

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7

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

FINDINGS

(a) The City has previously issued, and there are currently outstanding, the Series 2013 Bonds, pursuant to the Series 2013 Bond Ordinance, the Series 2014 Bonds, pursuant to the Series 2014 Bond Ordinance, the Series 2017A Bonds, pursuant to the Series 2017A Bond Ordinance, the Series 2017B Bonds, pursuant to the Series 2017B Bond Ordinance, the Series 2019 Bonds, pursuant to the Series 2019 Bond Ordinance, the Series 2019A Bonds, pursuant to the Series 2019A Bond Ordinance and the Series 2019B Bonds, pursuant to the Series 2019B Bond Ordinance, issued as Revenue Bonds in compliance with the terms of each Series' respective ordinance.

(b) The Currently Outstanding Revenue Bonds, and all bonds issued on parity with the Currently Outstanding Revenue Bonds are, and will be, secured by a first lien on and pledge of the Net Revenues.

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

(d) There are no Variable Rate Bonds currently Outstanding, and there are no Credit Agreements or Credit Agreement Obligations currently in effect or Outstanding, as applicable, with respect to the Currently Outstanding Revenue Bonds.

(e) The issuance and delivery of the bonds authorized by this Ordinance is in the public interest and the use of the proceeds in the manner specified in this Ordinance constitutes a valid public purpose.

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

(g) This Ordinance is substantially in the form of the Revenue Bond Ordinances, with changes to reflect the terms and conditions of sale of the bonds authorized by this Ordinance.

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

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

ARTICLE TWO

DEFINITIONS

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

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

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

“Administrative Expenses” means the fees, expenses, and indemnification liabilities payable to the Persons to whom fees and expenses are due and owing in connection with the Revenue Bonds, and Credit Agreement Obligations incurred in connection with a related series of Revenue Bonds, including but not limited to the fees and expenses of the Paying Agent/Registrars, the Credit Providers, the rebate analysts, the remarketing agents and the tender agents, and of which the City is given actual notice at least 30 days prior to the date payment of these amounts is due.

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

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

78 “Airport System” means all or any interest in airport, heliport and aviation facilities,
79 now or from time to time owned, operated or controlled in whole or in part by the City,
80 including the Airport, together with all properties, facilities, and services of the Airport,
81 and all additions, extensions, replacements and improvements to the Airport, and all
82 services currently provided, or to be provided, by the City in connection with the Airport,
83 but expressly excluding (i) any heliport or heliports operated by City departments other
84 than the Aviation Department, (ii) the Austin consolidated rental car facility, initially
85 financed by the issuance of City of Austin, Texas Rental Car Special Facility Revenue
86 Bonds, Taxable Series 2013 and refinanced by the issuance of City of Austin, Texas Rental
87 Car Special Facility Revenue Refunding Bonds, Taxable Series 2021, as Special Facilities,
88 and (iii) the Mueller Airport Property.

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

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

92 “Authorized Officer” means the City Manager of the City, the Chief Financial
93 Officer of the City, the City Treasurer, or any Deputy or Assistant City Manager authorized
94 by the City Manager to sign documents on his or her behalf.

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

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

100 “Bonds” means the City of Austin, Texas, Airport System Revenue Bonds, Series
101 2022 (AMT), authorized by this Ordinance.

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

106 “Capital Fund” means the fund designated in Section 5.04(f) of this Ordinance.

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

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

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

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

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

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

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

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

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

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

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

132 “Currently Outstanding Revenue Bonds” means the Series 2013 Bonds, the Series
133 2014 Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2019 Bonds, the
134 Series 2019A Bonds and the Series 2019B Bonds.

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

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

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

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

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

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

170 “Debt Service Reserve Fund” means the fund designated and established in Section
171 5.04(c) of this Ordinance with respect to the Revenue Bonds.

172 “Debt Service Reserve Fund Requirement” means the amount required to be
173 maintained in the Debt Service Reserve Fund. This amount shall be computed and
174 recomputed annually as a part of the City’s budget process and upon the issuance of each
175 series of Revenue Bonds to be the arithmetic average of the Debt Service Requirements
176 scheduled to occur in the then current and each future Fiscal Year for all Revenue Bonds
177 then Outstanding including the series of Revenue Bonds then being issued. In no event,
178 however, will the amount deposited in the Debt Service Reserve Fund that is allocable to
179 the Revenue Bonds or Additional Revenue Bonds, in accordance with section 1.148-6 of

the regulations promulgated under the Code, exceed the least of: (a) 10% of the stated principal amount of each issue of which the Revenue Bonds or Additional Revenue Bonds are a part; (b) the maximum annual principal and interest requirements of the issue; or (c) 125% of the average annual principal and interest requirements of the issue, unless there is received an opinion of nationally recognized bond counsel to the effect that the additional amount will not cause the Revenue Bonds and any Additional Revenue Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code and the related regulations promulgated from time to time.

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

“Defeasance Obligations” means: (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States; (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their purchase, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date council adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (iv) any other then authorized securities or obligations under applicable Texas law in existence on the date the City adopts or approves any proceedings authorizing the issuance of Refunding Revenue Bonds that may be used to defease obligations such as the Bonds. The foregoing notwithstanding, the Authorized Officer may determine in the Pricing Certificate to modify the foregoing definition of “Defeasance Obligations” by eliminating any securities or obligations set forth in the preceding sentence upon determining that it is in the best interest of the City to do so.

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

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

“DTC Participant” means the securities brokers, dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to

hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

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

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

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

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

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

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

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

- (a) proceeds of any Revenue Bonds and Subordinate Obligations;

(b) interest or other investment income derived from proceeds of Revenue Bonds and Subordinate Obligations deposited to the credit of a construction fund, and all other interest or investment income not required to be transferred or credited to the Revenue Fund;

(c) any monies received as grants, appropriations, or gifts, the use of which is limited by the grantor or donor to the construction or acquisition of Airport System facilities, except to the extent any such monies shall be received as payments for the use of the Airport System facilities;

(d) any revenues derived from any Special Facilities (e.g., customer facility charges) which are pledged to the payment of Special Facilities Bonds;

(e) insurance proceeds other than loss of use or business interruption insurance proceeds;

(f) the proceeds of the passenger facility charge (PFC) currently imposed by the City and any other per-passenger charge as may be lawfully authorized;

(g) sales and other taxes collected by the Airport System on behalf of the State of Texas and any other taxing entities;

(h) Federal Payments received by the Airport System unless the City first receives an opinion from nationally recognized bond counsel to the effect that the payments, if included in Gross Revenues, would not cause the interest on the Bonds to be includable within the gross income of the Owners of the Bonds for federal income tax purposes;

(i) the proceeds received by the City from the sale or other disposition of Airport System property, except amounts representing interest or finance charges in a deferred sale or other similar method of conveyance where a portion of the sale price is payable on a deferred basis, in which case any interest or finance charges shall be considered Gross Revenues; and

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

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

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

“Interest Payment Date” means each May 15 and November 15, commencing on the date set forth in the Pricing Certificate, until maturity or prior redemption of the Bonds.

288 “Investment Proceeds” has the meaning set forth in section 1.148-1(b) of the
289 Regulations and, generally, consist of any amounts actually or constructively received from
290 investing Proceeds.

291 “Issuance Costs” or “Costs of Issuance” means costs to the extent incurred in
292 connection with, and allocable to, the issuance of an issuance of obligations within the
293 meaning of section 147(g) of the Code. For example, Issuance Costs include the following
294 costs, but only to the extent incurred in connection with, and allocable to, the borrowing:
295 underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to
296 evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar,
297 certification and authentication fees; accounting fees; printing costs for bonds and offering
298 documents; public approval process costs; engineering and feasibility study costs;
299 guarantee fees, other than qualified guarantees; and similar costs.

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

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

308 “MSRB” means the Municipal Securities Rulemaking Board.

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

312 “Net Proceeds” has the meaning set forth in section 150(a)(3) of the Code and,
313 generally, means Sale Proceeds less any Sale Proceeds invested in a Reasonably Required
314 Reserve or Replacement Fund and as part of a minor portion under section 148(e) of the
315 Code and Investment Proceeds, less accrued interest.

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

318 “Operation and Maintenance Expenses” means all reasonable and necessary current
319 expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport
320 System, including, without limitation, those reasonably allocated City overhead expenses
321 relating to the administration, operation and maintenance of the Airport System; insurance
322 and fidelity bond premiums; payments to pension and other funds and to any self-insurance
323 fund; any general and excise taxes or other governmental charges imposed by entities other
324 than the City; any required rebate of any portion of interest income to the federal

government which is payable from Gross Revenues or the Revenue Fund; costs of contractual and professional services, labor, materials and supplies for current operations, including the costs of direct City services rendered to the Airport System as are requested from the City by the Airport System and as are reasonably necessary for the operation of the Airport System; costs of issuance of Revenue Bonds and Subordinate Obligations for the Airport System (except to the extent paid from the proceeds); fiduciary costs; costs of collecting and refunding Gross Revenues; utility costs; any lawful refunds of any Gross Revenues; and all other administrative, general and commercial expenses, but excluding:

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

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

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

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

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

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

377 “Paying Agent/Registrar” initially means, for the Bonds, the entity named in Section
378 8.01 and its successors in that capacity.

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

382 “Placed in Service” has the meaning set forth in section 1.150-2(c) of the
383 Regulations and means, with respect to a facility, the date on which, based on all the facts
384 and circumstances, (a) the facility reaches a degree of completion that will permit its
385 operation at substantially its design level, and (b) the facility is, in fact, in operation at such
386 level.

387 “Preliminary Expenditures” are described in section 1.150-2(f)(2) of the Regulations
388 and include architectural, engineering, surveying, soil testing, reimbursement bond
389 issuance and similar costs that are incurred prior to commencement of acquisition,
390 construction or rehabilitation of a project, but do not include land acquisition, site
391 preparation and similar costs incident to the commencement of construction or
392 rehabilitation.

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

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

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

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

404 (a) The costs are of a type that is properly chargeable to capital account (or
405 would be so chargeable with a proper election or with the application of the
406 definition of placed in service under section 1.150-2(c) of the Regulations) under
407 general Federal income tax principles;

408 (b) (i) The costs were paid no earlier than 60 days prior to the date the City
409 adopted an official intent to reimburse in accordance with section 1.150-2(d) of the
410 Regulations and (ii) the reimbursement allocation is made no later than 18 months
411 after the later of (A) the date the expenditure was paid and (B) the date the applicable
412 AMT Project is Placed in Service or abandoned, but in no event more than three
413 years after the original expenditure is paid; provided that such limitations do not
414 apply to any amount not in excess of \$100,000 or to Preliminary Expenditures that
415 do not exceed 20 percent of the Sale Proceeds of the Bonds;

416 (c) The costs are not Issuance Costs; and

417 (d) The costs are incurred to provide “airport facilities,” which may include
418 both an “airport” (within the meaning of section 142 of the Code) and property that
419 is functionally related and subordinate thereto (within the meaning of section 1.103-
420 8(a)(3) and 1.103-8(e)(2)(ii) of the Regulations). For purposes of this definition, a
421 storage or training facility is an “airport facility” only if such facility is directly
422 related to and is physically located on or adjacent to the airport. In addition, an
423 “office” is considered an “airport facility” only if such office is located on the
424 premises of an airport and all but a de minimis amount of the functions to be
425 performed at such office are directly related to the day-to-day operations at such
426 airport.

427 “Qualified Put” means any agreement, however denominated, provided by a
428 qualifying financial institution (as described in the next sentence) which contractually
429 commits to purchase, upon no more than seven days’ notice, for not less than a stated price
430 any class or amount of investment securities or other authorized investments of the City at
431 any time that such investment securities or investments must be liquidated in order to make

cash transfers from the fund or account that holds such investments. A Qualified Put may be entered into only with a qualifying financial institution which is (a) a domestic bank the long-term debt of which is rated at least “AA” by Standard & Poor’s and “Aa” by Moody’s, or (b) a foreign bank the long-term debt of which is rated “AAA” by Standard & Poor’s and at least “Aa” by Moody’s , or at least “AA” by Standard & Poor’s and “Aaa” by Moody’s , or (c) a financial institution the long-term debt of which is rated at least “A” by both Standard & Poor’s and Moody’s and agrees to collateralize its obligations under such agreement by lodging with a third party trustee, escrow agent, custodian or other financial third party direct obligations of the United States of America or its agencies with a market value equal to 102% of the difference between the face amount of its purchase obligation under the agreement and the market value of the investment securities to which the agreement relates (based upon periodic market valuations at least monthly). A Qualified Put may be integrated into any investment authorized under Texas law, such as a repurchase agreement.

“Reasonably Required Reserve or Replacement Fund” means any fund described in section 148(d) of the Code.

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

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

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

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

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

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

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

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

“Representative of the Underwriters” means Morgan Stanley & Co. LLC, designated by the Underwriters in the Bond Purchase Agreement to act as their representative.

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

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

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

“Rule” means SEC Rule 15c2-12.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

520 “Series 2019A Bond Ordinance” means the ordinance of the city adopted by council
521 on June 19, 2019, authorizing the issuance of the Series 2019A Bonds, and all amendments
522 to the ordinance adopted by council after June 19, 2019.

523 “Series 2019A Bonds” means the City of Austin, Texas, Airport System Revenue
524 Bonds, Series 2019A.

525 “Series 2019B Bond Ordinance” means the ordinance of the city adopted by council
526 on June 19, 2019, authorizing the issuance of the Series 2019B Bonds, and all amendments
527 to the ordinance adopted by council after June 19, 2019.

528 “Series 2019B Bonds” means the City of Austin, Texas, Airport System Revenue
529 Bonds, Series 2019B (AMT).

530 “Series 2022 Project Account” means the account designated in Section 5.15(c) of
531 this Ordinance.

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

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

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

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

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

559 “Swap Agreement” means a Credit Agreement with respect to a series of Revenue
560 Bonds pursuant to which the City has entered into an interest rate exchange agreement or
561 other interest rate hedge agreement for the purpose of converting in whole or in part the
562 City’s fixed or variable interest rate liability on all or a portion of the Revenue Bonds to a
563 fixed or variable rate liability (including converting a variable rate liability to a different
564 variable rate liability). For the purpose of this definition, a counterparty is not qualified
565 unless it holds, on the date of execution of a Swap Agreement, a current rating by at least
566 two of the following three rating agencies: Moody’s, and by Standard & Poor’s, and by
567 Fitch Ratings, or their respective successors, at least equal to the rating of each such rating
568 agency assigned to the Revenue Bonds without reference to any Credit Agreement.

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

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

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

“Variable Rate Bonds” means Revenue Bonds which bear a Variable Rate.

“Yield” on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the issue price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

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

605 ***ARTICLE THREE***

606 ***TERMS OF THE BONDS***

607
608 Section 3.01 **AUTHORIZATION.** The Bonds shall be known and designated as
609 CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE BONDS, SERIES 2022
610 (AMT). The Bonds are authorized to be issued and delivered pursuant to the authority of
611 Chapter 22 and Chapter 1371 and all other applicable law. The Bonds shall be issued in
612 an aggregate principal amount not to exceed \$470,000,000 for the purpose of (i) planning,
613 acquiring, establishing, constructing, improving or equipping the Airport, including the
614 acquisition of land or an interest in land, in accordance with Chapter 22 and Chapter 1371,
615 (ii) depositing funds to the credit of the Capitalized Interest Account and satisfying the
616 Debt Service Reserve Fund Requirement in the manner provided in this Ordinance and the
617 Pricing Certificate, and (iii) paying the costs of issuance of the Bonds.

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

630 Section 3.03 **REDEMPTION PRIOR TO MATURITY.** The Bonds are subject
631 to redemption prior to maturity in the manner provided in the Pricing Certificate. The
632 terms of redemption shall be set forth in, and subject to the conditions reserved in, the
633 FORM OF BONDS. Notice of redemption of Bonds subject to redemption shall be given
634 in the manner provided in the FORM OF BONDS.

635 Section 3.04 **MANNER OF EXECUTION AND AUTHENTICATION.** The
636 Paying Agent/Registrar is appointed as the paying agent for the Bonds. The Bonds shall be
637 payable, shall have the characteristics, shall be executed and sealed, and shall be
638 authenticated, all as provided and in the manner indicated in the FORM OF BONDS. If
639 any officer of the City whose manual or facsimile signature shall appear on the Bonds, as
640 provided in the FORM OF BONDS, shall cease to be the officer before the authentication
641 of the Bonds or before the delivery of the Bonds, the signature shall nevertheless be valid
642 and sufficient for all purposes as if the officer had remained in office.

643 Section 3.05 **OWNERSHIP.** The City, the Paying Agent/Registrar and any other
644 Person may treat the Person in whose name any Bond is registered as the absolute owner
645 of the Bond for the purpose of making and receiving payment of the principal of and
646 premium, if any, and the interest on, the Bond and for all other purposes, whether the Bond
647 is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any
648 notice or knowledge to the contrary. All payments made to the Person deemed to be the
649 Owner of any Bond in accordance with this section shall be valid and effectual and shall
650 discharge the liability of the City and the Paying Agent/Registrar upon the Bond to the
651 extent of the sums paid.

652 Section 3.06 **TRANSFER AND EXCHANGE.** On the date of initial delivery and
653 payment for the Bonds, one or more Initial Bonds, representing the entire principal amount
654 of all Bonds, payable to the Underwriters, executed by the Mayor and City Clerk of the
655 City, approved by the Attorney General of the State of Texas, and registered and manually
656 signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to
657 the Representative of the Underwriters. Upon payment for the Initial Bonds, the Paying
658 Agent/Registrar shall cancel the Initial Bonds and deliver to DTC on behalf of the
659 Underwriters one or more definitive Bonds for each year of maturity of the Bonds in the
660 aggregate principal amount of the Bonds, registered in the name of Cede & Co., as nominee
661 of DTC.

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

666 Each Bond shall be transferable only upon its presentation and surrender at the
667 Designated Payment Transfer Office of the Paying Agent/Registrar, duly endorsed for
668 transfer, or accompanied by an assignment duly executed by the Registered Owner or the
669 authorized representative of the Registered Owner in form satisfactory to the Paying
670 Agent/Registrar. Upon due presentation of any Bond for transfer, the Paying
671 Agent/Registrar shall authenticate and deliver, within 72 hours after such presentation, a
672 new Bond or Bonds in exchange for the Bond presented for transfer, at the Designated
673 Payment/Transfer Office or sent by United States mail, first class postage prepaid,
674 registered in the name of the transferee or transferees, in Authorized Denominations and
675 of the same maturity and aggregate principal amount and bearing interest at the same rate
676 as the presented Bond or Bonds.

677 A Bond shall be exchangeable upon its presentation and surrender at the Designated
678 Payment Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same
679 maturity and interest rate and in any Authorized Denomination, in an aggregate principal
680 amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange.
681 The Paying Agent/Registrar shall be and is authorized to authenticate and deliver exchange
682 Bonds in accordance with the provisions of this Section at the Designated

Payment/Transfer Office or sent by United States mail, first class postage prepaid. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which a Bond is delivered.

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

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

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

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

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

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

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

(c) paid all expenses and charges, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge

that may be imposed, as a result of the loss, destruction or wrongful taking of the Bond;
and

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

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

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

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

Section 3.09 BOOK-ENTRY SYSTEM. This section describes the book-entry
system of DTC. As provided in Section 3.06 of this Ordinance, the definitive Bonds shall
be registered in the name of Cede & Co., as nominee of DTC, as registered owner of the
Bonds, and held in the custody of DTC.

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC,
neither the City nor the Paying Agent/Registrar shall have any responsibility or obligation
to any DTC Participant or to any Person on whose behalf a DTC Participant holds an
interest in the Bonds. Without limiting the immediately preceding sentence, neither the
City nor the Paying Agent/Registrar shall have any responsibility or obligation with respect
to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect
to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other
person, other than a Registered Owner of the Bonds, as shown on the Register, of any
notice with respect to the Bonds, including any notice of redemption, and (iii) the payment

to any DTC Participant or any other person, other than a Registered Owner of the Bonds, as shown in the Register, of any amount with respect to principal of and premium, if any, or interest on the Bonds.

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

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

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

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

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

796 construction of the improvements financed with the proceeds of the Bonds and for one year
797 after construction of those improvements is completed.

798 Section 3.11 **FUNDING OF DEBT SERVICE RESERVE FUND.** On the date
799 of the initial delivery of the Bonds, the City will deposit to the credit of the Debt Service
800 Reserve Fund either: (i) proceeds of the Bonds and/or other lawfully available funds in not
801 less than the amount which will be sufficient to fund fully the Debt Service Reserve Fund
802 Requirement; or (ii) a Debt Service Reserve Fund Surety Bond sufficient to provide that
803 portion of the Debt Service Reserve Fund Requirement. The Debt Service Reserve Fund
804 Requirement shall be in the amount specified in the Pricing Certificate and any increase in
805 the Debt Service Reserve Fund Requirement resulting from the issuance of the Bonds will
806 be funded as provided in the Pricing Certificate. The Insurance Agreement, if any,
807 approved by the Authorized Officer in substantially the form and substance attached to the
808 Pricing Certificate, together with such changes or revisions as may be necessary to comply
809 with Texas law, is authorized to be executed by the Authorized Officer for and on behalf
810 of the City; and the Insurance Agreement as executed by the Authorized Officer shall be
811 deemed approved by council.

812 **ARTICLE FOUR**

813 **FORM OF BONDS**

814
815 Section 4.01 **FORM GENERALLY.** (a) The Bonds, including the forms of the
816 Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the
817 Certificate of the Paying Agent/Registrar, and the Assignment to appear on each Bond, (i)
818 shall be substantially in the form set forth in Exhibit A to this Ordinance, with appropriate
819 insertions, omissions, substitutions, and other variations as are permitted or required by
820 this Ordinance, the Bond Purchase Agreement or the Pricing Certificate, and (ii) may have
821 distinguishing letters, numbers, or other marks of identification and legends and
822 endorsements (including any reproduction of an opinion of counsel) as may be determined
823 by the City or by the officers executing the Bonds, as evidenced by their execution of the
824 Bonds.

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

829 Section 4.02 **CUSIP REGISTRATION.** The City may secure identification
830 numbers through CUSIP Global Services, and may authorize the printing of CUSIP
831 numbers on the face of the Bonds. It is expressly provided, however, that the presence or
832 absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards to
833 the legality of the Bonds and neither the City nor the attorneys approving the Bonds as to
834 legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

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

838 *ARTICLE FIVE*

839 *SECURITY AND SOURCE OF PAYMENT*

841 Section 5.01 **PLEDGE AND SOURCE OF PAYMENT.** The City covenants and
842 agrees that Gross Revenues shall be deposited and paid into the special funds established
843 and confirmed in this Ordinance, and shall be applied in the manner set forth in this
844 Ordinance, in order to provide for the payment of all Operation and Maintenance Expenses
845 of the Airport System and to provide for the payment of Debt Service on the Revenue
846 Bonds and Credit Agreement Obligations and for the payment when due of Administrative
847 Expenses. Except as otherwise specifically provided in this Ordinance, the Revenue Bonds
848 and the Credit Agreement Obligations shall constitute special obligations of the City that
849 shall be payable from and shall be equally and ratably secured by a first lien on the Net
850 Revenues. The Administrative Expenses shall constitute special obligations of the City
851 that shall be payable from and secured by a lien on the Net Revenues subordinate only to
852 the payment of Debt Service on the Revenue Bonds. Net Revenues shall, in the manner
853 provided in this Ordinance, be set aside for and pledged to the payment of the Revenue
854 Bonds in the Debt Service Fund and the Debt Service Reserve Fund as provided in this
855 Ordinance. The City grants a lien on the Net Revenues and the Debt Service Fund and the
856 Debt Service Reserve Fund to secure the payment of Debt Service on the Revenue Bonds
857 and related Credit Agreement Obligations in accordance with their terms, and to pay
858 Administrative Expenses to the Persons entitled to payment. All Revenue Bonds and
859 related Credit Agreement Obligations shall be in all respects on a parity with and of equal
860 dignity with one another; provided, however, that a Termination Payment shall be a
861 Subordinate Obligation. Neither the Owners nor the Credit Providers shall ever have the
862 right to demand payment of Debt Service out of any funds raised or to be raised by taxation.

863 Chapter 1208 applies to the authorization and issuance of the Revenue Bonds and to
864 the pledge of and lien on the Net Revenues granted by the City under this Ordinance, and
865 the pledge of and lien on the Net Revenues are valid and effective in accordance with the
866 terms of this Ordinance and are perfected from the date of adoption of this Ordinance
867 without the filing of any document or other act. To the extent Texas law is amended at any
868 time while the Revenue Bonds are Outstanding and unpaid such that the pledge of and lien
869 on the Net Revenues granted by the City under this Ordinance are to be subject to the filing
870 requirements of Chapter 9, the City agrees to take all actions and make, or cause to be
871 made, all filings as it determines are reasonable and necessary under Texas law to comply
872 with the applicable provisions of Chapter 9.

873 Section 5.02 **ANNUAL BUDGET.** So long as any Revenue Bond or Credit
874 Agreement Obligation remains Outstanding, the Aviation Director shall, prior to the

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

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

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

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

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

Section 5.04 SPECIAL FUNDS. The following special funds and accounts are established or have been previously established and are confirmed, and shall be maintained and accounted for so long as any Revenue Bond and related Credit Agreement Obligation remains Outstanding and Administrative Expenses remain unpaid. The funds and accounts may also include any additional accounts or subaccounts as may from time to time be designated by the City, including specifically rebate accounts or subaccounts for

914 accumulating rebatable arbitrage payable to the federal government, so long as they are not
915 inconsistent with this Ordinance:

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

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

919 (c) Airport System Revenue Bond Debt Service Reserve Fund (“Debt Service
920 Reserve Fund”);

921 (d) Airport System Revenue Bond Administrative Expense Fund (the
922 “Administrative Expense Fund”);

923 (e) Airport System Renewal and Replacement Fund (“Renewal and Replacement
924 Fund”);

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

927 (g) Airport System Construction Fund (“Construction Fund”), including the
928 Capitalized Interest Account and the Series 2022 Project Account.

929 The Revenue Fund, including the Operation and Maintenance Reserve Fund, the
930 Renewal and Replacement Fund, the Capital Fund and the Construction Fund (other than
931 any Capitalized Interest Account in the Construction Fund) shall be maintained as separate
932 funds or accounts on the books of the City and all amounts credited to the Funds and
933 Accounts shall be maintained in an official depository bank of the City. The Debt Service
934 Fund, the Debt Service Reserve Fund and the Administrative Expense Fund shall be
935 maintained at an official depository bank of the City or in a trustee bank designated by the
936 City separate and apart from all other funds and accounts of the City. The Debt Service
937 Fund and the Debt Service Reserve Fund shall constitute trust funds which shall be held in
938 trust for the owners of the Revenue Bonds and the proceeds of which shall be pledged, as
939 herein provided, to the payment of the Revenue Bonds. The Administrative Expense Fund
940 shall constitute trust funds which shall be held in trust for the payment of Administrative
941 Expenses to the Persons entitled to those Administrative Expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

987 Section 5.07 **DEBT SERVICE RESERVE FUND.** (a) The City shall establish
988 and maintain a balance in the Debt Service Reserve Fund equal to the Debt Service Reserve
989 Fund Requirement. Each increase in the Debt Service Reserve Fund Requirement resulting
990 from the issuance of Additional Revenue Bonds shall be funded at the time of issuance and
991 delivery of the series of Additional Revenue Bonds by depositing to the credit of the Debt
992 Service Reserve Fund either: (A) proceeds of the Additional Revenue Bonds and/or other
993 lawfully appropriated funds in not less than the amount which will be sufficient to fund
994 fully the Debt Service Reserve Fund Requirement; or (B) a Debt Service Reserve Fund
995 Surety Bond sufficient to provide that portion of the Debt Service Reserve Fund
996 Requirement. The City further expressly reserves the right to substitute at any time a Debt
997 Service Reserve Fund Surety Bond for any funded amounts in the Debt Service Reserve
998 Fund and to apply the funds released, to the greatest extent permitted by law, to any of the
999 purposes for which the related Revenue Bonds were issued or to pay debt service on the
1000 related Revenue Bonds. The City shall not employ any Debt Service Reserve Fund Surety
1001 Bond unless: (i) the City officially finds that the purchase of the Debt Service Reserve Fund
1002 Surety Bond is cost effective; (ii) the Debt Service Reserve Fund Surety Bond does not
1003 impose upon the City a repayment obligation (in the event the Debt Service Reserve Fund
1004 Surety Bond is drawn upon) greater than can be funded in 18 monthly installments as
1005 provided in subsection (b) below, payable out of Net Revenues on a parity with the monthly
1006 deposits that are otherwise required to be made to the Debt Service Reserve Fund; and (iii)
1007 that any interest due in connection with the repayment obligations does not exceed the
1008 highest lawful rate of interest which may be paid by the City at the time of delivery of the
1009 Debt Service Reserve Fund Surety Bond.

1010 (b) In any month in which the Debt Service Reserve Fund contains less than the
1011 Debt Service Reserve Fund Requirement or in which the City is obligated to repay or
1012 reimburse any issuer of a Debt Service Reserve Fund Surety Bond (in the event such Debt
1013 Service Reserve Fund Surety Bond is drawn upon), then on or before the last Business Day
1014 of that month, after making all required transfers to the Debt Service Fund and the
1015 Administrative Expense Fund, the City shall transfer into the Debt Service Reserve Fund
1016 from the Revenue Fund, in approximately equal monthly installments, amounts sufficient
1017 to enable the City within an 18 month period to reestablish in the Debt Service Reserve
1018 Fund the Debt Service Reserve Fund Requirement and satisfy any repayment obligations
1019 to the issuer of any Debt Service Reserve Fund Surety Bond. After this amount has been
1020 accumulated in the Debt Service Reserve Fund and after satisfying any repayment
1021 obligation to any Debt Service Reserve Fund Surety Bond issuer and so long thereafter as
1022 the Debt Service Reserve Fund contains this amount and all repayment obligations have
1023 been satisfied, no further transfers shall be required to be made, and any excess amounts in
1024 the Debt Service Reserve Fund shall be transferred to the Revenue Fund. But if and
1025 whenever the balance in the Debt Service Reserve Fund is reduced below this amount or

any Debt Service Reserve Fund Surety Bond repayment obligations arise, monthly transfers to the Debt Service Reserve Fund shall be resumed and continued in amounts required to restore the Debt Service Reserve Fund to this amount and to pay reimbursement obligations within an 18 month period.

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

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

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

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

Section 5.11 OPERATION AND MAINTENANCE RESERVE FUND. The City shall fund and maintain a balance of money and investments in the Operation and Maintenance Reserve Fund at least equal to two months current Operation and Maintenance Expenses, which amount shall annually be re-determined by the Aviation Director at the time the recommended budget for the Airport System is submitted pursuant to Section 5.02 of this Ordinance, based upon either the Aviation Director's recommended

1065 budget for Operation and Maintenance Expenses or the Aviation Director's estimate of
1066 actual Operation and Maintenance Expenses for the then current Fiscal Year. On or before
1067 the last Business Day of each month, after making all required transfers to the Debt Service
1068 Fund, the Debt Service Reserve Fund and the Administrative Expense Fund, and any
1069 required transfers for Subordinate Obligations or General Obligation Airport Bonds as
1070 provided in this Ordinance, there shall be transferred from the Revenue Fund, to the extent
1071 there are funds available, to the Operation and Maintenance Reserve Fund an amount equal
1072 to 1/12th of the deficiency, if any, in the Operation and Maintenance Reserve Fund as of
1073 the last day of the previous Fiscal Year until the required balance in the Operation and
1074 Maintenance Reserve Fund is established or reestablished. Amounts from time to time
1075 credited to the Operation and Maintenance Reserve Fund may be used at any time: first, to
1076 pay for any Operation and Maintenance Expenses for which amounts are not otherwise
1077 available in the Revenue Fund; second, to pay any costs or expenses payable from the
1078 Renewal and Replacement Fund for which there are insufficient amounts in the Renewal
1079 and Replacement Fund; and third, to the extent any amounts are remaining, to be
1080 transferred to the Debt Service Fund, the Debt Service Reserve Fund and the
1081 Administrative Expense Fund or any similar fund created to provide for the payment, and
1082 reserves for the payment, of Subordinate Obligations and General Obligation Airport
1083 Bonds to the extent of any deficiency in any of these funds.

1084 Section 5.12 **RENEWAL AND REPLACEMENT FUND.** The City has
1085 established the Renewal and Replacement Fund Requirement to be \$5,000,000. On or
1086 before the last Business Day of each month, if the Renewal and Replacement Fund contains
1087 less than the Renewal and Replacement Fund Requirement, then after making all required
1088 transfers to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative
1089 Expense Fund, and any required transfers for Subordinate Obligations or General
1090 Obligation Airport Bonds as provided in this Ordinance, and to the Operation and
1091 Maintenance Reserve Fund, the City shall transfer from the Revenue Fund, to the extent
1092 there are funds available, to the Renewal and Replacement Fund an amount equal to 1/12th
1093 of the deficiency (being the amount by which the Renewal and Replacement Fund
1094 Requirement exceeded the unappropriated balance in the Renewal and Replacement Fund)
1095 as of the last day of the previous Fiscal Year and, at the discretion of the City, to pay
1096 directly from the Revenue Fund any other costs that could be paid from amounts on deposit
1097 in the Renewal and Replacement Fund. The City is required to make these transfers into
1098 the Renewal and Replacement Fund until such time as the Renewal and Replacement Fund
1099 Requirement has again been accumulated in the Renewal and Replacement Fund. Amounts
1100 from time to time credited to the Renewal and Replacement Fund may be used at any time:
1101 first, to pay for any costs of replacing depreciable property and equipment of the Airport
1102 System and making repairs, replacements or renovations of the Airport System; second, to
1103 pay any Operation and Maintenance Expenses for which insufficient amounts are available
1104 in the Revenue Fund; and third, to the extent any amounts are remaining, to be transferred
1105 to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative Expense
1106 Fund or any similar fund created to provide for the payment, and reserves for the payment,

of Subordinate Obligations and General Obligation Airport Bonds to the extent of any deficiency.

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

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

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

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

(c) There shall be established within the Construction Fund two accounts, the Series 2022 Project Account and the Capitalized Interest Account. Moneys in the Series 2022 Project Account shall be used to pay costs of the improvements to the Airport

consistent with the purposes for which the Bonds are issued. Moneys in the Capitalized Interest Account shall be held for the purpose of paying interest on the Bonds during the construction of the improvements financed with the proceeds of the Bonds and for one year after construction of those improvements is completed, and shall be transferred from time to time to the Debt Service Fund in the manner provided in Section 5.06(a) of this Ordinance.

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

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

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

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

1186
 1187 (c) Notwithstanding anything to the contrary, (i) any interest and income derived
 1188 from deposits and investments of any amounts credited to any Fund or Account may be:
 1189 (A) transferred into any rebate account or subaccount, and (B) paid to the federal
 1190 government if in the opinion of nationally recognized bond counsel the payment is required
 1191 to comply with any covenant or required in order to prevent interest on any bonds payable
 1192 from Net Revenues from being includable within the gross income of Owners for federal
 1193 income tax purposes; and (ii) to the extent any interest or income in the Debt Service
 1194 Reserve Fund is allocable to the proceeds of the Revenue Bonds, then such amounts shall
 1195 be deposited into the Debt Service Fund unless the City receives a Favorable Opinion of
 1196 Bond Counsel.

1197 Section 5.18 **SECURITY FOR UNINVESTED FUNDS.** So long as any
 1198 Revenue Bond remains Outstanding, all uninvested moneys on deposit in, or credited to,
 1199 the Funds and Accounts established or confirmed as stated in this Ordinance shall be
 1200 secured by the pledge of security, as provided by Texas law.

1201 *ARTICLE SIX*

1202 *ADDITIONAL BONDS*

1203

1204 Section 6.01 **ADDITIONAL REVENUE BONDS.** The City reserves the right to
1205 issue, for any lawful Airport System purpose, one or more installments of Additional
1206 Revenue Bonds payable from and secured by Net Revenues on a parity with the
1207 Outstanding Revenue Bonds; provided, however, that no series of Additional Revenue
1208 Bonds shall be issued unless:

1209 (a) No Default. The City Manager and the Aviation Director certify that, upon
1210 the issuance of Additional Revenue Bonds, the City will not be in default under any term
1211 or provision of any Revenue Bonds then Outstanding or any ordinance pursuant to which
1212 any Revenue Bonds were issued unless the default will be cured by the issuance of the
1213 Additional Revenue Bonds.

1214 (b) Proper Fund Balances. The City's Chief Financial Officer or trustee, if one
1215 has been appointed, shall certify that, upon the issuance of Additional Revenue Bonds, the
1216 Debt Service Fund will have the required amounts on deposit and that the Debt Service
1217 Reserve Fund will contain the Debt Service Reserve Fund Requirement or the amount as
1218 is required to be funded at that time.

1219 (c) Projected Coverage for Additional Revenue Bonds. An Airport Consultant
1220 provides a written report setting forth projections which indicate that the estimated Net
1221 Revenues, together with the estimated Other Available Funds, of the Airport System for
1222 each of three consecutive Fiscal Years beginning in the earlier of:

1223 (i) the first Fiscal Year following the estimated date of completion and
1224 initial use of all revenue producing facilities to be financed with Additional Revenue
1225 Bonds, based upon a certified written estimated completion date by the consulting
1226 engineer for the facility or facilities; or

1227 (ii) the first Fiscal Year in which the City will have scheduled payments of
1228 interest on or principal of the Additional Revenue Bonds to be issued for the payment
1229 of which provision has not been made as indicated in the report of the Airport
1230 Consultant from proceeds of the Additional Revenue Bonds, investment income on
1231 the proceeds of such Additional Revenue Bonds or from other appropriated sources
1232 (other than Net Revenues),

1233 are equal to at least 125% of the Debt Service Requirements on all Outstanding Revenue
1234 Bonds scheduled to occur during each respective Fiscal Year after taking into consideration
1235 the additional Debt Service Requirements for the Additional Revenue Bonds to be issued.
1236

1237 (d) Alternate Coverage for Additional Revenue Bonds. In lieu of the certification
1238 described in (c) above, the City's Chief Financial Officer may provide a certificate showing
1239 that, for either the City's most recent complete Fiscal Year or for any consecutive 12 out
1240 of the most recent 18 months, the Net Revenues, together with Other Available Funds, of
1241 the Airport System were equal to at least 125% of the maximum Debt Service
1242 Requirements on all Revenue Bonds scheduled to occur in the then current or any future
1243 Fiscal Year after taking into consideration the issuance of the Additional Revenue Bonds
1244 proposed to be issued.

1245 (e) Refunding Bonds. If Additional Revenue Bonds are being issued for the
1246 purpose of refunding less than all previously issued Revenue Bonds which are then
1247 Outstanding, neither of the certifications described in (c) or (d) above are required so long
1248 as the aggregate Debt Service Requirements after the issuance of the Additional Revenue
1249 Bonds do not exceed the aggregate Debt Service Requirements prior to the issuance of the
1250 Additional Revenue Bonds; provided, that the annual debt service on the refunding bonds
1251 in any Fiscal Year will not be more than 10% higher than it is in any other Fiscal Year.

1252 (f) Bond Ordinance Requirements. Provision is made in the Revenue Bond
1253 Ordinances authorizing the Additional Revenue Bonds proposed to be issued for: (1)
1254 additional payments into the Debt Service Fund sufficient to provide for any principal and
1255 interest requirements resulting from the issuance of the Additional Revenue Bonds
1256 including, in the event that interest on the additional series of Revenue Bonds is capitalized
1257 and/or to be paid from investment earnings, a requirement for the transfer from the
1258 capitalized interest fund or account and/or from the construction fund to the Debt Service
1259 Fund of amounts fully sufficient to pay interest on such Additional Revenue Bonds during
1260 the period specified in the Revenue Bond Ordinances; and (2) satisfaction of the Debt
1261 Service Reserve Fund Requirement by not later than the date required by this Ordinance or
1262 any other Revenue Bond Ordinance authorizing Additional Revenue Bonds.

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

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

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

1272 (a) a certificate of the consulting engineer engaged by the City to design the
1273 Airport Project for which the Completion Bonds are to be issued stating that the Airport
1274 Project has not materially changed in scope since the issuance of the most recent series of

Revenue Bonds for the intended purpose (except as permitted in the applicable ordinance authorizing the Revenue Bonds) and setting forth the aggregate cost of the Airport Project which, in the opinion of the consulting engineer, has been or will be incurred; and

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

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

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

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

expressly provided to the contrary in this Ordinance, no default with respect to a Special Facilities Bond shall constitute a default under this Ordinance.

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

ARTICLE SEVEN

COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS

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

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

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

Section 7.04 SALE OR ENCUMBRANCE OF AIRPORT SYSTEM. Except for the use of the Airport System or services pertaining to the Airport System in the normal course of business, the City covenants that neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Revenue Bonds, Credit Agreement Obligations and Administrative

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

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

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

1392 Section 7.05 **INSURANCE.** The City covenants and agrees that it will keep the
1393 Airport System insured with insurers of good standing against risks, accidents or casualties
1394 against which and to the extent customarily insured against by political subdivisions of the
1395 State of Texas operating similar properties, to the extent that the insurance is available;
1396 provided, however, that if any insurance is not commercially available or not available on
1397 more favorable economic terms, the City may elect to be self-insured in whole or in part
1398 against the risk or loss that would otherwise be covered by insurance, in which case the
1399 City will establish reserves for the risk or loss in amounts the City determines to be
1400 appropriate. All net proceeds of property or casualty insurance shall be applied to repair or
1401 replace the insured property that is damaged or destroyed or to make other capital
1402 improvements to the Airport System or to redeem Revenue Bonds. Proceeds of business
1403 interruption insurance may be credited to the Revenue Fund.

1404 Section 7.06 **ACCOUNTS, RECORDS, AND AUDITS.** The City covenants and
1405 agrees that it will maintain a proper and complete system of records and accounts
1406 pertaining to the Gross Revenues and the operation of the Airport System in which full,
1407 true and proper entries will be made of all dealings, transactions, business and affairs which
1408 in any way affect or pertain to the Gross Revenues and the Airport System. After the close
1409 of each Fiscal Year, the City shall cause an audit report of the records and accounts
1410 described in the preceding sentence to be prepared by an independent certified public
1411 accountant or independent firm of certified public accountants, which may be part of an
1412 overall audit report of the City and/or other of its enterprise funds. All expenses of
1413 obtaining these reports shall constitute Operation and Maintenance Expenses of the Airport
1414 System.

1415 Section 7.07 **PLEDGE AND ENCUMBRANCE OF REVENUES.** The City
1416 covenants and represents that it has the lawful power to create a lien on and to pledge the
1417 Net Revenues to secure the payment of the Revenue Bonds, the Credit Agreement
1418 Obligations and Administrative Expenses, and has lawfully exercised this power under the
1419 Constitution and laws of the State of Texas, including specifically the Act. The City further
1420 covenants and represents that, other than to the payment of Operation and Maintenance
1421 Expenses, the Revenue Bonds, the Credit Agreement Obligations and Administrative
1422 Expenses, the Gross Revenues are not and will not be made subject to any other lien, pledge
1423 or encumbrance to secure the payment of any debt or obligation of the City, unless the lien,
1424 pledge or encumbrance is junior and subordinate to the lien and pledge securing payment
1425 of the Revenue Bonds, the Credit Agreement Obligations and Administrative Expenses.

1426 Section 7.08 **BONDHOLDERS REMEDIES.** This Ordinance is a contract
1427 between the City and the Owners of the Revenue Bonds and the holders of related Credit
1428 Agreement Obligations from time to time outstanding and this Ordinance shall be and
1429 remain irrevocable until the Revenue Bonds, the related Credit Agreement Obligations and
1430 Administrative Expenses shall be fully paid or discharged or provision for their payment
1431 shall have been made as provided in this Ordinance. In the event of a default in the payment

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

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

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

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

ARTICLE EIGHT

CONCERNING THE PAYING AGENT/REGISTRAR

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE NINE

ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bonds Outstanding as in this Ordinance defined have, prior to the attempted revocation, consented to and approved the amendment.

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

(b) The amendments are: amend the definition of "Debt Service Reserve Fund Surety Bond" in Section 2.01 of this Ordinance and the Revenue Bond Ordinances to read as follows:

"Debt Service Reserve Fund Surety Bond" means any surety bond, letter of credit, line of credit or insurance policy issued to the City for the benefit of the Owners of the Revenue Bonds to satisfy any part of the Debt Service Reserve Fund Requirement as provided in Section 5.07 of this Ordinance; provided that, at the time of delivery to the City, either the long-term unsecured debt of the issuer of the Debt Service Reserve Fund Surety Bond or the obligations insured, secured or guaranteed by such issuer are rated "Aa3" or higher by Moody's or "AA-" or higher by Standard & Poor's.

(c) The amendments described in subsection (b) above will become effective once the City determines that the consent of not less than a majority of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding is received.

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. As authorized by Chapter 1371, the Authorized Officer is authorized to act on behalf of the City upon determining that the conditions set forth below can be satisfied, in selling and delivering the Bonds and carrying out the other procedures specified in this Ordinance, including determining the price at which each of the Bonds will be sold, the form and

1656 designation of the Bonds, the aggregate principal amount of the Bonds, the years in which
1657 the Bonds will mature, the principal amount of the Bonds to mature in each year, the dates,
1658 prices, interest rates, interest payment dates, principal payment dates and redemption
1659 features of the Bonds, the designation of a paying agent/registrar, if different from the
1660 Paying Agent/Registrar, the selection of a provider of a Debt Service Reserve Fund Surety
1661 Bond, if any, with respect to the Debt Service Reserve Fund or the amount to be deposited
1662 to fund the Debt Service Reserve Fund Requirement for the Bonds, and all other matters
1663 relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in
1664 the Bond Purchase Agreement, the Pricing Certificate or a combination of the Bond
1665 Purchase Agreement and the Pricing Certificate. A finding or determination made by the
1666 Authorized Officer acting under the authority of this Ordinance with respect to all matters
1667 relating to the issuance and sale of the Bonds shall have the same force and effect as a
1668 finding or determination made by council.

1669 The Bonds shall be sold to the Underwriters in accordance with the terms of this
1670 Ordinance and the Bond Purchase Agreement. In the Bond Purchase Agreement or the
1671 Pricing Certificate, there shall be a finding made that the sale of the Bonds to the
1672 Underwriters is on terms that are most advantageous to the City reasonably obtained and,
1673 upon the advice of the City's financial advisor, is in the best interests of the City.

1674 Each Authorized Officer is authorized to come to an agreement with the
1675 Underwriters on the following, among other matters:

- 1676 (1) The details of the purchase and sale of the Bonds, including series designation;
- 1677 (2) The details of the public offering of the Bonds by the Underwriters;
- 1678 (3) The details of an Official Statement (and, if appropriate, any Preliminary
1679 Official Statement) relating to the Bonds and the City's compliance with the Rule;
- 1680 (4) A security deposit for the Bonds;
- 1681 (5) The representations and warranties of the City to the Underwriters;
- 1682 (6) The details of the delivery of, and payment for, the Bonds;
- 1683 (7) The Underwriters' obligations under the Bond Purchase Agreement;
- 1684 (8) The conditions to the obligations of the City and the Underwriters under the
1685 Bond Purchase Agreement;
- 1686 (9) Termination of the Bond Purchase Agreement;
- 1687 (10) Particular covenants of the City;
- 1688 (11) The survival of representations made in the Bond Purchase Agreement;

1689 (12) The payment of any expenses relating to the Bond Purchase Agreement;

1690 (13) Notices; and

1691 (14) Any and all such other details that are found by the Authorized Officer to be
1692 necessary and advisable for the purchase and sale of the Bonds.

1693 The Authorized Officer and other appropriate officers, employees, and agents of the
1694 City shall carry out and comply with the terms and provisions of the Bond Purchase
1695 Agreement. Bonds sold under the Bond Purchase Agreement may not be sold: (1) in an
1696 aggregate principal amount in excess of \$470,000,000; (2) bearing interest in any maturity
1697 in excess of 6.00% per annum; (3) having a final maturity after November 15, 2052; and
1698 (4) unless the Bonds have a credit rating that would cause the Bonds to be “obligations”,
1699 as defined in Chapter 1371. The authority of an Authorized Officer to execute a Bond
1700 Purchase Agreement expires at 5:00 p.m., December 31, 2022.

1701 The Mayor and City Clerk of the City may manually or electronically execute and
1702 deliver for and on behalf of the City copies of a Preliminary Official Statement and a final
1703 Official Statement, prepared in connection with the offering of the Bonds by the
1704 Underwriters, in the form and content as approved by an Authorized Officer. The
1705 Preliminary Official Statement and final Official Statement approved by an Authorized
1706 Officer or as manually or electronically executed by the City officials shall be deemed to
1707 be approved by council and constitute the Preliminary Official Statement and final Official
1708 Statement authorized for distribution and use by the Underwriters.

1709 Notwithstanding any other provision of this Ordinance to the contrary, an
1710 Authorized Officer may execute and deliver a Pricing Certificate containing any of the
1711 findings, determinations, terms and provisions that are required by this Ordinance to be set
1712 forth in the Bond Purchase Agreement, including but not limited to, any insertions,
1713 omissions, substitutions and other variations to the form of Bond set forth in Exhibit A to
1714 this Ordinance as are permitted or required by this Ordinance. In the event an Authorized
1715 Officer executes a Pricing Certificate as authorized by this Section 10.01, all references in
1716 this Ordinance to the Bond Purchase Agreement shall include the Pricing Certificate, as
1717 appropriate. All terms and provisions of the Bonds set forth in the Bond Purchase
1718 Agreement and the Pricing Certificate shall be deemed to be a part of this Ordinance.

1719 Section 10.02 **APPROVAL, REGISTRATION, AND INITIAL DELIVERY.**
1720 The Authorized Officer shall have control and custody of the Bonds and all necessary
1721 records and proceedings pertaining to the Bonds pending their delivery, and the Authorized
1722 Officer and other officers and employees of the City are instructed to make certifications
1723 and to execute instruments as may be necessary to accomplish the initial delivery of the
1724 Initial Bonds and to assure the investigation, examination, and approval of the Bonds by
1725 the Attorney General of the State of Texas and their registration by the Comptroller of
1726 Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of

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

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

(a) A portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the Series 2022 Project Account within the Construction Fund and used to pay costs of improvements to the Airport consistent with the purposes for which the Bonds are issued; and

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

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

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

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

1764 ***ARTICLE ELEVEN***

1765 ***FEDERAL INCOME TAX COVENANTS***

1766
1767 Section 11.01 **GENERAL TAX COVENANTS.** The City covenants not to take
1768 any action or omit to take any action that, if taken or omitted, would cause the interest on
1769 the Bonds to be includable in gross income for federal income tax purposes. In furtherance
1770 thereof, the City covenants to comply with sections 103 and 142 through 150 of the Code
1771 and the provisions set forth in the Federal Tax Certificate executed by the City in
1772 connection with the Bonds.

1773 Section 11.02 **USE OF PROCEEDS.** The City represents, covenants and agrees
1774 that its use of the Net Proceeds of the Bonds at all times will satisfy the following
1775 requirements:

1776 (a) At least 95 percent of the Net Proceeds of the Bonds will allocated to
1777 expenditures that are Qualified Project Costs.

1778 (b) The AMT Projects will be owned for all federal income tax purposes by the
1779 City. Any leases, management contracts or similar operating or use agreements entered
1780 into with any person with respect to all or any portion of the AMT Projects comply or, in
1781 the case of future agreements, will comply with the requirements of section
1782 142(b)(1)(B)(i)-(iii) of the Code.

1783 (c) The AMT Projects will not include (i) any lodging facilities, (ii) any retail
1784 facilities (including food and beverage facilities) in excess of the size necessary to serve
1785 passengers and employees at the airport, (iii) any retail facility (other than parking) for
1786 passengers or the general public located outside of an airport terminal, (iv) any office
1787 building for individuals who are not employees of the City, or (v) any industrial park or
1788 manufacturing facility.

1789 (d) The AMT Projects will not include any airplane, skybox or other private
1790 luxury box, health club facility, facility primarily used for gambling, or store the principal
1791 business of which is the sale of alcoholic beverages for consumption off premises.

1792 (e) Less than 25 percent of the Net Proceeds of the Bonds will be used, directly
1793 or indirectly, for the acquisition of land or an interest in land; provided that land acquired
1794 for noise abatement purposes or for future use as an airport is not taken into account, if
1795 there is no significant other use of such land. Notwithstanding the immediately preceding
1796 sentence, no portion of the Net Proceeds of the Bonds will be used, directly or indirectly,
1797 for the acquisition of land or an interest in land to be used for farming purposes.

1798 (f) No portion of the Net Proceeds of the Bonds will be used for the acquisition
1799 of any existing property or an interest in such property unless (i) the first use of such
1800 property was pursuant to such acquisition or (ii) the rehabilitation expenditures with

respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed with the Net Proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures” has the meaning set forth in section 147(d)(3) of the Code.

(g) The Issuance Costs financed with the Proceeds of the Bonds will not exceed 2 percent of the Proceeds of the Bonds.

(h) The City will not take any action, or knowingly omit to take any action that causes the Bonds to fail to meet any requirement of the Code regarding the use of Gross Proceeds after the issue date of the Bonds unless an appropriate remedial action is permitted by section 1.142-2 of the Regulations, the City has taken such remedial action and there has been delivered a Favorable Opinion of Bond Counsel.

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

Section 11.04 PUBLIC APPROVAL. For purposes of complying with section 147(f) of the Code, the City held a public hearing providing a reasonable opportunity for interested individuals to express their views on the Bonds and the location and nature of the AMT Projects. A public notice designed to inform residents of the City regarding the issuance of the Bonds and providing information relevant to the hearing was published no less than 7 days prior to the hearing by electronic posting on the City’s primary public website in an area of the website used to inform its residents about events affecting the residents. All actions taken by the City, its officers and its employees with respect to the electronic posting of the notice of such public hearing and the conducting of such public hearing are ratified and approved. The Mayor is authorized to execute a certificate with respect to such hearing of the kind required by such section 147(f) of the Code with respect to the Bonds and the AMT Projects.

Section 11.05 NO FEDERAL GUARANTEE. The City covenants not to take any action, or knowingly omit to take any action, that, if taken or omitted, would cause the

Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 11.06 **NO HEDGE BONDS.** The City covenants that it will not take any action or omit to take any action that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

Section 11.07 **NO-ARBITRAGE BONDS.** The City covenants that it will make such use of the Proceeds of the Bonds (including investment income) and regulate the investment of such Proceeds of the Bonds so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 11.08 **ARBITRAGE REBATE.** The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the Gross Proceeds of the Bonds, be rebated to the United States.

Section 11.09 **INFORMATION REPORTING.** The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

Section 11.10 **RECORD RETENTION.** The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, by such proceeds until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 11.11 **REGISTRATION.** The Bonds will be issued in registered form.

Section 11.12 **FAVORABLE OPINION OF BOND COUNSEL.** Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 11.13 **OFFICIAL INTENT.** For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the City, this Ordinance serves as the City’s official declaration of intent to use Proceeds of the Bonds issued in the maximum amount authorized by this Ordinance to reimburse itself for certain expenditures paid in connection with the projects set forth in this Ordinance. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date on which the project

to which such expenditure relates is placed in service or abandoned, but in no event more than three years after the original expenditure is paid.

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

ARTICLE TWELVE

CONTINUING DISCLOSURE

Section 12.01 **ANNUAL REPORTS.** The City shall provide annually to the MSRB, within six months after the end of each Fiscal Year ending in or after 2022, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 10.01 of this Ordinance, being the information described in Section 12.04. Any financial statements provided shall be prepared in accordance with the accounting principles described in Section 12.04, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of the statements and the audit is completed within twelve months after the end of each Fiscal Year ending in or after 2022. If audited financial statements of the City are not available by the end of the 12 month period, the City will provide notice that the audited financial statements are not available, and will provide unaudited financial statements by the end of the 12 month period and audited financial statements for the applicable Fiscal Year when and if the audited financial statements become available.

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

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (A) any event described in the immediately preceding clause 12 in this Section is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S.

1943 Bankruptcy Code or in any other proceeding under state or federal law in which a court or
1944 governmental authority has assumed jurisdiction over substantially all of the assets or
1945 business of the City, or if jurisdiction has been assumed by leaving council and officials or
1946 officers of the City in possession but subject to the supervision and orders of a court or
1947 governmental authority, or the entry of an order confirming a plan of reorganization,
1948 arrangement or liquidation by a court or governmental authority having supervision or
1949 jurisdiction over substantially all of the assets or business of the City, and (B) the City
1950 intends the words used in the immediately preceding clauses 15 and 16 in this Section and
1951 in the definition of Financial Obligation in Section 2.01 to have the meanings ascribed to
1952 them in SEC Release No. 34-83885 dated August 20, 2018.

1953 The City shall provide to the MSRB, in an electronic format as prescribed by the
1954 MSRB, notice in a timely manner, of any failure by the City to provide financial
1955 information or operating data in accordance with Section 12.01 of this Ordinance by the
1956 time required by Section 12.01 of this Ordinance. All documents provided to the MSRB
1957 pursuant to this Section shall be accompanied by identifying information as prescribed by
1958 the MSRB.

1959 Section 12.03 **LIMITATIONS, DISCLAIMERS, AND AMENDMENTS.** The
1960 City shall be obligated to observe and perform the covenants specified in this Article for
1961 so long as, but only for so long as, the City remains an “obligated person” with respect to
1962 the Bonds within the meaning of the Rule, except that the City in any event will give the
1963 notice required by Section 12.02 of any Bond calls and any defeasance that cause the City
1964 to be no longer an “obligated person.”

1965 The provisions of this Article are for the sole benefit of the Owners and beneficial
1966 owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit
1967 or any legal or equitable right, remedy, or claim hereunder to any other person. The City
1968 undertakes to provide only the financial information, operating data, financial statements,
1969 and notices which it has expressly agreed to provide pursuant to this Article and does not
1970 undertake to provide any other information that may be relevant or material to a complete
1971 presentation of the City’s financial results, condition, or prospects or to update any
1972 information provided in accordance with this Article or otherwise, except as expressly
1973 provided in this Ordinance. The City does not make any representation or warranty
1974 concerning such information or its usefulness to a decision to invest in or sell Bonds at any
1975 future date.

1976 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE
1977 OWNER OR BENEFICIAL OWNER OF ANY BONDS OR ANY OTHER PERSON, IN
1978 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART
1979 FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT
1980 FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT
1981 EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR

1982 OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR
1983 MANDAMUS OR SPECIFIC PERFORMANCE.

1984 No default by the City in observing or performing its obligations under this Article
1985 shall comprise a breach of or default under this Ordinance for purposes of any other
1986 provision of this Ordinance.

1987 Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit
1988 the duties of the City under federal and state securities laws.

1989 Should the Rule be amended to obligate the City to make filings with or provide
1990 notices to entities other than the MSRB, the City agrees to undertake the obligation in
1991 accordance with the Rule, as amended.

1992 The provisions of this Article may be amended by the City from time to time to adapt
1993 to changed circumstances that arise from a change in legal requirements, a change in law,
1994 or a change in the identity, nature, status, or type of operations of the City, but only if (1)
1995 the provisions of this Article, as so amended, would have permitted an underwriter to
1996 purchase or sell the Bonds in the primary offering of the Bonds in compliance with the
1997 Rule, taking into account any amendments or interpretations of the Rule to the date of such
1998 amendment, as well as such changed circumstances, and (2) either (a) the Owners of a
1999 majority in aggregate principal amount (or any greater amount required by any other
2000 provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds
2001 consent to such amendment or (b) a Person that is unaffiliated with the City (such as
2002 nationally recognized bond counsel) determines that such amendment will not materially
2003 impair the interests of the Owners and beneficial owners of the Bonds. If the City amends
2004 the provisions of this Article, it shall include with any amended financial information or
2005 operating data next provided in accordance with Section 12.01 an explanation, in narrative
2006 form, of the reason for the amendment and of the impact of any change in the type of
2007 financial information or operating data so provided. The City may also amend or repeal
2008 the provisions of this Article if the SEC amends or repeals the applicable provision of the
2009 Rule or a court of final jurisdiction enters judgment that the provisions of the Rule are
2010 invalid, but only and to the extent that the provisions of this sentence would not prevent an
2011 underwriter from lawfully purchasing or selling Bonds in the primary offering of the
2012 Bonds.

2013 Notwithstanding any other provision of this Section 12.03 to the contrary, in the
2014 event the Authorized Officer, in consultation with Bond Counsel and the City's financial
2015 advisor, determines that it is necessary or desirable to amend the provisions of this Article
2016 XII, prior to the date of initial delivery of the Bonds to the Underwriters, in order to
2017 facilitate compliance with the Rule and related guidance from the SEC, the Authorized
2018 Officer may make such changes pursuant to the Pricing Certificate.

Section 12.04 **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.**
(a) Annual Financial Information and Operating Data. The financial information and operating data with respect to the City to be provided annually pursuant to Section 12.01 of this Ordinance are (i) the portions of the financial statements of the City appended to the final Official Statement authorized by Section 10.01 of this Ordinance as Appendix B, but for the most recently concluded Fiscal Year, and (ii) all quantitative financial information and operating data with respect to the City of the general type included in the main text of the final Official Statement authorized by Section 10.01 of this Ordinance within the numbered Tables 1 through 9 only. As used in this Article, the term “unaudited financial statements” means the financial statements and tables that are referenced in the section entitled “CONTINUING DISCLOSURE OF INFORMATION – Annual Reports” in the final Official Statement authorized by Section 10.01 of this Ordinance.

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

ARTICLE THIRTEEN

MISCELLANEOUS

Section 13.01 **FURTHER PROCEDURES.** The Mayor, the City Manager, the Aviation Director, the Chief Financial Officer, the City Treasurer and the City Clerk, and other appropriate officials of the City, are authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance, including but not limited to, applying amounts held in the funds and accounts established pursuant to the terms of this Ordinance and the other Revenue Bond Ordinances, and any other lawfully available funds of the City or Airport System, to carry out the terms of this Ordinance. Council authorizes the City Clerk to designate a person or persons to carry out her duties under this Ordinance should the City Clerk be absent and unable to fulfill all or part of her duties under this Ordinance.

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

Section 13.03 **SEVERABILITY.** If any article, section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the

invalidity or unenforceability of the article, section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

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

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

PASSED AND APPROVED this 7th day of April, 2022.

Steve Adler, Mayor

ATTEST:

Myrna Rios, City Clerk

(SEAL)

APPROVED:

Anne L. Morgan, City Attorney

**EXHIBIT A
FORM OF BONDS**

REGISTERED
No. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
AIRPORT SYSTEM REVENUE BOND
SERIES 2022 (AMT)**

<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>	<u>CUSIP</u>
----------------------	----------------------	----------------------	--------------

November 15, ____	____%	_____, 2022	
-------------------	-------	-------------	--

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

_____ DOLLARS

and to pay interest thereon, to the maturity date specified above, or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on _____ 15, 20__, and semiannually on each May 15 and November 15 thereafter; except that if the Paying Agent/Registrar’s Authentication Certificate appearing on the face of this Bond is dated later than _____ 15, 20__, such interest is payable semiannually on each May 15 and November 15 following such date. Interest on the Bonds shall accrue from the Delivery Date specified above. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated

Payment Transfer Office”), of U.S. Bank Trust Company, 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 _____, 2022 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 financing improvements to the 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 ____ (the “Term Bonds”) 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 Term 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

At least 50 days prior to each mandatory sinking fund redemption date of a Term Bond of a stated maturity, the Paying Agent/Registrar shall select by lot the Term Bonds within the stated maturity to be redeemed on the next following November 15 from moneys set aside for that purpose in the Debt Service Fund; provided, that during any period in which ownership of the Term Bonds is determined only by a book entry at a securities depository for the Term Bonds, the particular Term Bonds shall be selected in accordance with the arrangements between the City and the securities depository.

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.

If less than all of the Bonds are to be redeemed, the City shall determine the maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Paying Agent/Registrar (or the securities depository for the Bonds, while the Bonds are in book-entry-only form) shall determine by lot or other customary random selection method the Bonds, or portions thereof, within the maturity to be redeemed.

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.

Any notice of redemption shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than the entire principal amount of a Bond is to be redeemed, the portion thereof to be redeemed. Any notice given as provided above shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the redemption price of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption. When the Bonds have been called for redemption in whole or in part and due provision has been made to redeem them, the Bonds or portions thereof so redeemed shall no longer be regarded as Outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the registered owners to collect interest which would otherwise accrue after the redemption date on any Bond or

portion thereof called for redemption shall terminate on the date fixed for redemption.

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.

Myrna Rios, City Clerk

Steve Adler, Mayor

[SEAL]

Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

It is hereby certified that this Bond has been issued under the Ordinance as described in the text of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or portions of a bond or bonds of an issued which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

U.S. Bank Trust Company, National Association,
as Paying Agent/Registrar

Dated: _____

Form of Comptroller's Registration Certificate

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

I HEREBY CERTIFY THAT this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas

WITNESS MY SIGNATURE AND SEAL OF OFFICE this

_____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

Form of Assignment

ASSIGNMENT

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

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

Signature Guaranteed By:

Authorized Signatory

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

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 Morgan Stanley & Co. LLC, or registered assigns, on November 15 in each of the years in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Principal Amount

Maturity Date

Interest Rate

[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	DEFINITIONS	2
Section 2.02	INTERPRETATIONS.....	17

ARTICLE THREE
TERMS OF THE BONDS

Section 3.01	AUTHORIZATION	18
Section 3.02	INTEREST AND MATURITIES	18
Section 3.03	REDEMPTION PRIOR TO MATURITY	18
Section 3.04	MANNER OF EXECUTION AND AUTHENTICATION	18
Section 3.05	OWNERSHIP.....	19
Section 3.06	TRANSFER AND EXCHANGE.....	19
Section 3.07	CANCELLATION	20
Section 3.08	REPLACEMENT BONDS	20
Section 3.09	BOOK-ENTRY SYSTEM	21
Section 3.10	FUNDING OF CAPITALIZED INTEREST ACCOUNT	22
Section 3.11	FUNDING OF DEBT SERVICE RESERVE FUND.....	23

ARTICLE FOUR
FORM OF BONDS

Section 4.01	FORM GENERALLY	23
Section 4.02	CUSIP REGISTRATION	23
Section 4.03	LEGAL OPINION	24

ARTICLE FIVE
SECURITY AND SOURCE OF PAYMENT

Section 5.01	PLEDGE AND SOURCE OF PAYMENT	24
Section 5.02	ANNUAL BUDGET	24

Section 5.03	RATE COVENANT	25
Section 5.04	SPECIAL FUNDS	25
Section 5.05	FLOW OF FUNDS	26
Section 5.06	DEBT SERVICE FUND.....	27
Section 5.07	DEBT SERVICE RESERVE FUND.....	28
Section 5.08	FUNDS AND ACCOUNTS FOR SUBORDINATE OBLIGATIONS	29
Section 5.09	ADMINISTRATIVE EXPENSE FUND	29
Section 5.10	GENERAL OBLIGATION AIRPORT BONDS.....	29
Section 5.11	OPERATION AND MAINTENANCE RESERVE FUND	29
Section 5.12	RENEWAL AND REPLACEMENT FUND	30
Section 5.13	CAPITAL FUND	31
Section 5.14	DEFICIENCIES IN FUNDS OR ACCOUNTS	31
Section 5.15	CONSTRUCTION FUND.....	31
Section 5.16	MUELLER AIRPORT DISPOSITION FUND	32
Section 5.17	INVESTMENT; TRANSFER OF INVESTMENT INCOME.....	32
Section 5.18	SECURITY FOR UNINVESTED FUNDS.....	33

ARTICLE SIX ADDITIONAL BONDS

Section 6.01	ADDITIONAL REVENUE BONDS.....	34
Section 6.02	COMPLETION BONDS	35
Section 6.03	SUBORDINATE OBLIGATIONS.....	36
Section 6.04	SPECIAL FACILITIES BONDS.....	36
Section 6.05	CREDIT AGREEMENTS	37

ARTICLE SEVEN COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS

Section 7.01	PUNCTUAL PAYMENT OF BONDS	37
Section 7.02	MAINTENANCE OF AIRPORT SYSTEM	37
Section 7.03	LIMITATION ON CITY CHARGES FOR OPERATION AND MAINTENANCE EXPENSES	37
Section 7.04	SALE OR ENCUMBRANCE OF AIRPORT SYSTEM	37
Section 7.05	INSURANCE.....	39
Section 7.06	ACCOUNTS, RECORDS, AND AUDITS	39
Section 7.07	PLEDGE AND ENCUMBRANCE OF REVENUES	39
Section 7.08	BONDHOLDERS REMEDIES	39
Section 7.09	DISCHARGE BY DEPOSIT	40

Section 7.10	LEGAL HOLIDAYS	41
--------------	----------------------	----

ARTICLE EIGHT CONCERNING THE PAYING AGENT/REGISTRAR

Section 8.01	APPOINTMENT OF INITIAL PAYING AGENT/REGISTRAR.....	41
Section 8.02	QUALIFICATIONS	41
Section 8.03	MAINTAINING PAYING AGENT/REGISTRAR	41
Section 8.04	TERMINATION	41
Section 8.05	NOTICE OF CHANGE TO OWNERS	41
Section 8.06	AGREEMENT TO PERFORM DUTIES AND FUNCTIONS	41
Section 8.07	DELIVERY OF RECORDS TO SUCCESSOR.....	42
Section 8.08	TRUST FUNDS	42
Section 8.09	BONDS PRESENTED.....	42
Section 8.10	UNCLAIMED FUNDS HELD BY THE PAYING AGENT/REGISTRAR.....	42

ARTICLE NINE ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE

Section 9.01	ALTERATION OF RIGHTS AND DUTIES	42
Section 9.02	AMENDMENT OF ORDINANCE WITHOUT CONSENT	42
Section 9.03	AMENDMENTS OF ORDINANCE REQUIRING CONSENT	43
Section 9.04	CONSENT OF OWNERS	44
Section 9.05	REVOCATION OF CONSENT	44
Section 9.06	CONSENT TO CERTAIN AMENDMENTS GIVEN THROUGH OWNERSHIP OF BONDS	45

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	45
Section 10.02	APPROVAL, REGISTRATION, AND INITIAL DELIVERY	47
Section 10.03	APPLICATION OF PROCEEDS OF THE BONDS	48
Section 10.04	USE OF PASSENGER FACILITY CHARGES	48

ARTICLE ELEVEN
FEDERAL INCOME TAX COVENANTS

Section 11.01	GENERAL TAX COVENANTS.....	49
Section 11.02	USE OF PROCEEDS.....	49
Section 11.03	LIMITATION ON MATURITY	50
Section 11.04	PUBLIC APPROVAL	50
Section 11.05	NO FEDERAL GUARANTEE	50
Section 11.06	NO HEDGE BONDS	51
Section 11.07	NO-ARBITRAGE BONDS	51
Section 11.08	ARBITRAGE REBATE	51
Section 11.09	INFORMATION REPORTING	51
Section 11.10	RECORD RETENTION	51
Section 11.11	REGISTRATION.....	51
Section 11.12	FAVORABLE OPINION OF BOND COUNSEL	51
Section 11.13	OFFICIAL INTENT	51
Section 11.14	CONTINUING OBLIGATION	52

ARTICLE TWELVE
CONTINUING DISCLOSURE

Section 12.01	ANNUAL REPORTS	52
Section 12.02	DISCLOSURE EVENT NOTICES	52
Section 12.03	LIMITATIONS, DISCLAIMERS, AND AMENDMENTS	54
Section 12.04	DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.....	56

ARTICLE THIRTEEN
MISCELLANEOUS

Section 13.01	FURTHER PROCEDURES.....	56
Section 13.02	COMPLIANCE WITH SECTION 2252.908, GOVERNMENT CODE	56
Section 13.03	SEVERABILITY	56
Section 13.04	EFFECTIVE IMMEDIATELY	57
Section 13.05	REPEALER.....	57