bonds as provided in this Ordinance, and to the Operation and
1056 Maintenance Reserve Fund, the City shall transfer from the Revenue Fund, to the extent
1057 there are funds available, to the Renewal and Replacement Fund an amount equal to 1/12th
1058 of the deficiency (being the amount by which the Renewal and Replacement Fund
1059 Requirement exceeded the unappropriated balance in the Renewal and Replacement Fund)
1060 as of the last day of the previous Fiscal Year and, at the discretion of the City, to pay
1061 directly from the Revenue Fund any other costs that could be paid from amounts on deposit
1062 in the Renewal and Replacement Fund. The City is required to make these transfers into
1063 the Renewal and Replacement Fund until such time as the Renewal and Replacement Fund
1064 Requirement has again been accumulated in the Renewal and Replacement Fund. Amounts
1065 from time to time credited to the Renewal and Replacement Fund may be used at any time:
1066 first, to pay for any costs of replacing depreciable property and equipment of the Airport
1067 System and making repairs, replacements or renovations of the Airport System; second, to

1068 pay any Operation and Maintenance Expenses for which insufficient amounts are available
1069 in the Revenue Fund; and third, to the extent any amounts are remaining, to be transferred
1070 to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative Expense
1071 Fund or any similar fund created to provide for the payment, and reserves for the payment,
1072 of Subordinate Obligations and General Obligation Airport Bonds to the extent of any
1073 deficiency.

1074 Section 5.13 **CAPITAL FUND.** After the City makes all payments and transfers
1075 required by this Ordinance, at least annually it shall also transfer all amounts remaining in
1076 the Revenue Fund to the Capital Fund; provided, however, that no transfers shall be made
1077 to the Capital Fund unless the Debt Service Reserve Fund contains the Debt Service
1078 Reserve Requirement and all Administrative Expenses have been paid. Amounts credited
1079 to the Capital Improvement Account may be used only for lawful purposes relating to the
1080 Airport System, including without limitation, to pay for any capital expenditures or to pay
1081 costs of replacing any depreciable property or equipment of the Airport System, to make
1082 any major or extraordinary repairs, replacements or renewals of the Airport System, to
1083 acquire land or any interest in such land, to pay costs necessary or incident to the closing
1084 or disposition of any facility of the Airport System and, at the City's discretion, to be
1085 designated as Other Available Funds to be transferred to the Revenue Fund.

1086 Section 5.14 **DEFICIENCIES IN FUNDS OR ACCOUNTS.** If in any month
1087 the City does not transfer into any Fund or Account maintained pursuant to Sections 5.06
1088 through 5.12, inclusive, the full amounts required by this Ordinance, the City shall set apart
1089 amounts equivalent to the deficiency and shall transfer those amounts to the deficient Fund
1090 or Account from the first available and unallocated moneys in the Revenue Fund, and this
1091 transfer shall be in addition to the amounts otherwise required to be transferred to the Fund
1092 or Account during any succeeding month or months.

1093 Section 5.15 **CONSTRUCTION FUND.** (a) From the proceeds of each series of
1094 Revenue Bonds (other than the proceeds of Refunding Revenue Bonds) there shall be
1095 deposited into the Capitalized Interest Account (if any) established in the Construction
1096 Fund for that series the amount of capitalized interest required by the ordinance authorizing
1097 issuance of the series of Revenue Bonds. The amounts may be applied to pay interest on
1098 the series of Revenue Bonds as provided in the authorizing ordinance.

1099 (b) From the proceeds of each series of Revenue Bonds (other than the proceeds
1100 of Refunding Revenue Bonds) there shall be deposited into the applicable Project Account
1101 established in the Construction Fund the amounts as shall be provided in the ordinance
1102 authorizing the series of Revenue Bonds. The amounts may be applied to pay costs of
1103 establishing, improving, enlarging, extending, and repairing the Airport System or any
1104 project to become part of the Airport System, to reimburse advances made by the City for
1105 these costs, to pay costs of issuance of Revenue Bonds and to pay any other capital costs
1106 of the Airport System as provided in the ordinance authorizing the series of Revenue
1107 Bonds.

1108 (c) There shall be established within the Construction Fund two accounts, the
1109 Series 2019B Project Account and the Capitalized Interest Account. Moneys in the Series
1110 2019B Project Account shall be used to pay costs of constructing the improvements to the
1111 Airport consistent with the purpose for which the Bonds are issued. Moneys in the
1112 Capitalized Interest Account shall be held for the purpose of paying interest on the Bonds
1113 during the construction of the improvements financed with the proceeds of the Bonds and
1114 for one year after construction of those improvements is completed, and shall be transferred
1115 from time to time to the Debt Service Fund in the manner provided in Section 5.06(a) of
1116 this Ordinance.

1117 Section 5.16 **MUELLER AIRPORT DISPOSITION FUND.** The Robert
1118 Mueller Municipal Airport was closed for aviation purposes and the Mueller Airport
1119 Property was transferred out of the Airport System and is no longer part of the Airport
1120 System. In connection with the transfer of the Mueller Airport Property, the City deposited
1121 certain funds into the Mueller Disposition Fund. These funds, together with any other
1122 amounts deposited into the Mueller Disposition Fund, may be used for the payment or
1123 reimbursement of all costs and expenses incurred by the City necessary or incident to the
1124 closing of Robert Mueller Municipal Airport to aviation purposes and the disposition of
1125 the Mueller Airport Property. Any amounts remaining will be transferred to the City's
1126 aviation department.

1127 Section 5.17 **INVESTMENT; TRANSFER OF INVESTMENT INCOME.**
1128 (a) Money in all Funds and Accounts shall, at the option of the City, be invested in the
1129 manner provided by Texas law; provided, that all deposits and investments shall be made
1130 in a manner that the money required to be expended from any Fund will be available at the
1131 proper time or times. Moneys in the Funds and Accounts may be subjected to further
1132 investment restrictions imposed from time to time by ordinance authorizing the issuance
1133 of Revenue Bonds and Subordinate Obligations. All such investments shall be valued no
1134 less frequently than once per Fiscal Year at market value, except that: (i) any direct
1135 obligations of the United States of America - State and Local Government Series shall be
1136 continuously valued at their par value or principal face amount; and (ii) any investments
1137 which are subject to a Qualified Put may continuously be valued at the amount at which
1138 they can be put or sold under the terms of such Qualified Put. For purposes of maximizing
1139 investment returns, money in the Funds may be invested, together with money in other
1140 Funds or with other money of the City, in common investments or in a common pool of
1141 such investments maintained by the City at an official depository of the City or in any fund
1142 or investment vehicle permitted by Texas law, which shall not be deemed to be a loss of
1143 the segregation of the money or Funds provided that safekeeping receipts, certificates of
1144 participation or other documents clearly evidencing the investment or investment pool in
1145 which the money is invested and the share purchased with such money or owned by the
1146 Fund are held by or on behalf of each Fund. If and to the extent necessary, the investments
1147 or participations shall be promptly sold to prevent any default.

1148 (b) All interest and income derived from deposits and investments credited to any
 1149 of the following Funds and Accounts shall be applied as follows, except as provided in
 1150 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

1151
 1152 (c) Notwithstanding anything to the contrary, (i) any interest and income derived
 1153 from deposits and investments of any amounts credited to any Fund or Account may be:
 1154 (A) transferred into any rebate account or subaccount, and (B) paid to the federal
 1155 government if in the opinion of nationally recognized bond counsel the payment is required
 1156 to comply with any covenant or required in order to prevent interest on any bonds payable
 1157 from Net Revenues from being includable within the gross income of Owners for federal
 1158 income tax purposes; and (ii) to the extent any interest or income in the Debt Service
 1159 Reserve Fund is allocable to the proceeds of the Revenue Bonds, then such amounts shall
 1160 be deposited into the Debt Service Fund unless the City receives a Favorable Opinion of
 1161 Bond Counsel.

1162 Section 5.18 **SECURITY FOR UNINVESTED FUNDS.** So long as any
 1163 Revenue Bond remains Outstanding, all uninvested moneys on deposit in, or credited to,

1164 the Funds and Accounts established or confirmed as stated in this Ordinance shall be
1165 secured by the pledge of security, as provided by Texas law.

1166 ***ARTICLE SIX***

1167
1168 ***ADDITIONAL BONDS***

1169 Section 6.01 **ADDITIONAL REVENUE BONDS.** The City reserves the right to
1170 issue, for any lawful Airport System purpose, one or more installments of Additional
1171 Revenue Bonds payable from and secured by Net Revenues on a parity with the
1172 Outstanding Revenue Bonds; provided, however, that no series of Additional Revenue
1173 Bonds shall be issued unless:

1174 (a) No Default. The City Manager and the Aviation Director certify that, upon
1175 the issuance of Additional Revenue Bonds, the City will not be in default under any term
1176 or provision of any Revenue Bonds then Outstanding or any ordinance pursuant to which
1177 any Revenue Bonds were issued unless the default will be cured by the issuance of the
1178 Additional Revenue Bonds.

1179 (b) Proper Fund Balances. The City's Chief Financial Officer or trustee, if one
1180 has been appointed, shall certify that, upon the issuance of Additional Revenue Bonds, the
1181 Debt Service Fund will have the required amounts on deposit and that the Debt Service
1182 Reserve Fund will contain the Debt Service Reserve Fund Requirement or the amount as
1183 is required to be funded at that time.

1184 (c) Projected Coverage for Additional Revenue Bonds. An Airport Consultant
1185 provides a written report setting forth projections which indicate that the estimated Net
1186 Revenues, together with the estimated Other Available Funds, of the Airport System for
1187 each of three consecutive Fiscal Years beginning in the earlier of:

1188 (i) the first Fiscal Year following the estimated date of completion and
1189 initial use of all revenue producing facilities to be financed with Additional Revenue
1190 Bonds, based upon a certified written estimated completion date by the consulting
1191 engineer for the facility or facilities; or

1192 (ii) the first Fiscal Year in which the City will have scheduled payments of
1193 interest on or principal of the Additional Revenue Bonds to be issued for the payment
1194 of which provision has not been made as indicated in the report of the Airport
1195 Consultant from proceeds of the Additional Revenue Bonds, investment income on
1196 the proceeds of such Additional Revenue Bonds or from other appropriated sources
1197 (other than Net Revenues),

1198 are equal to at least 125% of the Debt Service Requirements on all Outstanding Revenue
1199 Bonds scheduled to occur during each respective Fiscal Year after taking into consideration
1200 the additional Debt Service Requirements for the Additional Revenue Bonds to be issued.

1201
1202 (d) Alternate Coverage for Additional Revenue Bonds. In lieu of the certification
1203 described in (c) above, the City's Chief Financial Officer may provide a certificate showing
1204 that, for either the City's most recent complete Fiscal Year or for any consecutive 12 out
1205 of the most recent 18 months, the Net Revenues, together with Other Available Funds, of
1206 the Airport System were equal to at least 125% of the maximum Debt Service
1207 Requirements on all Revenue Bonds scheduled to occur in the then current or any future
1208 Fiscal Year after taking into consideration the issuance of the Additional Revenue Bonds
1209 proposed to be issued.

1210 (e) Refunding Bonds. If Additional Revenue Bonds are being issued for the
1211 purpose of refunding less than all previously issued Revenue Bonds which are then
1212 Outstanding, neither of the certifications described in (c) or (d) above are required so long
1213 as the aggregate Debt Service Requirements after the issuance of the Additional Revenue
1214 Bonds do not exceed the aggregate Debt Service Requirements prior to the issuance of the
1215 Additional Revenue Bonds; provided, that the annual debt service on the refunding bonds
1216 in any Fiscal Year will not be more than 10% higher than it is in any other Fiscal Year.

1217 (f) Bond Ordinance Requirements. Provision is made in the Revenue Bond
1218 Ordinances authorizing the Additional Revenue Bonds proposed to be issued for: (1)
1219 additional payments into the Debt Service Fund sufficient to provide for any principal and
1220 interest requirements resulting from the issuance of the Additional Revenue Bonds
1221 including, in the event that interest on the additional series of Revenue Bonds is capitalized
1222 and/or to be paid from investment earnings, a requirement for the transfer from the
1223 capitalized interest fund or account and/or from the construction fund to the Debt Service
1224 Fund of amounts fully sufficient to pay interest on such Additional Revenue Bonds during
1225 the period specified in the Revenue Bond Ordinances; and (2) satisfaction of the Debt
1226 Service Reserve Fund Requirement by not later than the date required by this Ordinance or
1227 any other Revenue Bond Ordinance authorizing Additional Revenue Bonds.

1228 (g) Special Provisions for Completion Bonds. The provisions of paragraphs (c)
1229 and (d) above shall not apply to the issuance of Completion Bonds in accordance with
1230 Section 6.02.

1231 Section 6.02 **COMPLETION BONDS**. The City reserves the right to issue one
1232 or more series of Revenue Bonds to pay the cost of completing any Airport Project for
1233 which Revenue Bonds have previously been issued.

1234 Prior to the issuance of any series of Completion Bonds the City must provide, in
1235 addition to all of the applicable certificates required by Section 6.01, the following
1236 documents:

1237 (a) a certificate of the consulting engineer engaged by the City to design the
1238 Airport Project for which the Completion Bonds are to be issued stating that the Airport

1239 Project has not materially changed in scope since the issuance of the most recent series of
1240 Revenue Bonds for the intended purpose (except as permitted in the applicable ordinance
1241 authorizing the Revenue Bonds) and setting forth the aggregate cost of the Airport Project
1242 which, in the opinion of the consulting engineer, has been or will be incurred; and

1243 (b) a certificate of the Aviation Director: (i) stating that all amounts allocated to
1244 pay costs of the Airport Project from the proceeds of the most recent series of Revenue
1245 Bonds issued in connection with the Airport Project for which the Completion Bonds are
1246 being issued were used or are still available to be used to pay costs of the Airport Project;
1247 (ii) containing a calculation of the amount by which the aggregate cost of that Airport
1248 Project (furnished in the consulting engineer's certificate described above) exceeds the sum
1249 of the costs of the Airport Project paid to such date plus the moneys available at such date
1250 within any construction fund or other like account applicable to the Airport Project plus
1251 any other moneys which the Aviation Director, in his discretion, has determined are
1252 available to pay such costs in any other fund; and (iii) certifying that, in the opinion of the
1253 Aviation Director, the issuance of the Completion Bonds is necessary to provide funds for
1254 the completion of the Airport Project.

1255 For purposes of this Section, the term "Airport Project" means the Airport or any
1256 other Airport System facility or project which shall be defined as an Airport Project in any
1257 ordinance authorizing the issuance of Additional Revenue Bonds, for the purpose of
1258 financing the Airport Project. Any such ordinance may contain further provisions as the
1259 City shall deem appropriate with regard to the use, completion, modification or
1260 abandonment of the Airport Project.

1261 Section 6.03 **SUBORDINATE OBLIGATIONS.** The City reserves the right to
1262 issue or incur, for any lawful Airport System purpose, Subordinate Obligations and credit
1263 agreement obligations related to the Subordinate Obligations, secured in whole or in part
1264 by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues
1265 securing payment of the Revenue Bonds. Although referred to in this Ordinance as
1266 "Subordinate Obligations," the Subordinate Obligations may bear any name or designation
1267 provided by ordinance authorizing their issuance or incurrence. The Subordinate
1268 Obligations may be further secured by any other source of payment lawfully available.
1269 Unless expressly provided to the contrary in this Ordinance, no default with respect to a
1270 Subordinate Obligation shall constitute a default under this Ordinance.

1271 Section 6.04 **SPECIAL FACILITIES BONDS.** The City reserves the right to
1272 issue from time to time, in one or more series, Special Facilities Bonds as provided in this
1273 Ordinance to finance and refinance the cost of any Special Facilities, including all required
1274 reserves, all related costs of issuance and other reasonably related amounts, provided that
1275 Special Facilities Bonds shall be payable solely from payments by lessees under Special
1276 Facilities Leases or other security not provided by the City. In no event shall Gross
1277 Revenues or any other amounts held in any other fund or account maintained by the City
1278 as security for the Revenue Bonds or for the construction, operation, maintenance, or repair

1279 of the Airport System be pledged to the payment of Special Facilities Bonds. Unless
1280 expressly provided to the contrary in this Ordinance, no default with respect to a Special
1281 Facilities Bond shall constitute a default under this Ordinance.

1282 Section 6.05 **CREDIT AGREEMENTS.** To the fullest extent permitted by
1283 applicable law, the City expressly reserves the right to enter into Credit Agreements in
1284 connection with any series of Revenue Bonds and to pledge to and secure the payment of
1285 related Credit Agreement Obligations from Net Revenues and the various funds and
1286 accounts established or referred to in this Ordinance to the extent permitted by this
1287 Ordinance, and any of the City's other ordinances authorizing the issuance of Additional
1288 Revenue Bonds and to enter into credit agreements in connection with any series of
1289 Subordinate Obligations.

1290 *ARTICLE SEVEN*

1291 *COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS*

1293 Section 7.01 **PUNCTUAL PAYMENT OF BONDS.** The City covenants that it
1294 will punctually pay, or cause to be paid, the Debt Service on all Revenue Bonds and Credit
1295 Agreement Obligations, according to their terms, and to pay all Administrative Expenses
1296 to the Persons entitled to payment when due, and will faithfully do and perform, and at all
1297 times fully observe, any and all covenants, undertakings, stipulations and provisions
1298 contained in this Ordinance and in any other ordinance authorizing the issuance of Revenue
1299 Bonds.

1300 Section 7.02 **MAINTENANCE OF AIRPORT SYSTEM.** Except as provided in
1301 Section 7.04, the City covenants that it will at all times maintain and operate the Airport
1302 System, or within the limits of its authority cause the Airport System to be maintained and
1303 operated, in good and serviceable condition.

1304 Section 7.03 **LIMITATION ON CITY CHARGES FOR OPERATION AND**
1305 **MAINTENANCE EXPENSES.** The City covenants that it will not charge the Airport
1306 System any amounts for overhead expenses relating to the administration, operation, and
1307 maintenance of the Airport System except to the extent that the amounts charged are
1308 reasonably allocable to the Airport System based upon a stated policy of allocation,
1309 reasonably applied to the Airport System. All charges imposed by the City upon the Airport
1310 System shall be consistent with all applicable federal laws, regulations, and other
1311 requirements applicable to the Airport System or imposed upon the Airport System in
1312 connection with the acceptance by the Airport System of any federal grants or aid.

1313 Section 7.04 **SALE OR ENCUMBRANCE OF AIRPORT SYSTEM.** Except
1314 for the use of the Airport System or services pertaining to the Airport System in the normal
1315 course of business, the City covenants that neither all nor a substantial part of the Airport
1316 System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise

1317 disposed of until all Revenue Bonds, Credit Agreement Obligations and Administrative
1318 Expenses have been paid in full, or unless provision for payment has been made, and the
1319 City shall not dispose of its title to the Airport System or to any useful part of the Airport
1320 System, including, without limitation, any property necessary to the operation and use of
1321 the Airport System, except for the execution of leases, licenses, easements, or other
1322 agreements in connection with the operation of the Airport System by the City, or in
1323 connection with any Special Facilities, except for any pledges of and liens on revenues
1324 derived from the operation and use of all or any part of the Airport System, or any Special
1325 Facilities, for the payment of Revenue Bonds, Credit Agreement Obligations,
1326 Administrative Expenses, Special Facilities Bonds, and any other obligations pertaining to
1327 the Airport System, and except as otherwise provided in the next two paragraphs.

1328 The City may sell, exchange, lease, or otherwise dispose of, or exclude from the
1329 Airport System, any property constituting a part of the Airport System which the Aviation
1330 Director certifies: (i) to be no longer useful in the construction or operation of the Airport
1331 System; (ii) to be no longer necessary for the efficient operation of the Airport System; or
1332 (iii) to have been replaced by other property of at least equal value. The net proceeds of the
1333 sale or disposition of any Airport System property (or the fair market value of any property
1334 so excluded) pursuant to this paragraph shall be used for the purpose of replacing properties
1335 at the Airport System, shall be paid into the Capital Fund - Capital Improvement Account
1336 or shall be applied to retire or pay principal of or interest on Revenue Bonds.

1337 Nothing in this Ordinance prevents any transfer of all or a substantial part of the
1338 Airport System to another body corporate and politic (including, but not necessarily limited
1339 to, a joint action agency or an airport authority) which assumes the City's obligations under
1340 this Ordinance and in any ordinance authorizing the issuance of Revenue Bonds, in whole
1341 or in part, if: (i) in the written opinion of the Airport Consultant, the ability to meet the rate
1342 covenant and other covenants under this Ordinance and in any ordinance authorizing the
1343 issuance of Revenue Bonds, are not materially and adversely affected; and (ii) in the written
1344 opinion of nationally recognized bond counsel, the transfer and assumption will not cause
1345 the interest on any Revenue Bonds that were issued as "tax-exempt bonds" within the
1346 meaning of the regulations promulgated under the Code to be includable in gross income
1347 of the Owners of the Revenue Bonds for federal income tax purposes. Following the
1348 transfer and assumption, all references to the City, City officials, City ordinances, City
1349 budgetary procedures and any other officials, actions, powers or characteristics of the City
1350 will be references to the transferee entity and comparable officials, actions, powers or
1351 characteristics of the entity. In the event of any transfer and assumption, nothing in this
1352 Ordinance shall prevent the retention by the City of any facility of the Airport System if,
1353 in the written opinion of the Airport Consultant, the retention will not materially and
1354 adversely affect nor unreasonably restrict the transferee entity's ability to comply with the
1355 requirements of the rate covenant and the other covenants of this Ordinance and any other
1356 Revenue Bond Ordinance.

1357 Section 7.05 **INSURANCE.** The City covenants and agrees that it will keep the
1358 Airport System insured with insurers of good standing against risks, accidents or casualties
1359 against which and to the extent customarily insured against by political subdivisions of the
1360 State of Texas operating similar properties, to the extent that the insurance is available;
1361 provided, however, that if any insurance is not commercially available or not available on
1362 more favorable economic terms, the City may elect to be self-insured in whole or in part
1363 against the risk or loss that would otherwise be covered by insurance, in which case the
1364 City will establish reserves for the risk or loss in amounts the City determines to be
1365 appropriate. All net proceeds of property or casualty insurance shall be applied to repair or
1366 replace the insured property that is damaged or destroyed or to make other capital
1367 improvements to the Airport System or to redeem Revenue Bonds. Proceeds of business
1368 interruption insurance may be credited to the Revenue Fund.

1369 Section 7.06 **ACCOUNTS, RECORDS, AND AUDITS.** The City covenants and
1370 agrees that it will maintain a proper and complete system of records and accounts
1371 pertaining to the Gross Revenues and the operation of the Airport System in which full,
1372 true and proper entries will be made of all dealings, transactions, business and affairs which
1373 in any way affect or pertain to the Gross Revenues and the Airport System. After the close
1374 of each Fiscal Year, the City shall cause an audit report of the records and accounts
1375 described in the preceding sentence to be prepared by an independent certified public
1376 accountant or independent firm of certified public accountants, which may be part of an
1377 overall audit report of the City and/or other of its enterprise funds. All expenses of
1378 obtaining these reports shall constitute Operation and Maintenance Expenses of the Airport
1379 System.

1380 Section 7.07 **PLEDGE AND ENCUMBRANCE OF REVENUES.** The City
1381 covenants and represents that it has the lawful power to create a lien on and to pledge the
1382 Net Revenues to secure the payment of the Revenue Bonds, the Credit Agreement
1383 Obligations and Administrative Expenses, and has lawfully exercised this power under the
1384 Constitution and laws of the State of Texas, including specifically the Act. The City further
1385 covenants and represents that, other than to the payment of Operation and Maintenance
1386 Expenses, the Revenue Bonds, the Credit Agreement Obligations and Administrative
1387 Expenses, the Gross Revenues are not and will not be made subject to any other lien, pledge
1388 or encumbrance to secure the payment of any debt or obligation of the City, unless the lien,
1389 pledge or encumbrance is junior and subordinate to the lien and pledge securing payment
1390 of the Revenue Bonds, the Credit Agreement Obligations and Administrative Expenses.

1391 Section 7.08 **BONDHOLDERS REMEDIES.** This Ordinance is a contract
1392 between the City and the Owners of the Revenue Bonds and the holders of related Credit
1393 Agreement Obligations from time to time outstanding and this Ordinance shall be and
1394 remain irrevocable until the Revenue Bonds, the related Credit Agreement Obligations and
1395 Administrative Expenses shall be fully paid or discharged or provision for their payment
1396 shall have been made as provided in this Ordinance. In the event of a default in the payment

1397 of the Debt Service on any of the Revenue Bonds or Credit Agreement Obligations or a
1398 default in the performance of any duty or covenant provided by law or in this Ordinance,
1399 the Owner or Owners of any of the Revenue Bonds, and the holders of any Credit
1400 Agreement Obligations and the Persons to whom Administrative Expenses are owed may
1401 pursue all legal remedies afforded by the Constitution and laws of the State of Texas to
1402 compel the City to remedy such default and to prevent further default or defaults. Without
1403 in any way limiting the generality of the foregoing, it is expressly provided that any Owner
1404 of any of the Revenue Bonds or holder of Credit Agreement Obligations or Person to whom
1405 Administrative Expenses are owed, may at law or in equity, by suit, action, mandamus, or
1406 other proceedings, enforce and compel performance of all duties required to be performed
1407 by the City under this Ordinance, including the making of reasonably required rates and
1408 charges for the use and services of the Airport System, the deposit of the Gross Revenues
1409 into the special funds provided in this Ordinance, and the application of such Gross
1410 Revenues in the manner required in this Ordinance.

1411 Notwithstanding the provisions of the foregoing paragraph: (i) acceleration as a
1412 remedy is expressly denied; (ii) no grace period for a default in the performance of any
1413 duty or covenant shall exceed 30 days, nor shall any grace period be extended for more
1414 than 60 days; and (iii) no grace period is permitted with respect to a default in the payment
1415 of Debt Service or the payment of Administrative Expenses when due.

1416 Section 7.09 **DISCHARGE BY DEPOSIT.** The City may discharge its obligation
1417 to the Owners of any or all of the Bonds to pay Debt Service, or any portion of the Debt
1418 Service, by depositing with the Paying Agent/Registrar cash in an amount equal to the Debt
1419 Service of the Bonds to the date of maturity or redemption, or any portion of the Bonds to
1420 be discharged, or by depositing either with the Paying Agent/Registrar or with any national
1421 banking association with capital and surplus in excess of \$100,000,000, pursuant to an
1422 escrow or trust agreement, cash and/or Defeasance Obligations in principal amounts and
1423 maturities and bearing interest at rates sufficient to provide for the timely payment of Debt
1424 Service on the Bonds to the date of maturity or redemption or any portion thereof to be
1425 discharged. Upon such deposit, the Bonds, or any portion thereof, shall no longer be
1426 regarded to be Outstanding or unpaid. In case any Bonds are to be redeemed on any date
1427 prior to their maturity, the City shall give to the Paying Agent/Registrar irrevocable
1428 instructions to give notice of redemption of Bonds to be so redeemed in the manner
1429 required in this Ordinance. Any determination not to redeem Bonds that is made in
1430 conjunction with the payment arrangements described above shall not be irrevocable,
1431 provided that: (1) in the proceedings providing for the payment arrangements, the City
1432 expressly reserves the right to call the Bonds for redemption; (2) the City gives notice of
1433 the reservation of that right to the owners of the Bonds immediately following the making
1434 of the payment arrangements; and (3) the City directs that notice of the reservation be
1435 included in any redemption notices that it authorizes.

1436 Section 7.10 **LEGAL HOLIDAYS.** If any date on which a payment of Debt
1437 Service is due is not a Business Day, then such payment need not be made on such date but
1438 may be made on the next succeeding Business Day with the same force and effect as if
1439 made on the date of scheduled payment of Debt Service.

1440 ***ARTICLE EIGHT***

1441 ***CONCERNING THE PAYING AGENT/REGISTRAR***

1443 Section 8.01 **APPOINTMENT OF INITIAL PAYING AGENT/REGISTRAR.**
1444 U.S. Bank National Association, is appointed to serve as the initial Paying Agent/Registrar
1445 for the Bonds.

1446 Section 8.02 **QUALIFICATIONS.** Each Paying Agent/Registrar shall be a
1447 commercial bank or a trust company organized under the laws of the State of Texas or the
1448 United States of America, or any other entity duly qualified and legally authorized to serve
1449 as and perform the duties and services of paying agent and registrar for the Bonds.

1450 Section 8.03 **MAINTAINING PAYING AGENT/REGISTRAR.** (a) At all
1451 times while any Bond is Outstanding, the City will maintain a Paying Agent/Registrar that
1452 is qualified under Section 8.02. An Authorized Officer is authorized and directed to
1453 execute an agreement with the Paying Agent/Registrar specifying the duties and
1454 responsibilities of the City and the Paying Agent/Registrar in substantially the form of
1455 paying agent agreements previously executed in connection with the issuance of public
1456 securities by the City.

1457 (b) If the Paying Agent/Registrar resigns or otherwise ceases to serve in this
1458 capacity, the City will promptly appoint a replacement.

1459 Section 8.04 **TERMINATION.** The City may terminate the appointment of any
1460 Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated
1461 written notice, at least 15 days before termination, of such termination.

1462 Section 8.05 **NOTICE OF CHANGE TO OWNERS.** Promptly upon each
1463 change in the entity serving as Paying Agent/Registrar, the City will cause notice of the
1464 change to be sent to each Owner by first class United States mail, postage prepaid, at the
1465 address in the Register, stating the effective date of the change and the name and mailing
1466 address of the replacement Paying Agent/Registrar.

1467 Section 8.06 **AGREEMENT TO PERFORM DUTIES AND FUNCTIONS.** By
1468 accepting the appointment as Paying Agent/Registrar and executing the Paying
1469 Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the
1470 provisions of this Ordinance and that it will perform the prescribed duties and functions of
1471 Paying Agent/Registrar. The Paying Agent/Registrar Agreement presented with this
1472 Ordinance is approved and the Authorized Officers are directed to execute and deliver the

1473 Paying Agent/Registrar Agreement with any changes as may be approved by the
1474 Authorized Officer.

1475 Section 8.07 **DELIVERY OF RECORDS TO SUCCESSOR.** If a Paying
1476 Agent/Registrar is replaced, the Paying Agent/Registrar, promptly upon the appointment
1477 of the successor, will deliver the Register (or a copy) and all other pertinent books and
1478 records relating to the Bonds to the successor Paying Agent/Registrar.

1479 Section 8.08 **TRUST FUNDS.** All money transferred to the Paying
1480 Agent/Registrar under this Ordinance (except sums representing Paying Agent/Registrar's
1481 fees) shall be held in trust for the benefit of the City, shall be the property of the City, and
1482 shall be disbursed in accordance with this Ordinance.

1483 Section 8.09 **BONDS PRESENTED.** Subject to the provisions of Section 8.10,
1484 all matured Bonds presented to the Paying Agent/Registrar for payment shall be paid
1485 without the necessity of further instructions from the City. The Bonds shall be cancelled
1486 as provided in this Ordinance.

1487 Section 8.10 **UNCLAIMED FUNDS HELD BY THE PAYING**
1488 **AGENT/REGISTRAR.** Funds held by the Paying Agent/Registrar which represent
1489 principal of and interest on the Bonds remaining unclaimed by the Owner after the
1490 expiration of three years from the date the funds have become due and payable shall be
1491 reported and disposed of by the Paying Agent/Registrar in accordance with the provisions
1492 of Texas law including, to the extent applicable, Title 6 of the Texas Property Code.

1493 The Paying Agent/Registrar shall have no liability to the Owners of the Bonds by
1494 virtue of actions taken in compliance with this Section.

1495 *ARTICLE NINE*

1496 *ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE*

1497

1498 Section 9.01 **ALTERATION OF RIGHTS AND DUTIES.** The rights, duties,
1499 and obligations of the City and the Owners of the Bonds and the holders of Credit
1500 Agreement Obligations related to the Bonds, and Persons to whom Administrative
1501 Expenses are owed, are subject in all respects to all applicable federal and state laws
1502 including, without limitation, the provisions of federal law regarding the composition of
1503 indebtedness of political subdivisions, as the same now exist or as may be amended in the
1504 future.

1505 Section 9.02 **AMENDMENT OF ORDINANCE WITHOUT CONSENT.** The
1506 City may, without the consent of or notice to any of the Owners of the Bonds, amend this
1507 Ordinance for any one or more of the following purposes:

1508 (a) to cure any ambiguity, defect, omission or inconsistent provision in the
1509 Revenue Bond Ordinances or in the Revenue Bonds; or to comply with any applicable
1510 provision of law or regulation of Federal agencies; to obtain a rating on the Revenue Bonds
1511 from any rating agency; or to obtain the approving opinion of the Attorney General of
1512 Texas as required by law; provided, however, that such action shall not adversely affect
1513 the interests of the Owners of the Revenue Bonds;

1514 (b) to change the terms or provisions of this Ordinance to the extent necessary to
1515 prevent the interest on the Revenue Bonds from being includable within the gross income
1516 of the Owners for federal income tax purposes;

1517 (c) to grant to or confer upon the Owners of the Revenue Bonds any additional
1518 rights, remedies, powers or authority that may lawfully be granted to or conferred upon the
1519 Owners of the Revenue Bonds;

1520 (d) to add to the covenants and agreements of the City contained in the Revenue
1521 Bond Ordinances other covenants and agreements of, or conditions or restrictions upon,
1522 the City or to surrender or eliminate any right or power reserved to or conferred upon the
1523 City in this Ordinance;

1524 (e) to amend any provisions of this Ordinance relating to the issuance of Revenue
1525 Bonds and Subordinate Obligations, or the incurrence of and security for reimbursement
1526 obligations in connection with the issuance of Revenue Bonds and Subordinate
1527 Obligations, so long as to do so does not cause any reduction in any rating assigned to the
1528 Outstanding Revenue Bonds by any nationally recognized rating agency then rating any
1529 series of Revenue Bonds;

1530 (f) to subject to the lien and pledge of the Revenue Bond Ordinances additional
1531 Net Revenues which may include revenues, properties or other collateral; and

1532 (g) to amend the provisions of Article Twelve to the extent permitted in Article
1533 Twelve.

1534 **Section 9.03 AMENDMENTS OF ORDINANCE REQUIRING CONSENT.**
1535 The City may at any time adopt one or more ordinances amending, modifying, adding to
1536 or eliminating any of the provisions of this Ordinance but, if the amendment is not of the
1537 character described in Section 9.02, only with the consent given in accordance with Section
1538 9.04 of the Owner or Owners of not less than a majority of the aggregate unpaid principal
1539 amount of the Revenue Bonds then Outstanding and affected by the amendment,
1540 modification, addition, or elimination; provided, however, that nothing in this Section shall
1541 permit (a) an extension of the maturity of the principal of or interest on any Revenue Bond
1542 issued under this Ordinance, or (b) a reduction in the principal amount of any Revenue
1543 Bond or the rate of interest on any Revenue Bond, or (c) a privilege or priority of any
1544 Revenue Bond or Revenue Bonds over any other Revenue Bond or Revenue Bonds, or (d)

1545 a reduction in the percentage of aggregate principal amount of the Revenue Bonds required
1546 for consent to the amendment.

1547 Section 9.04 **CONSENT OF OWNERS.** Any consent required by Section 9.03
1548 by any Owner must be in writing, may be in any number of concurrent writings of similar
1549 tenor, and may be signed by the Owner or its duly authorized attorney. Proof of the
1550 execution of any consent or of the writing appointing any attorney and of the ownership of
1551 Revenue Bonds, if made in the following manner, shall be sufficient for any of the purposes
1552 of the Revenue Bond Ordinances, and shall be conclusive in favor of the City with regard
1553 to any action taken, suffered or omitted to be taken by the City under the instrument,
1554 namely:

1555 (a) The fact and date of the execution by any person of any writing may be proved
1556 by the certificate of any officer in any jurisdiction who by law has power to take
1557 acknowledgments within that jurisdiction that the person signing the writing acknowledged
1558 its execution before him or her, or by affidavit of any witness to the execution;

1559 (b) The fact of the ownership by any person of any Revenue Bond and the date
1560 of the ownership may be proved by a certificate executed by an appropriate officer of the
1561 Paying Agent/Registrar, stating that on that date the Revenue Bond was registered in the
1562 name of that party in the Register.

1563 In lieu of the foregoing the City may accept any other proof as it finds appropriate.

1564 Consents required pursuant to Section 9.03 shall be valid only if given following the
1565 giving of notice by or on behalf of the City requesting the consent and setting forth the
1566 substance of the amendment of this Ordinance in respect of which such consent is sought
1567 and stating that copies thereof are available at the office of the City Clerk for inspection.
1568 Such notice shall be given by certified mail to each Registered Owner of the Revenue
1569 Bonds affected at the address shown on the Register.

1570 Copies of all amendments and supplements to this Ordinance or to any Related
1571 Document shall be sent to Standard & Poor's and Moody's at least 10 days before its
1572 effective date.

1573 Section 9.05 **REVOCATION OF CONSENT.** Any consent by any Owner of a
1574 Revenue Bond pursuant to the provisions of this Article shall be irrevocable for a period
1575 of 18 months from the date of mailing of the notice provided for in this Article, and shall
1576 be conclusive and binding upon all future Owners of the same Revenue Bond and any
1577 Revenue Bond delivered on transfer thereof or in exchange for or replacement of the
1578 Revenue Bond during this period. The consent may be revoked at any time after 18 months
1579 from the date of the first mailing of the notice by the Owner who gave the consent or by a
1580 successor in title, by filing notice with the Paying Agent/Registrar, but the revocation shall
1581 not be effective if the Owners of a majority in aggregate principal amount of the Revenue

1621 designation of the Bonds, the aggregate principal amount of the Bonds, the years in which
1622 the Bonds will mature, the principal amount of the Bonds to mature in each year, the dates,
1623 prices, interest rates, interest payment dates, principal payment dates and redemption
1624 features of the Bonds, the designation of a paying agent/registrar, if different from the
1625 Paying Agent/Registrar, the selection of a provider of a Debt Service Reserve Fund Surety
1626 Bond, if any, with respect to the Debt Service Reserve Fund or the amount to be deposited
1627 to fund the Debt Service Reserve Fund Requirement for the Bonds, and all other matters
1628 relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in
1629 the Bond Purchase Agreement, the Pricing Certificate or a combination of the Bond
1630 Purchase Agreement and the Pricing Certificate. A finding or determination made by the
1631 Authorized Officer acting under the authority of this Ordinance with respect to all matters
1632 relating to the issuance and sale of the Bonds shall have the same force and effect as a
1633 finding or determination made by council.

1634 The Bonds shall be sold to the Underwriters in accordance with the terms of this
1635 Ordinance and the Bond Purchase Agreement. In the Bond Purchase Agreement, there shall
1636 be a finding made that the sale of the Bonds to the Underwriters is on terms that are most
1637 advantageous to the City reasonably obtained and, upon the advice of the City's financial
1638 advisor, is in the best interests of the City.

1639 Each Authorized Officer is authorized to come to an agreement with the
1640 Underwriters on the following, among other matters:

- 1641 (1) The details of the purchase and sale of the Bonds, including series designation;
- 1642 (2) The details of the public offering of the Bonds by the Underwriters;
- 1643 (3) The details of an Official Statement (and, if appropriate, any Preliminary
1644 Official Statement) relating to the Bonds and the City's compliance with the Rule;
- 1645 (4) A security deposit for the Bonds;
- 1646 (5) The representations and warranties of the City to the Underwriters;
- 1647 (6) The details of the delivery of, and payment for, the Bonds;
- 1648 (7) The Underwriters' obligations under the Bond Purchase Agreement;
- 1649 (8) The conditions to the obligations of the City and the Underwriters under the
1650 Bond Purchase Agreement;
- 1651 (9) Termination of the Bond Purchase Agreement;
- 1652 (10) Particular covenants of the City;
- 1653 (11) The survival of representations made in the Bond Purchase Agreement;

- 1654 (12) The payment of any expenses relating to the Bond Purchase Agreement;
- 1655 (13) Notices; and
- 1656 (14) Any and all such other details that are found by the Authorized Officer to be
1657 necessary and advisable for the purchase and sale of the Bonds.

1658 The Authorized Officer and other appropriate officers, employees, and agents of the
1659 City shall carry out and comply with the terms and provisions of the Bond Purchase
1660 Agreement. Bonds sold under the Bond Purchase Agreement may not be sold: (1) in an
1661 aggregate principal amount in excess of \$300,000,000; (2) bearing interest in any maturity
1662 in excess of 5.50% per annum; (3) having a final maturity after November 15, 2050; and
1663 (4) unless the Bonds have a credit rating that would cause the Bonds to be “obligations”,
1664 as defined in Chapter 1371. The authority of an Authorized Officer to execute a Bond
1665 Purchase Agreement expires at 5:00 p.m., Friday, February 28, 2020.

1666 The Mayor and City Clerk of the City may manually or electronically execute and
1667 deliver for and on behalf of the City copies of a Preliminary Official Statement and a final
1668 Official Statement, prepared in connection with the offering of the Bonds by the
1669 Underwriters, in the form and content as approved by an Authorized Officer. The
1670 Preliminary Official Statement and final Official Statement approved by an Authorized
1671 Officer or as manually or electronically executed by the City officials shall be deemed to
1672 be approved by council and constitute the Preliminary Official Statement and final Official
1673 Statement authorized for distribution and use by the Underwriters.

1674 Notwithstanding any other provision of this Ordinance to the contrary, an
1675 Authorized Officer may execute and deliver a Pricing Certificate containing any of the
1676 findings, determinations, terms and provisions that are required by this Ordinance to be set
1677 forth in the Bond Purchase Agreement, including but not limited to, any insertions,
1678 omissions, substitutions and other variations to the form of Bond set forth in Exhibit A to
1679 this Ordinance as are permitted or required by this Ordinance. In the event an Authorized
1680 Officer executes a Pricing Certificate as authorized by this Section 10.01, all references in
1681 this Ordinance to the Bond Purchase Agreement shall include the Pricing Certificate, as
1682 appropriate. All terms and provisions of the Bonds set forth in the Bond Purchase
1683 Agreement and the Pricing Certificate shall be deemed to be a part of this Ordinance.

1684 Section 10.02 **APPROVAL, REGISTRATION, AND INITIAL DELIVERY.**
1685 The Authorized Officer shall have control and custody of the Bonds and all necessary
1686 records and proceedings pertaining to the Bonds pending their delivery, and the Authorized
1687 Officer and other officers and employees of the City are instructed to make certifications
1688 and to execute instruments as may be necessary to accomplish the initial delivery of the
1689 Initial Bonds and to assure the investigation, examination, and approval of the Bonds by
1690 the Attorney General of the State of Texas and their registration by the Comptroller of
1691 Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of

1692 Public Accounts of the State of Texas (or a deputy designated in writing to act for him)
1693 shall be requested to sign manually the Comptroller's Registration Certificate set forth in
1694 the FORM OF BONDS and the seal of the Comptroller of Public Accounts of the State of
1695 Texas shall be impressed or printed or lithographed on the Initial Bonds. The Bonds will
1696 be delivered to the Underwriters in accordance with the terms of the Bond Purchase
1697 Agreement.

1698 Section 10.03 **APPLICATION OF PROCEEDS OF THE BONDS.** On the
1699 closing date for the Bonds, proceeds from the sale of the Bonds shall be applied as set forth
1700 in the letter of instructions executed by the City, as follows:

1701 (a) A portion of the proceeds from the sale of the Bonds shall be deposited to the
1702 credit of the Series 2019B Project Account within the Construction Fund and used to pay
1703 costs of financing the improvements to the Airport; and

1704 (b) A portion of the proceeds from the sale of the Bonds shall be deposited to the
1705 credit of the Capitalized Interest Account in an amount determined in accordance with
1706 Section 3.10 of this Ordinance; and

1707 (c) A portion of the proceeds from the sale of the Bonds either shall be
1708 (i) deposited to the credit of the Debt Service Reserve Fund in an amount determined in
1709 accordance with Section 3.11 of this Ordinance, or (ii) used to purchase a Debt Service
1710 Reserve Fund Surety Bond to fund the Debt Service Reserve Fund Requirement; and

1711 (d) The balance of the proceeds of the Bonds shall be applied to pay all costs of
1712 issuance of the Bonds, and, to the extent not so used, shall be deposited into the Debt
1713 Service Fund.

1714 Section 10.04 **USE OF PASSENGER FACILITY CHARGES.** Consistent with
1715 the definitions of Debt Service Requirements and Gross Revenues, the City acknowledges
1716 and agrees that debt service with respect to the Revenue Bonds paid from passenger facility
1717 charges is not included in the calculation of Debt Service Requirements. The City
1718 covenants and agrees, for the benefit of the Owners of the Revenue Bonds, that during each
1719 Fiscal Year the City will set aside from any passenger facility charges imposed by the City
1720 on enplaned passengers the lesser of (i) such passenger facility charges imposed and
1721 collected by the City or (ii) \$4.50 derived from each passenger facility charge so imposed
1722 and collected by the City for the payment of debt service on the Revenue Bonds in the
1723 following Fiscal Year, unless the City receives a report from an Airport Consultant
1724 showing that an alternative use of all or a portion of the passenger facility charges will not
1725 reduce the forecast coverage of Debt Service Requirements with respect to the Revenue
1726 Bonds by forecast Net Revenues during the following Fiscal Year (or such longer forecast
1727 period as may be covered in the Airport Consultant's Report) to less than 125%.

1728 *ARTICLE ELEVEN*

1729 *FEDERAL INCOME TAX COVENANTS*

1730

1731 Section 11.01 **GENERAL TAX COVENANTS.** The City intends that the interest
1732 on the Bonds be excludable from gross income for purposes of federal income taxation
1733 pursuant to Sections 103, 142 and 147 through 150 of the Code, inclusive. The City
1734 covenants and agrees not to take any action, or knowingly omit to take any action within
1735 its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds
1736 to be includable in gross income, as defined in Section 61 of the Code, for federal income
1737 tax purposes, or (ii) result in the violation of or failure to satisfy any provision of Sections
1738 103, 142 and 147 through 150 of the Code, inclusive. In particular, the City covenants and
1739 agrees to comply with each requirement of this Article Eleven; provided, however, that the
1740 City will not be required to comply with any particular requirement of this Article Eleven
1741 if the City has received a Favorable Opinion of Bond Counsel.

1742 Section 11.02 **USE OF PROCEEDS.** The City represents, covenants and agrees
1743 that its use of the Net Proceeds of the Bonds at all times will satisfy the following
1744 requirements:

1745 (a) At least 95 percent of the Net Proceeds of the Bonds will be expended for
1746 Qualified Project Costs.

1747 (b) The AMT Projects will be owned for all federal income tax purposes by the
1748 City. Any leases, management contracts or similar operating or use agreements entered
1749 into with any person with respect to all or any portion of the AMT Projects comply or, in
1750 the case of future agreements, will comply with the requirements of Section
1751 142(b)(1)(B)(i)-(iii) of the Code.

1752 (c) The AMT Projects will not include (i) any lodging facilities, (ii) any retail
1753 facilities (including food and beverage facilities) in excess of the size necessary to serve
1754 passengers and employees at the airport, (iii) any retail facility (other than parking) for
1755 passengers or the general public located outside of an airport terminal, (iv) any office
1756 building for individuals who are not employees of the City, or (v) any industrial park or
1757 manufacturing facility.

1758 (d) The AMT Projects will not include any airplane, skybox or other private
1759 luxury box, health club facility, facility primarily used for gambling, or store the principal
1760 business of which is the sale of alcoholic beverages for consumption off premises.

1761 (e) Less than 25 percent of the Net Proceeds of the Bonds will be used, directly
1762 or indirectly, for the acquisition of land or an interest therein; provided that land acquired
1763 for noise abatement purposes or for future use as an airport is not taken into account, if
1764 there is no significant other use of such land. Notwithstanding the immediately preceding

1765 sentence, no portion of the Net Proceeds of the Bonds will be used, directly or indirectly,
1766 for the acquisition of land or an interest therein to be used for farming purposes.

1767 (f) No portion of the Net Proceeds of the Bonds will be used for the acquisition
1768 of any existing property or an interest therein unless (i) the first use of such property was
1769 pursuant to such acquisition or (ii) the rehabilitation expenditures with respect to any
1770 building and the equipment therefor equal or exceed 15 percent of the cost of acquiring
1771 such building financed with the Net Proceeds of the Bonds (with respect to structures other
1772 than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For
1773 purposes of the preceding sentence, the term “rehabilitation expenditures” has the meaning
1774 set forth in Section 147(d)(3) of the Code.

1775 (g) The costs of issuance (within the meaning of Section 147(g) of the Code)
1776 financed with the Proceeds of the Bonds will not exceed 2 percent of the Proceeds of the
1777 Bonds.

1778 Section 11.03 **LIMITATION ON MATURITY.** The City covenants and agrees
1779 that the average maturity of the Bonds, taking into account the issue price of the various
1780 maturities of the Bonds, will not exceed 120 percent of the reasonably expected economic
1781 life of the AMT Projects, taking into account the respective cost of each component of the
1782 AMT Projects. For purposes of the preceding sentence, the reasonably expected economic
1783 life of each component of the AMT Projects is determined as of the later of (i) the date on
1784 which the Bonds are issued or (ii) the respective dates on which each component of the
1785 AMT Projects is expected to be placed in service. In addition, land is not to be taken into
1786 account in determining the reasonably expected economic life of the AMT Projects. The
1787 City will not make any changes to the facilities that would, at the time made, decrease the
1788 average reasonably expected economic life of the AMT Projects, unless the City receives
1789 a Favorable Opinion of Bond Counsel.

1790 Section 11.04 **LIMITATIONS ON INVESTMENT.** The cumulative, blended
1791 Yield on the investment of the Gross Proceeds of the Bonds will be restricted as required
1792 by Section 148 of the Code.

1793 Section 11.05 **PUBLIC APPROVAL.** The City held a public hearing with respect
1794 to the Bonds, as required under Section 147(f) of the Code, on April 9, 2019. Notice of the
1795 applicable date, hour, place and subject of such public hearing was published no less than
1796 7 days before the date such public hearing was held, in a newspaper of general circulation
1797 for the City. The Mayor executed a certificate with respect to each such hearing of the
1798 kind required by such Section 147(f) of the Code with respect to the Bonds and the AMT
1799 Projects.

1800 Section 11.06 **NO FEDERAL GUARANTEE.** The City covenants and agrees not
1801 to take any action, or knowingly omit to take any action within its control, that, if taken or
1802 omitted, respectively, would cause the Bonds to be “federally guaranteed” within the

1803 meaning of Section 149(b) of the Code, except as permitted by Section 149(b)(3) of the
1804 Code.

1805 Section 11.07 **NO HEDGE BONDS.** The City covenants and agrees that it will not
1806 take any action, and will not knowingly omit to take any action within its control, that, if
1807 taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the
1808 meaning of Section 149(g) of the Code. Moreover, the City will certify, through an
1809 authorized officer, employee or agent, based upon all facts in existence on the date the
1810 Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would
1811 cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

1812 Section 11.08 **NO-ARBITRAGE.** The City will certify, through an authorized
1813 officer, employee or agent, that, based upon all facts and estimates known or reasonably
1814 expected to be in existence on the issue date of the Bonds, the Proceeds of the Bonds will
1815 not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the
1816 meaning of Section 148(a) of the Code. Moreover, the City covenants and agrees that it
1817 will make such use of the Proceeds of the Bonds, including interest or other investment
1818 income derived from such Proceeds, regulate investments of such Proceeds, and take such
1819 other and further action as may be required so that the Bonds will not be “arbitrage bonds”
1820 within the meaning of Section 148(a) of the Code.

1821 Section 11.09 **ARBITRAGE REBATE.** If the City does not qualify for an
1822 exception to the requirements of Section 148(f) of the Code relating to the required rebate
1823 to the United States, the City will take all necessary steps to comply with the requirement
1824 that certain amounts earned by the City on the investment of the Gross Proceeds of the
1825 Bonds be rebated to the federal government. Specifically, the City will (i) maintain records
1826 regarding the investment of the gross proceeds of the Bonds as may be required to calculate
1827 the amount earned on the investment of the gross proceeds of the Bonds separately from
1828 records of amounts on deposit in the funds and accounts of the City allocable to other bond
1829 issues of the City or moneys that do not represent gross proceeds of any bonds of the City,
1830 (ii) calculate at such times as are required by applicable Regulations, the amount earned
1831 from the investment of the gross proceeds of the Bonds that is required to be rebated to the
1832 federal government, and (iii) pay, not less often than every fifth anniversary date of the
1833 delivery of the Bonds or on such other dates as may be permitted under applicable
1834 Regulations, all amounts required to be rebated to the federal government. Further, the
1835 City will not indirectly pay any amount otherwise payable to the federal government
1836 pursuant to the foregoing requirements to any person other than the federal government by
1837 entering into any investment arrangement with respect to the gross proceeds of the Bonds
1838 that might result in a reduction in the amount required to be paid to the federal government
1839 because such arrangement results in a smaller profit or a larger loss than would have
1840 resulted if the arrangement had been at arm’s length and had the yield on the issue not been
1841 relevant to either party.

1842 Section 11.10 **INFORMATION REPORTING.** The City covenants and agrees to
1843 file or cause to be filed with the United States Secretary of the Treasury, not later than the
1844 15th day of the second calendar month after the close of the calendar quarter in which the
1845 Bonds are issued, an information statement concerning the Bonds, all under and in
1846 accordance with Section 149(e) of the Code.

1847 Section 11.11 **REMEDIAL ACTIONS.** The City will not take any action, or
1848 knowingly omit to take any action that causes the Bonds to fail to meet any requirement of
1849 the Code or the Regulations regarding the use of Gross Proceeds after the issue date of the
1850 Bonds unless an appropriate remedial action is permitted by Section 1.142-2 of the
1851 Regulations, the City has taken such remedial action and there has been delivered a
1852 Favorable Opinion of Bond Counsel.

1853 Section 11.12 **RECORD RETENTION.** The City will retain all pertinent and
1854 material records relating to the use and expenditure of the Gross Proceeds of the Bonds
1855 until three years after the Bonds are redeemed or paid at maturity, or such other period as
1856 authorized or required by subsequent guidance issued by the United States Department of
1857 Treasury, if applicable. All records will be kept in a manner that ensures their complete
1858 access throughout the retention period. For this purpose, it is acceptable that such records
1859 are kept either as hardcopy books and records or in an electronic storage and retrieval
1860 system, provided that such electronic system includes reasonable controls and quality
1861 assurance programs that assure the ability of the City to retrieve and reproduce such books
1862 and records in the event of an examination of the Bonds by the Internal Revenue Service.

1863 Section 11.13 **REGISTRATION.** The Bonds will be issued in registered form.

1864 Section 11.14 **CONTINUING OBLIGATION.** Notwithstanding any other
1865 provision of this Ordinance, the obligations of the City under the covenants and provisions
1866 of this Article Eleven will survive the defeasance and discharge of the Bonds for as long
1867 as such matters are relevant to the excludability of interest on the Bonds from gross income
1868 for federal income tax purposes.

1869 ***ARTICLE TWELVE***

1870 ***CONTINUING DISCLOSURE***

1872 Section 12.01 **ANNUAL REPORTS.** The City shall provide annually to the
1873 MSRB, within six months after the end of each Fiscal Year ending in or after 2019,
1874 financial information and operating data with respect to the City of the general type
1875 included in the final Official Statement authorized by Section 10.01 of this Ordinance,
1876 being the information described in Section 12.04. Any financial statements provided shall
1877 be prepared in accordance with the accounting principles described in Section 12.04, or
1878 other accounting principles as the City may be required to employ from time to time
1879 pursuant to state law or regulation, and audited, if the City commissions an audit of the

1880 statements and the audit is completed within twelve months after the end of each Fiscal
1881 Year ending in or after 2019. If audited financial statements of the City are not available
1882 by the end of the 12 month period, the City will provide notice that the audited financial
1883 statements are not available, and will provide unaudited financial statements by the end of
1884 the 12 month period and audited financial statements for the applicable Fiscal Year when
1885 and if the audited financial statements become available.

1886 If the City changes its Fiscal Year, it will notify the MSRB of the change (and of the
1887 date of the new Fiscal Year end) before the next date the City would be required to provide
1888 financial information and operating data pursuant to this Article. The financial information
1889 and operating data to be provided pursuant to this Article may be set forth in full in one or
1890 more documents or may be included by specific reference to any document (including an
1891 official statement or other offering document), if it is available to the public on the MSRB's
1892 internet website or filed with the SEC. Filings shall be made electronically, in the format
1893 and accompanied by identifying information as prescribed by the MSRB.

1894 Section 12.02 **DISCLOSURE EVENT NOTICES.** The City shall provide to the
1895 MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in
1896 excess of ten Business Days after the occurrence of the event, notice of any of the following
1897 events with respect to the Bonds:

- 1898 1. Principal and interest payment delinquencies;
- 1899 2. Non-payment related defaults, if material;
- 1900 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
- 1901 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
- 1902 5. Substitution of credit or liquidity providers, or their failure to perform;
- 1903 6. Adverse tax opinions, the issuance by the Internal Revenue Service of
1904 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-
1905 TEB) or other material notices or determinations with respect to the tax status of the Bonds,
1906 or other material events affecting the tax status of the Bonds;
- 1907 7. Modifications to rights of holders of the Bonds, if material;
- 1908 8. Bond calls, if material, and tender offers;
- 1909 9. Defeasances;
- 1910 10. Release, substitution, or sale of property securing repayment of the Bonds, if
1911 material;
- 1912 11. Rating changes;

- 1913 12. Bankruptcy, insolvency, receivership or similar event of the City;
- 1914 13. The consummation of a merger, consolidation, or acquisition involving the
1915 City or the sale of all or substantially all of the assets of the City, other than in the ordinary
1916 course of business, the entry into a definitive agreement to undertake such an action or the
1917 termination of a definitive agreement relating to any such actions, other than pursuant to
1918 its terms, if material;
- 1919 14. Appointment of a successor Paying Agent/Registrar or change in the name of
1920 the Paying Agent/Registrar, if material;
- 1921 15. Incurrence of a Financial Obligation of the City, if material, or agreement to
1922 covenants, events of default, remedies, priority rights, or other similar terms of a Financial
1923 Obligation of the City, any of which affect security holders, if material; and
- 1924 16. Default, event of acceleration, termination event, modification of terms, or
1925 other similar events under the terms of a Financial Obligation of the City, any of which
1926 reflect financial difficulties.

1927 For these purposes, (A) any event described in the immediately preceding clause 12
1928 in this Section is considered to occur when any of the following occur: the appointment of
1929 a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S.
1930 Bankruptcy Code or in any other proceeding under state or federal law in which a court or
1931 governmental authority has assumed jurisdiction over substantially all of the assets or
1932 business of the City, or if jurisdiction has been assumed by leaving council and officials or
1933 officers of the City in possession but subject to the supervision and orders of a court or
1934 governmental authority, or the entry of an order confirming a plan of reorganization,
1935 arrangement or liquidation by a court or governmental authority having supervision or
1936 jurisdiction over substantially all of the assets or business of the City, and (B) the City
1937 intends the words used in the immediately preceding clauses 15 and 16 in this Section and
1938 in the definition of Financial Obligation in Section 2.01 to have the meanings ascribed to
1939 them in SEC Release No. 34-83885 dated August 20, 2018.

1940 The City shall provide to the MSRB, in an electronic format as prescribed by the
1941 MSRB, notice in a timely manner, of any failure by the City to provide financial
1942 information or operating data in accordance with Section 12.01 of this Ordinance by the
1943 time required by Section 12.01 of this Ordinance. All documents provided to the MSRB
1944 pursuant to this Section shall be accompanied by identifying information as prescribed by
1945 the MSRB.

1946 Section 12.03 **LIMITATIONS, DISCLAIMERS, AND AMENDMENTS.** The
1947 City shall be obligated to observe and perform the covenants specified in this Article for
1948 so long as, but only for so long as, the City remains an “obligated person” with respect to
1949 the Bonds within the meaning of the Rule, except that the City in any event will give the

1950 notice required by Section 12.02 of any Bond calls and any defeasance that cause the City
1951 to be no longer an “obligated person.”

1952 The provisions of this Article are for the sole benefit of the Owners and beneficial
1953 owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit
1954 or any legal or equitable right, remedy, or claim hereunder to any other person. The City
1955 undertakes to provide only the financial information, operating data, financial statements,
1956 and notices which it has expressly agreed to provide pursuant to this Article and does not
1957 undertake to provide any other information that may be relevant or material to a complete
1958 presentation of the City’s financial results, condition, or prospects or to update any
1959 information provided in accordance with this Article or otherwise, except as expressly
1960 provided in this Ordinance. The City does not make any representation or warranty
1961 concerning such information or its usefulness to a decision to invest in or sell Bonds at any
1962 future date.

1963 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE
1964 OWNER OR BENEFICIAL OWNER OF ANY BONDS OR ANY OTHER PERSON, IN
1965 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART
1966 FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT
1967 FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT
1968 EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR
1969 OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR
1970 MANDAMUS OR SPECIFIC PERFORMANCE.

1971 No default by the City in observing or performing its obligations under this Article
1972 shall comprise a breach of or default under this Ordinance for purposes of any other
1973 provision of this Ordinance.

1974 Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit
1975 the duties of the City under federal and state securities laws.

1976 Should the Rule be amended to obligate the City to make filings with or provide
1977 notices to entities other than the MSRB, the City agrees to undertake the obligation in
1978 accordance with the Rule, as amended.

1979 The provisions of this Article may be amended by the City from time to time to adapt
1980 to changed circumstances that arise from a change in legal requirements, a change in law,
1981 or a change in the identity, nature, status, or type of operations of the City, but only if (1)
1982 the provisions of this Article, as so amended, would have permitted an underwriter to
1983 purchase or sell the Bonds in the primary offering of the Bonds in compliance with the
1984 Rule, taking into account any amendments or interpretations of the Rule to the date of such
1985 amendment, as well as such changed circumstances, and (2) either (a) the Owners of a
1986 majority in aggregate principal amount (or any greater amount required by any other
1987 provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds

1988 consent to such amendment or (b) a Person that is unaffiliated with the City (such as
1989 nationally recognized bond counsel) determines that such amendment will not materially
1990 impair the interests of the Owners and beneficial owners of the Bonds. If the City amends
1991 the provisions of this Article, it shall include with any amended financial information or
1992 operating data next provided in accordance with Section 12.01 an explanation, in narrative
1993 form, of the reason for the amendment and of the impact of any change in the type of
1994 financial information or operating data so provided. The City may also amend or repeal
1995 the provisions of this Article if the SEC amends or repeals the applicable provision of the
1996 Rule or a court of final jurisdiction enters judgment that the provisions of the Rule are
1997 invalid, but only and to the extent that the provisions of this sentence would not prevent an
1998 underwriter from lawfully purchasing or selling Bonds in the primary offering of the
1999 Bonds.

2000 Notwithstanding any other provision of this Section 12.03 to the contrary, in the
2001 event the Authorized Officer, in consultation with Bond Counsel and the City’s financial
2002 advisor, determines that it is necessary or desirable to amend the provisions of this Article
2003 XII, prior to the date of initial delivery of the Bonds to the Underwriters, in order to
2004 facilitate compliance with amendments to the Rule and related guidance from the SEC, the
2005 Authorized Officer may make such changes pursuant to the Pricing Certificate.

2006 Section 12.04 **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.**

2007 (a) Annual Financial Information and Operating Data. The financial information and
2008 operating data with respect to the City to be provided annually pursuant to Section 12.01
2009 of this Ordinance are (i) the portions of the financial statements of the City appended to the
2010 final Official Statement authorized by Section 10.01 of this Ordinance as Appendix B, but
2011 for the most recently concluded Fiscal Year, and (ii) all quantitative financial information
2012 and operating data with respect to the City of the general type included in the main text of
2013 the final Official Statement authorized by Section 10.01 of this Ordinance within the
2014 numbered Tables 1 through 9 only. As used in this Article, the term “unaudited financial
2015 statements” means the financial statements and tables that are referenced in the section
2016 entitled “CONTINUING DISCLOSURE OF INFORMATION – Annual Reports” in the
2017 final Official Statement authorized by Section 10.01 of this Ordinance.

2018 (b) Accounting Principles. The accounting principles referred to in Section 12.01
2019 are the accounting principles described in the notes to the financial statements referred to
2020 clause (a)(i) above, as the principles may be changed from time to time to comply with
2021 State law or regulation.

2022 ***ARTICLE THIRTEEN***

2023 ***MISCELLANEOUS***

2025 Section 13.01 **FURTHER PROCEDURES.** The Mayor, the City Manager, the
2026 Aviation Director, the Chief Financial Officer, the City Treasurer and the City Clerk, and

2027 other appropriate officials of the City, are authorized and directed to do any and all things
2028 necessary and/or convenient to carry out the terms of this Ordinance, including but not
2029 limited to, applying amounts held in the funds and accounts established pursuant to the
2030 terms of this Ordinance and the other Revenue Bond Ordinances, and any other lawfully
2031 available funds of the City or Airport System, to carry out the terms of this Ordinance.
2032 Council authorizes the City Clerk to designate a person or persons to carry out her duties
2033 under this Ordinance should the City Clerk be absent and unable to fulfill all or part of her
2034 duties under this Ordinance.

2035 Section 13.02 **COMPLIANCE WITH SECTION 2252.908, GOVERNMENT**
2036 **CODE.** The Chief Financial Officer shall confirm that, to the extent required by Section
2037 2252.908, Texas Government Code, each contracting party in connection with the issuance
2038 of Bonds has made disclosure filings to the Texas Ethics Commission in accordance with
2039 Section 2252.908, Texas Government Code. Within 30 days of receipt of the disclosure
2040 filings from the contracting party, the City will submit a copy of the disclosure filings with
2041 the Texas Ethics Commission.

2042 Section 13.03 **SEVERABILITY.** If any article, section, paragraph, clause or
2043 provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the
2044 invalidity or unenforceability of the article, section, paragraph, clause or provision shall
2045 not affect any of the remaining provisions of this Ordinance.

2046 Section 13.04 **EFFECTIVE IMMEDIATELY.** Notwithstanding the provisions of
2047 the City Charter, this Ordinance is effective immediately upon its adoption at this meeting
2048 pursuant to Section 1201.028, Texas Government Code.

2049 Section 13.05 **REPEALER.** All orders, resolutions and ordinances, or parts
2050 inconsistent with this Ordinance are repealed to the extent of such inconsistency.

2051
2052
2053
2054
2055
2056
2057
2058
2059
2060
2061
2062
2063
2064
2065
2066
2067
2068
2069

PASSED AND APPROVED this ____ day of _____, 2019.

Steve Adler, Mayor

ATTEST:

Jannette S. Goodall, City Clerk

(SEAL)

APPROVED:

Anne L. Morgan, City Attorney

DRAFT

Payment Transfer Office”), of U.S. Bank 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 _____, 2019 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. To the extent of any conflict between the terms and provisions of the Ordinance and this Bond, the terms and provisions of the Ordinance shall govern and control.

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. 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" 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, ___ 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, ___ 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 ___ and ___ 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:

Sinking Fund Installments

<u>Date</u>	<u>Principal Amount (\$)</u>
11/15/____	
11/15/____	
11/15/____	
11/15/____*	
11/15/____	
11/15/____	
11/15/____	
11/15/____	
11/15/____*	

*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 City, 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 City 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 Ordinance 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 45 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

Steve Adler, Mayor

[SEAL]

DRAFT

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.

U.S. Bank 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 § REGISTER NO.____
THE STATE OF TEXAS §

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.

Insertions for Initial Bond

The Initial Bond shall be in the form set forth in this Exhibit A, except that:

A. Immediately under the name of the Bond, the headings “MATURITY DATE” and “INTEREST RATE” shall both be completed with the words “As shown below”, and the heading “CUSIP” shall be deleted. The first paragraph of the Bond shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in the Bond Purchase Agreement or the Pricing Certificate):

“THE CITY OF AUSTIN, TEXAS (the “City”), in Travis, Williamson and Hays Counties, Texas, or value received, hereby promises to pay to _____, or registered assigns, on _____ in each of the years in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
-------------------------	----------------------	----------------------

(Information from Bond Purchase Agreement or Pricing Certificate to be inserted)

The City promises to pay interest on the unpaid principal amount hereof from the Delivery Date specified above to the Maturity Date specified above, or the date of its redemption prior to scheduled maturity, at the per annum Interest Rate specified above, with said interest being payable on _____ 15, 20__, and semiannually on each May 15 and November 15 thereafter; except that if the date of authentication of this Bond is later than _____ 15, 20__, such interest is payable semiannually on each May 15 and November 15 following such date. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.”

B. The Initial Bond shall be numbered “T-1”.

EXHIBIT B
TABLE OF CONTENTS

ARTICLE ONE
FINDINGS

Section 1.01 BOND AUTHORIZATION.....1

ARTICLE TWO
DEFINITIONS

Section 2.01 DEFINITIONS2
Section 2.02 INTERPRETATIONS.....16

ARTICLE THREE
TERMS OF THE BONDS

Section 3.01 AUTHORIZATION17
Section 3.02 INTEREST AND MATURITIES17
Section 3.03 REDEMPTION PRIOR TO MATURITY.....17
Section 3.04 MANNER OF EXECUTION AND AUTHENTICATION17
Section 3.05 OWNERSHIP.....18
Section 3.06 TRANSFER AND EXCHANGE.....18
Section 3.07 CANCELLATION19
Section 3.08 REPLACEMENT BONDS19
Section 3.09 BOOK-ENTRY SYSTEM.....20
Section 3.10 FUNDING OF CAPITALIZED INTEREST ACCOUNT22
Section 3.11 FUNDING OF DEBT SERVICE RESERVE FUND.....22

ARTICLE FOUR
FORM OF BONDS

Section 4.01 FORM GENERALLY22
Section 4.02 CUSIP REGISTRATION22
Section 4.03 LEGAL OPINION23

ARTICLE FIVE
SECURITY AND SOURCE OF PAYMENT

Section 5.01 PLEDGE AND SOURCE OF PAYMENT23
Section 5.02 ANNUAL BUDGET.....24

Section 5.03	RATE COVENANT	24
Section 5.04	SPECIAL FUNDS	24
Section 5.05	FLOW OF FUNDS	25
Section 5.06	DEBT SERVICE FUND.....	26
Section 5.07	DEBT SERVICE RESERVE FUND.....	27
Section 5.08	FUNDS AND ACCOUNTS FOR SUBORDINATE OBLIGATIONS	28
Section 5.09	ADMINISTRATIVE EXPENSE FUND	28
Section 5.10	GENERAL OBLIGATION AIRPORT BONDS.....	28
Section 5.11	OPERATION AND MAINTENANCE RESERVE FUND	28
Section 5.12	RENEWAL AND REPLACEMENT FUND	29
Section 5.13	CAPITAL FUND	30
Section 5.14	DEFICIENCIES IN FUNDS OR ACCOUNTS	30
Section 5.15	CONSTRUCTION FUND.....	30
Section 5.16	MUELLER AIRPORT DISPOSITION FUND	31
Section 5.17	INVESTMENT; TRANSFER OF INVESTMENT INCOME.....	31
Section 5.18	SECURITY FOR UNINVESTED FUNDS.....	32

**ARTICLE SIX
ADDITIONAL BONDS**

Section 6.01	ADDITIONAL REVENUE BONDS.....	33
Section 6.02	COMPLETION BONDS	34
Section 6.03	SUBORDINATE OBLIGATIONS.....	35
Section 6.04	SPECIAL FACILITIES BONDS.....	35
Section 6.05	CREDIT AGREEMENTS	36

**ARTICLE SEVEN
COVENANTS AND PROVISIONS RELATING TO ALL REVENUE
BONDS**

Section 7.01	PUNCTUAL PAYMENT OF BONDS	36
Section 7.02	MAINTENANCE OF AIRPORT SYSTEM	36
Section 7.03	LIMITATION ON CITY CHARGES FOR OPERATION AND MAINTENANCE EXPENSES	36
Section 7.04	SALE OR ENCUMBRANCE OF AIRPORT SYSTEM	36
Section 7.05	INSURANCE.....	38
Section 7.06	ACCOUNTS, RECORDS, AND AUDITS	38
Section 7.07	PLEDGE AND ENCUMBRANCE OF REVENUES.....	38
Section 7.08	BONDHOLDERS REMEDIES	38
Section 7.09	DISCHARGE BY DEPOSIT.....	39

Section 7.10	LEGAL HOLIDAYS	40
--------------	----------------------	----

**ARTICLE EIGHT
CONCERNING THE PAYING AGENT/REGISTRAR**

Section 8.01	APPOINTMENT OF INITIAL PAYING AGENT/REGISTRAR.....	40
Section 8.02	QUALIFICATIONS	40
Section 8.03	MAINTAINING PAYING AGENT/REGISTRAR	40
Section 8.04	TERMINATION	40
Section 8.05	NOTICE OF CHANGE TO OWNERS	40
Section 8.06	AGREEMENT TO PERFORM DUTIES AND FUNCTIONS	40
Section 8.07	DELIVERY OF RECORDS TO SUCCESSOR.....	41
Section 8.08	TRUST FUNDS	41
Section 8.09	BONDS PRESENTED.....	41
Section 8.10	UNCLAIMED FUNDS HELD BY THE PAYING AGENT/REGISTRAR.....	41

**ARTICLE NINE
ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE**

Section 9.01	ALTERATION OF RIGHTS AND DUTIES	41
Section 9.02	AMENDMENT OF ORDINANCE WITHOUT CONSENT.....	41
Section 9.03	AMENDMENTS OF ORDINANCE REQUIRING CONSENT	42
Section 9.04	CONSENT OF OWNERS	43
Section 9.05	REVOCAION OF CONSENT	43
Section 9.06	CONSENT TO CERTAIN AMENDMENTS GIVEN THROUGH OWNERSHIP OF BONDS	44

**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	44
Section 10.02	APPROVAL, REGISTRATION, AND INITIAL DELIVERY	46
Section 10.03	APPLICATION OF PROCEEDS OF THE BONDS	47
Section 10.04	USE OF PASSENGER FACILITY CHARGES	47

ARTICLE ELEVEN
FEDERAL INCOME TAX COVENANTS

Section 11.01	GENERAL TAX COVENANTS.....	48
Section 11.02	USE OF PROCEEDS.....	48
Section 11.03	LIMITATION ON MATURITY	49
Section 11.04	LIMITATIONS ON INVESTMENT.....	49
Section 11.05	PUBLIC APPROVAL	49
Section 11.06	NO FEDERAL GUARANTEE	49
Section 11.07	NO HEDGE BONDS	50
Section 11.08	NO-ARBITRAGE.....	50
Section 11.09	ARBITRAGE REBATE	50
Section 11.10	INFORMATION REPORTING	51
Section 11.11	REMEDIAL ACTIONS.....	51
Section 11.12	RECORD RETENTION	51
Section 11.13	REGISTRATION.....	51
Section 11.14	CONTINUING OBLIGATION.....	51

ARTICLE TWELVE
CONTINUING DISCLOSURE

Section 12.01	ANNUAL REPORTS	51
Section 12.02	DISCLOSURE EVENT NOTICES	52
Section 12.03	LIMITATIONS, DISCLAIMERS, AND AMENDMENTS	53
Section 12.04	DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.....	55

ARTICLE THIRTEEN
MISCELLANEOUS

Section 13.01	FURTHER PROCEDURES.....	55
Section 13.02	COMPLIANCE WITH SECTION 2252.908, GOVERNMENT CODE.....	56
Section 13.03	SEVERABILITY	56
Section 13.04	EFFECTIVE IMMEDIATELY	56
Section 13.05	REPEALER.....	56