

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2013A, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____; PROVIDING FOR THE AWARD OF THE SALE OF THE BONDS; AND AUTHORIZING RELATED AGREEMENTS

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

ARTICLE ONE

FINDINGS AND DETERMINATIONS

Section 1.01 **BOND AUTHORIZATION.** Capitalized terms used in this Article One and not otherwise defined shall have the meaning assigned in Article Two. It is officially found and determined that:

(a) The City has previously issued, and there are currently outstanding, the Prior Lien Bonds.

(b) In the Prior Lien Ordinance authorizing the issuance of the Prior Lien Bonds, the City reserved the right to issue subordinated revenue obligations.

(c) The City has previously issued, and there are currently outstanding, the Series 2005 Bonds, pursuant to the Series 2005 Bond Ordinance, and the Series 2013 Bonds, pursuant to the Series 2013 Bonds, issued as Revenue Bonds in compliance with the Prior Lien Ordinance, and the Series 2005 Bonds and the Series 2013 Bonds are secured by a lien on and pledge of the Net Revenues junior and subordinate to the lien and pledge securing the Prior Lien Bonds.

(d) The Series 2005 Bond Ordinance and the Series 2013 Bond Ordinance each (i) provides for the issuance of additional series of obligations, secured by a lien on and pledge of Net Revenues on a parity with the Series 2005 Bonds, having a lien on and pledge of Net Revenues junior and subordinate to the pledge securing the Prior Lien Bonds, and (ii) reserves the right to issue subordinated revenue obligations.

(e) In the Series 2005 Bond Ordinance and the Series 2013 Bond Ordinance, the City agreed not to issue Additional Prior Lien Bonds (as defined in the Prior Lien Ordinance).

(f) The City desires to issue the bonds authorized by this Ordinance for the purpose of refunding all of the outstanding Prior Lien Bonds, resulting in a present value savings to the City and the Airport System.

(g) 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.

(h) The bonds authorized by this Ordinance are issued as Revenue Bonds in compliance with the Prior Lien Ordinance, the Series 2005 Bond Ordinance and the Series 2013 Bond Ordinance and shall be equally and ratably secured on parity with the Series 2005 Bonds and the Series 2013 Bonds.

(i) This Ordinance is substantially in the forms of the Series 2005 Bond Ordinance and the Series 2013 Bond Ordinance, with changes to reflect the terms and conditions of sale of the bonds authorized by this Ordinance.

(j) Once the bonds authorized by this Ordinance are issued and delivered to the purchaser of the bonds, and an escrow is established under Chapter 1207 to effect the defeasance of the Prior Lien Bonds, the Prior Lien Bond Ordinance will no longer be effective, and the provisions of the Series 2005 Bond Ordinance, the Series 2013 Bond Ordinance and this Ordinance will govern the issuance of Revenue Bonds after the delivery of the bonds authorized by this Ordinance.

(k) Once the bonds authorized by this Ordinance are issued and delivered to the purchaser of the bonds, and an escrow is established under Chapter 1207 to effect the defeasance of the Prior Lien Bonds, the effect of the refunding of the Prior Lien Bonds will be that the Revenue Bonds will be secured by a first lien on and pledge of the Net Revenues.

(l) 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 amendatory or supplemental to this Ordinance, shall have the respective meanings specified:

"Act" shall mean Chapter 22, Texas Transportation Code.

"Additional Revenue Bonds" shall mean the additional parity Revenue Bonds permitted to be issued by the City pursuant to Section 6.01.

"Administrative Expense Fund" shall mean the fund by that name established in Section 5.04(f).

"Administrative Expenses" shall mean the fees, expenses and indemnification liabilities payable to the Persons to whom fees and expenses incurred 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 thirty (30) days prior to the date payment is due.

"Airport" shall mean 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).

"Airport Consultant" shall mean a nationally recognized independent firm, person or corporation having a widely known and favorable reputation for special skill, knowledge and experience in methods of development, operation and financing of airports of approximately the same size as the properties constituting the Airport System.

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

"Authorized Denominations" shall mean \$100,000 and integral multiples of \$1,000 in excess of \$100,000.

"Authorized Officer" shall mean the City Manager of the City or, to the extent designated by the City Manager, any Assistant City Manager of the City or the Chief Financial Officer of the City.

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

"Bonds" shall mean the City of Austin, Texas, Airport System Revenue Refunding Bonds, Series 2013A, authorized by this Ordinance.

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

"Bond Purchase Agreement" shall mean the bond purchase agreement between the City and the Purchaser, relating to the sale and delivery of the Bonds.

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

"Chapter 1207" shall mean Chapter 1207, Texas Government Code.

"City" shall mean the City of Austin, Texas, and, where appropriate, Council, or any successor as owner and operator of the Airport System.

"Code" shall mean the Internal Revenue Code of 1986.

"Construction Fund" shall mean the fund designated in Section 5.04(i) of this Ordinance.

"Credit Agreement" shall mean (i) any agreement of the City entered into in connection with and for the purpose of (A) enhancing or supporting the creditworthiness of a series of Revenue Bonds

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

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

"Credit Provider" shall mean the issuer or provider of a Credit Agreement.

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

"Debt Service Fund" shall mean the fund designated in Section 5.04(d) established with respect to the Revenue Bonds.

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

(a) That portion of interest which would accrue with respect to Revenue Bonds during such period if interest were deemed to accrue only during the 6 month period prior to its payment (12 month period in the case of capital appreciation or compound interest bonds), plus

(b) That portion of the principal amount of Revenue Bonds which would accrue during such period if principal were deemed to accrue only during the 12 month period prior to its scheduled payment date (either at maturity or by reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory Revenue Bond redemptions),

less and except any such interest or principal for the payment of which provision has been made by (i) appropriating for such purpose amounts sufficient to provide for the full and timely payment of such interest or principal either from proceeds of bonds, from interest earned or to be earned thereon, from Airport System funds other than Net Revenues, or from any combination of such sources and (ii) depositing such amounts (except in the case of interest to be earned, which shall be deposited as received) into a dedicated fund or account, the proceeds of which are required to be transferred as needed into the Debt Service Fund, or directly to the Paying Agent/Registrar for the Revenue Bonds.

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

150 "Debt Service Reserve Fund" shall mean the fund designated and established in Section
151 5.04(e) with respect to the Revenue Bonds.

152 "Debt Service Reserve Fund Requirement" shall mean the amount required to be maintained
153 in the Debt Service Reserve Fund. This amount shall be computed and recomputed annually as a part
154 of the City's budget process and upon the issuance of each series of Revenue Bonds to be the
155 arithmetic average of the Debt Service Requirements scheduled to occur in the then current and each
156 future Fiscal Year for all Revenue Bonds then Outstanding including the series of Revenue Bonds
157 then being issued. In no event, however, will the amount deposited in the Debt Service Reserve Fund
158 that is allocable to the Revenue Bonds or Additional Revenue Bonds, in accordance with section
159 1.148-6 of the regulations promulgated under the Code, exceed the least of (a) 10% of the stated
160 principal amount of each issue of which the Revenue Bonds or Additional Revenue Bonds are a part,
161 (b) the maximum annual principal and interest requirements of the issue or (c) 125% of the average
162 annual principal and interest requirements of the issue, unless there is received an opinion of
163 nationally recognized bond counsel to the effect that the additional amount will not cause the
164 Revenue Bonds and any Additional Revenue Bonds to be "arbitrage bonds" within the meaning of
165 section 148 of the Code and the regulations thereunder promulgated from time to time.

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

170 "Defeasance Obligations" shall mean (i) direct, noncallable obligations of the United States of
171 America, including obligations that are unconditionally guaranteed by the United States, (ii)
172 noncallable obligations of an agency or instrumentality of the United States of America, including
173 obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that,
174 on the date of their purchase, are rated as to investment quality by a nationally recognized investment
175 rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an
176 agency or a county, municipality, or other political subdivision of a state that have been refunded and
177 that, on the date Council adopts or approves the proceedings authorizing the financial arrangements,
178 are rated as to investment quality by a nationally recognized investment rating firm not less than
179 "AAA" or its equivalent.

180 "Designated Payment/Transfer Office" shall mean (i) with respect to the initial Paying
181 Agent/Registrar named in Section 8.01, its corporate trust office in _____, Texas, and (ii) with
182 respect to any successor Paying Agent/Registrar, the office of the successor designated and located as
183 may be agreed upon by the City and the successor.

184 "DTC" shall mean The Depository Trust Company, New York, New York, and its successors
185 and assigns.

186 "DTC Participant" shall mean the securities brokers, dealers, banks, trust companies, clearing
187 corporations and certain other organizations on whose behalf DTC was created to hold securities to
188 facilitate the clearance and settlement of securities transactions among DTC Participants.

189 "Escrow Agent" shall mean [U.S. Bank National Association (the successor to Deutsche Bank
190 Trust Company Americas, as paying agent for the Prior Lien Bonds)].

191 "Escrow Agreement" shall mean the escrow agreement between the City and the Escrow
192 Agent, relating to the defeasance of the Prior Lien Bonds.

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

196 "Fiscal Year" shall mean the City's fiscal year as from time to time designated by the City,
197 which is currently October 1 to September 30.

198 "General Obligation Airport Bonds" shall mean those bonds or other obligations of the City
199 secured by a levy of ad valorem taxes from time to time issued or to be issued by the City for Airport
200 System purposes.

201 "Gross Revenues" shall mean all income and revenues derived directly or indirectly by the
202 City from the operation and use of and otherwise pertaining to all or any part of the Airport System,
203 whether resulting from extensions, enlargements, repairs, betterments or other improvements to
204 the Airport System, or otherwise, and includes, except to the extent expressly excluded below,
205 all revenues received by the City from the Airport System, including, without limitation, all rentals,
206 rates, fees and other charges for the use of the Airport System, or for any service rendered by the City
207 in the operation of the Airport System, interest and other income realized from the investment or
208 deposit of amounts required to be transferred or credited to the Revenue Fund. Gross Revenues
209 expressly exclude:

- 210 (a) proceeds of any Revenue Bonds and Subordinate Obligations;
- 211 (b) interest or other investment income derived from proceeds of Revenue Bonds and
212 Subordinate Obligations deposited to the credit of a construction fund, and all other
213 interest or investment income not required to be transferred or credited to the Revenue
214 Fund;
- 215 (c) any monies received as grants, appropriations, or gifts, the use of which is limited by the
216 grantor or donor to the construction or acquisition of Airport System facilities, except to
217 the extent any such monies shall be received as payments for the use of the Airport
218 System facilities;
- 219 (d) any revenues derived from any Special Facilities (e.g., customer facility charges) which
220 are pledged to the payment of Special Facilities Bonds;
- 221 (e) insurance proceeds other than loss of use or business interruption insurance proceeds;
- 222 (f) the proceeds of the passenger facility charge currently imposed by the City and any other
223 per-passenger charge as hereafter may be lawfully authorized;
- 224 (g) sales and other taxes collected by the Airport System on behalf of the State of Texas and
225 any other taxing entities;
- 226 (h) Federal Payments received by the Airport System unless the City first receives an opinion
227 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 thereof 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.

"Interest Payment Date" shall mean each November 15 and May 15, commencing _____ 15, 201_.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Net Revenues" shall mean that portion of the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses of the Airport System.

"Operation and Maintenance Expenses" shall mean all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System, including, without limitation, those reasonably allocated City overhead expenses relating to the administration, operation and maintenance of the Airport System; insurance and fidelity bond premiums; payments to pension and other funds and to any self-insurance fund; any general and excise taxes or other governmental charges imposed by entities other 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 thereof); 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:

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

286 "Ordinance" shall mean this ordinance and all amendments and supplements to this ordinance.

287 "Other Available Funds" shall mean any amount of unencumbered funds accumulated in the
288 Capital Fund in excess of the Minimum Capital Reserve which, prior to the beginning of any Fiscal
289 Year, are designated by the City as Other Available Funds and transferred at the beginning of such
290 Fiscal Year to the Revenue Fund; but in no event may this amount exceed twenty-five percent (25%)
291 of the Debt Service Requirements for the Revenue Bonds for such Fiscal Year for purposes of
292 Sections 5.03 and 6.01.

293 "Outstanding" when used with reference to any Prior Lien Bonds, Revenue Bonds or
294 Subordinate Obligations, shall mean, as of a particular date, all those Prior Lien Bonds, Revenue
295 Bonds or Subordinate Obligations delivered except: (a) any obligation paid, discharged or cancelled
296 by or on behalf of the City at or before that date; (b) any obligation defeased pursuant to the
297 defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted
298 by applicable law; and (c) any obligation in lieu of or in substitution for which another obligation
299 shall have been delivered pursuant to the ordinance authorizing the issuance of the obligation.

300 "Owner" or "Registered Owner," when used with respect to any Revenue Bond shall mean the
301 person or entity in whose name the Revenue Bond is registered in the Register. Any reference to a
302 particular percentage or proportion of the Owners shall mean the Owners at a particular time of the
303 specified percentage or proportion in aggregate principal amount of all Revenue Bonds then
304 Outstanding under this Ordinance.

305 "Paying Agent/Registrar" initially shall mean, for the Bonds, the entity named in Section 8.01
306 and its successors in that capacity.

307 "Person" shall mean any individual, corporation, partnership, limited liability company, joint
308 venture, association, joint-stock company, trust, unincorporated organization or government or any
309 agency or political subdivision of the government.

310 "Principal Installment" shall mean, with respect to Revenue Bonds or a series of Revenue
311 Bonds, any amounts, including any mandatory sinking fund installments, which are stated to be due
312 or required to be made on or with respect to a Revenue Bond or series of Revenue Bonds, which,
313 when made, would reduce the amount of the Revenue Bond or series of Revenue Bonds that remain
314 Outstanding or would retire and pay the same in full.

315 "Prior Lien Bonds" shall mean the Series 2003 Bonds.

316 "Prior Lien Ordinance" shall mean the ordinance authorizing the Prior Lien Bonds.

317 "Purchaser" shall mean, with respect to the Bonds, the entity designated in the Bond Purchase
318 Agreement as the purchaser of the Bonds.

319 "Qualified Put" shall mean any agreement, however denominated, provided by a qualifying
320 financial institution (as described in the following sentence) which contractually commits to
321 purchase, upon no more than seven days' notice, for not less than a stated price any class or amount
322 of investment securities or other authorized investments of the City at any time that such investment
323 securities or investments must be liquidated in order to make cash transfers from the fund or account
324 that holds such investments. A Qualified Put may be entered into only with a financial institution
325 which (a) is a domestic bank the long-term debt of which is rated at least "AA" by Standard & Poor's
326 and "Aa" by Moody's, or (b) a foreign bank the long-term debt of which is rated "AA" by Standard &
327 Poor's and at least "Aa" by Moody's, or at least "AA" by Standard & Poor's and "Aaa" by Moody's,
328 or (c) a financial institution the long-term debt of which is rated at least "A" by both Standard &
329 Poor's and Moody's and agrees to collateralize its obligations under such agreement by lodging with a
330 third party trustee, escrow agent, custodian or other financial third party direct obligations of the
331 United States of America or its agencies with a market value equal to 102% of the difference between
332 the face amount of its purchase obligation under the agreement and the market value of the
333 investment securities to which the agreement relates (based upon periodic market valuations at least
334 monthly), or (d) a financial institution approved by any bond insurer then insuring a series of Prior
335 Lien Bonds. A Qualified Put may be integrated into any investment authorized under Texas law, such
336 as a repurchase agreement.

337 "Record Date" shall have the meaning assigned in the FORM OF BONDS.

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

341 "Register" shall mean the books of registration kept by the Paying Agent/Registrar in which
342 are maintained the names and addresses of and the principal amounts registered to each Owner.

343 "Related Document" shall mean any transaction document relating to this Ordinance or the
344 Bonds, including any related underlying security agreement.

345 "Renewal and Replacement Fund" shall mean the fund designated in Section 5.04(g).

346 "Renewal and Replacement Fund Requirement" shall mean the amount required to be
347 maintained in the Renewal and Replacement Fund pursuant to Article Five, or any greater amount
348 required by any ordinance authorizing any series of Additional Revenue Bonds.

349 "Revenue Bond Ordinances" shall mean the Series 2005 Bond Ordinance, the Series 2013
350 Bond Ordinance, this Ordinance and any ordinances pursuant to which Additional Revenue Bonds
351 are issued.

352 "Revenue Bonds" shall mean the Series 2005 Bonds, the Series 2013 Bonds, the Bonds and
353 each series of bonds, notes or other obligations, other than Credit Agreement Obligations, which the
354 City has reserved the right to issue or incur from time to time pursuant to Section 6.01, payable from
355 and secured by a lien on and pledge of Net Revenues junior and subordinate to the lien and pledge
356 securing the Prior Lien Bonds.

357 "Revenue Fund" shall mean the fund designated in Section 5.04(a).

358 "Rule" shall mean SEC Rule 15c2-12.

359 "SEC" shall mean the United States Securities and Exchange Commission.

360 "Series 2003 Bonds" shall mean the City of Austin, Texas, Airport System Prior Lien
361 Revenue Refunding Bonds, Series 2003, currently Outstanding in the aggregate principal amount of
362 \$35,880,000.

363 "Series 2005 Bond Ordinance" shall mean the ordinance of the City adopted by Council on
364 August 4, 2005, authorizing the issuance of the Series 2005 Bonds, and all amendments to the
365 ordinance adopted by Council after August 4, 2005.

366 "Series 2005 Official Statement" shall mean the official statement of the City dated August 9,
367 2005, prepared in connection with the offering and sale of the Series 2005 Bonds.

368 "Series 2005 Bonds" shall mean the City of Austin, Texas, Airport System Refunding
369 Revenue Bonds, Series 2005 (AMT).

370 "Series 2013 Bond Ordinance" shall mean the ordinance of the City adopted by Council on
371 May 9, 2013, authorizing the issuance of the Series 2013 Bonds.

372 "Series 2013 Bonds" shall mean the City of Austin, Texas, Airport System Revenue Bonds,
373 Series 2013.

374 "Special Facilities" shall mean structures, hangars, aircraft overhaul, maintenance or repair
375 shops, heliports, hotels, storage facilities, garages, inflight kitchens, training facilities and any and all
376 other facilities and appurtenances being a part of or related to the Airport System, the cost of the
377 construction or other acquisition of which is financed with the proceeds of Special Facilities Bonds.

378 "Special Facilities Bonds" shall mean those bonds previously issued or from time to time
379 hereafter issued by the City pursuant to Section 6.04.

380 "Special Facilities Lease" shall mean any lease or agreement pursuant to which a Special
381 Facility is leased by the City to the lessee in consideration for which the lessee agrees to pay (i) all
382 debt service on the Special Facilities Bonds issued to finance the Special Facility (which payments
383 are pledged to secure the Special Facilities Bonds) and (ii) the operation and maintenance expenses of
384 the Special Facility.

385 "Standard & Poor's" or "S&P" shall mean Standard & Poor Ratings Services, a Standard &
386 Poor's Financial Services LLC business, its successors and assigns, and if this entity shall for any
387 reason no longer perform the functions of a securities rating agency, "Standard & Poor's" and "S&P"
388 shall refer to any other nationally recognized securities rating agency designated by the City.

389 "Subordinate Obligations" shall mean each series of bonds, notes or other obligations,
390 including reimbursement obligations and obligations pursuant to credit agreements and interest rate
391 hedges, which the City has reserved the right to issue or incur from time to time pursuant to Section
392 6.03 as Subordinate Obligations secured in whole or in part by liens on the Net Revenues that are
393 junior and subordinate to the lien on Net Revenues securing payment of the Revenue Bonds.

394 "Swap Agreement" means a Credit Agreement, approved (if required) in writing by the Bond
395 Insurer, with respect to a series of Revenue Bonds pursuant to which the City has entered into an
396 interest rate exchange agreement or other interest rate hedge agreement for the purpose of converting
397 in whole or in part the City's fixed or variable interest rate liability on all or a portion of the Revenue
398 Bonds to a fixed or variable rate liability (including converting a variable rate liability to a different
399 variable rate liability). For the purpose of this definition, a counterparty is not qualified unless it
400 holds, on the date of execution of a Swap Agreement, a current rating by at least two of the following
401 three rating agencies: Moody's, and by Standard & Poor's, and by Fitch Ratings, or their respective
402 successors, at least equal to the rating of each such rating agency assigned to the Revenue Bonds
403 without reference to any Credit Agreement. The "Series 2005 Swap Agreement" previously executed
404 and delivered by the City constitutes a Swap Agreement with respect to the Series 2005 Bonds.

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

410 "Variable Rate" shall mean an interest rate borne by the Revenue Bonds that is reset from
411 time to time.

412 "Variable Rate Bonds" shall mean Revenue Bonds which bear a Variable Rate.

413 Section 2.02 **INTERPRETATIONS.** All terms defined and all pronouns used in this
414 Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and
415 headings of the articles and sections of this Ordinance have been inserted for convenience of
416 reference only and are not to be considered a part of this Ordinance and shall not in any way modify
417 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. 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.

ARTICLE THREE

TERMS OF THE BONDS

Section 3.01 **AUTHORIZATION.** The Bonds shall be known and designated as CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2013A. The Bonds are hereby authorized to be issued and delivered pursuant to the authority of Chapter 1207 and all other applicable law. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) refunding all of the Prior Lien Bonds, (ii) funding the Debt Service Reserve Fund and (iii) paying the costs of issuance of the Bonds.

Section 3.02 **INTEREST AND MATURITIES.** The Bonds shall be dated the date set forth in the Bond Purchase Agreement. The Bonds shall be issued in fully registered form, without coupons, in Authorized Denominations, and shall be numbered separately from R-1 upward. The Bonds shall mature on May 15, 2018, in the principal amount of \$_____. The Bonds shall bear interest at the rate of ____% per annum, until maturity or prior redemption. Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the date of initial delivery to the Purchaser or the most recent Interest Payment Date to which interest has been paid or provided for. Interest shall be paid on each Interest Payment Date. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 3.03 **REDEMPTION PRIOR TO MATURITY.** The Bonds shall be subject to redemption at the option of the City prior to maturity on any date, in an Authorized Denomination, at the price of par plus accrued interest to the date fixed for redemption. The Bonds also are subject to mandatory sinking fund redemption prior to their stated maturity on the dates and in the amounts described in the FORM OF BONDS. Notice of redemption shall be provided in the manner described in the FORM OF BONDS.

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

Section 3.05 **OWNERSHIP.** The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of the Bond for the purpose of making and receiving payment of the principal of and premium, if any, and the interest on,

the Bond and for all other purposes, whether the Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon the Bond to the extent of the sums paid.

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

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

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

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

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

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

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

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

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

- 517 (a) furnished to the City and the Paying Agent/Registrar satisfactory evidence of the
518 ownership of and the circumstances of the loss, destruction or theft of the Bond;
- 519 (b) furnished security and indemnity as may be required by the Paying Agent/Registrar and
520 the City to save them harmless;
- 521 (c) paid all expenses and charges, including, but not limited to, printing costs, legal fees, fees
522 of the Paying Agent/Registrar and any tax or other governmental charge that may be
523 imposed, as a result of the loss, destruction or wrongful taking of the Bond; and
- 524 (d) met or complied with any other reasonable requirements of the City and the Paying
525 Agent/Registrar.

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

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

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

538 Section 3.09 **BOOK-ENTRY SYSTEM.** This section describes the book-entry system of
539 DTC. If provided for in the Bond Purchase Agreement, the definitive Bonds shall be registered in the

540 name of Cede & Co., as nominee of DTC, as registered owner of the Bonds, and held in the custody
541 of DTC.

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

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

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

578 Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a
579 book entry at DTC (or any successor securities depository), the requirements in this Ordinance of
580 holding, registering, delivering, exchanging or transferring Bonds shall be deemed modified to
581 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 the Bond Purchase Agreement provides that the Bonds will be held in book-entry form. Further, the City Manager, acting for and on behalf of the City, is directed to approve, execute and deliver any additional letter of representations to DTC with respect to the Bonds necessary to implement the book-entry only system of registration, such approval to be conclusively evidenced by its execution by the City Manager, if the Bonds are held in book-entry form.

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

ARTICLE FOUR

FORM OF BONDS

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

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

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

Section 4.03 **LEGAL OPINION.** The approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, may be printed on or attached to the back of each Bond, but errors or omissions in the printing of the opinion shall have no effect on the validity of the Bonds.

ARTICLE FIVE

SECURITY AND SOURCE OF PAYMENT

Section 5.01 **PLEDGE AND SOURCE OF PAYMENT.** The City hereby covenants and agrees that Gross Revenues shall be deposited and paid into the special funds established and confirmed in this Ordinance, and shall be applied in the manner set forth in this Ordinance, in order to provide for the payment of all Operation and Maintenance Expenses of the Airport System and to

620 provide for the payment of Debt Service on the Revenue Bonds and Credit Agreement Obligations
621 and for the payment when due of Administrative Expenses. Except as otherwise specifically provided
622 in this Ordinance, the Revenue Bonds and the Credit Agreement Obligations shall constitute special
623 obligations of the City that, upon the defeasance of the Prior Lien Bonds, shall be payable from, and
624 shall be equally and ratably secured by a first lien on the Net Revenues. The Administrative Expenses
625 shall constitute special obligations of the City that shall be payable from and secured by a lien on the
626 Net Revenues subordinate only to the payment of Debt Service on the Revenue Bonds. Net Revenues
627 shall, in the manner provided in this Ordinance, be set aside for and pledged to the payment of the
628 Revenue Bonds in the Debt Service Fund and the Debt Service Reserve Fund as provided in this
629 Ordinance. The City grants a lien on the Net Revenues and the Debt Service Fund and the Debt
630 Service Reserve Fund to secure the payment of Debt Service on the Revenue Bonds and related
631 Credit Agreement Obligations in accordance with their terms, and to pay Administrative Expenses to
632 the Persons entitled to payment. All Revenue Bonds and related Credit Agreement Obligations
633 related shall be in all respects on a parity with and of equal dignity with one another; provided,
634 however, that a Termination Payment shall be a Subordinate Obligation. Neither the Owners nor the
635 Credit Providers shall ever have the right to demand payment of Debt Service out of any funds raised
636 or to be raised by taxation.

637 Chapter 1208, Texas Government Code, applies to the authorization and issuance of the
638 Revenue Bonds and to the pledge of and lien on the Net Revenues granted by the City under this
639 Ordinance, and the pledge of and lien on the Net Revenues are valid and effective in accordance with
640 the terms of this Ordinance and are perfected from the date of adoption of this Ordinance without the
641 filing of any document or other act. To the extent Texas law is amended at any time while the
642 Revenue Bonds are Outstanding and unpaid such that the pledge of and lien on the Net Revenues
643 granted by the City under this Ordinance are to be subject to the filing requirements of Chapter 9,
644 Texas Business & Commerce Code, the City agrees to take all actions and make, or cause to be made,
645 all filings as it determines are reasonable and necessary under Texas law to comply with the
646 applicable provisions of Chapter 9, Texas Business & Commerce Code.

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

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

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

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

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

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

The Revenue Fund, including the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Capital Fund and the Construction Fund (other than any Capitalized Interest Accounts in the Construction Fund) shall be maintained as separate funds or accounts on the books of the City and all amounts credited to the Funds and Accounts shall be maintained in an official

depository bank of the City. The Debt Service Fund, the Debt Service Reserve Fund and the Administrative Expense Fund shall be maintained at an official depository bank of the City or in a trustee bank designated by the City separate and apart from all other funds and accounts of the City. The Debt Service Fund and the Debt Service Reserve Fund shall constitute trust funds which shall be held in trust for the owners of the Revenue Bonds and the proceeds of which shall be pledged, as herein provided, to the payment of the Revenue Bonds. The Administrative Expense Fund shall constitute trust funds which shall be held in trust for the payment of Administrative Expenses to the Persons entitled thereto. Upon the defeasance of the Prior Lien Bonds, the Prior Lien Debt Service Fund and the Prior Lien Debt Service Reserve Fund created by and defined in the Prior Lien Ordinance will be extinguished, and any moneys on deposit in the Prior Lien Debt Service Fund and the Prior Lien Debt Service Reserve Fund will either be transferred to the Escrow Agent in respect to the defeasance of the Prior Lien Bonds, or deposited to the credit of the Revenue Fund, as directed by the Aviation Director or his designee.

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

- (a) First, to provide for all payments of Operation and Maintenance Expenses required by the Revenue Bond Ordinances.
- (b) Second, to transfer all amounts to the Debt Service Fund required by the Revenue Bond Ordinances necessary to pay Debt Service on the Revenue Bonds and any related Credit Agreement Obligations.
- (c) Third, to transfer all amounts to the Administrative Expense Fund required to pay Administrative Expenses to the Persons entitled to payment when due.
- (d) Fourth, to transfer all amounts to the Debt Service Reserve Fund required by the Revenue Bond Ordinances.
- (e) Fifth, to transfer all amounts necessary to provide for the payment of Subordinate Obligations, or to provide reserves for payment, as may be required by any ordinance authorizing Subordinate Obligations and related credit agreement obligations.
- (f) Sixth, to transfer all amounts necessary to provide for the payment of principal of and interest on General Obligation Airport Bonds.
- (g) Seventh, to transfer all amounts to the Operation and Maintenance Reserve Fund required by the Revenue Bond Ordinances.
- (h) Eighth, to transfer all amounts to the Renewal and Replacement Fund required by the Revenue Bond Ordinances.

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

740 Section 5.06 **DEBT SERVICE FUND.** (a) On or before the last Business Day of each
741 month so long as any Revenue Bonds remain Outstanding, after making all required payments of
742 Operation and Maintenance Expenses, there shall be transferred from the Revenue Fund to the Debt
743 Service Fund the amount necessary to cause the balance in the Debt Service Fund to equal the Debt
744 Service on all Revenue Bonds and Credit Agreement Obligations accrued, but unpaid, through the
745 end of the current month and the Debt Service on all Revenue Bonds and Credit Agreement
746 Obligations reasonably expected to accrue and be payable on or before the last Business Day of the
747 next succeeding month.

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

750 Section 5.07 **DEBT SERVICE RESERVE FUND.** (a) The City shall establish and
751 maintain a balance in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund
752 Requirement. Each increase in the Debt Service Reserve Fund Requirement resulting from the
753 issuance of Additional Revenue Bonds shall be funded at the time of issuance and delivery of the
754 series of Additional Revenue Bonds by depositing to the credit of the Debt Service Reserve Fund
755 either (A) proceeds of the Additional Revenue Bonds and/or other lawfully appropriated funds in not
756 less than the amount which will be sufficient to fund fully the Debt Service Reserve Fund
757 Requirement or (B) a Debt Service Reserve Fund Surety Bond sufficient to provide that portion of
758 the Debt Service Reserve Fund Requirement. The City further expressly reserves the right to
759 substitute at any time a Debt Service Reserve Fund Surety Bond for any funded amounts in the Debt
760 Service Reserve Fund and to apply the funds released, to the greatest extent permitted by law, to any
761 of the purposes for which the related Revenue Bonds were issued or to pay debt service on the related
762 Revenue Bonds. The City shall not employ any Debt Service Reserve Fund Surety Bond unless (i)
763 the City officially finds that the purchase of the Debt Service Reserve Fund Surety Bond is cost
764 effective, (ii) the Debt Service Reserve Fund Surety Bond does not impose upon the City a repayment
765 obligation (in the event the Debt Service Reserve Fund Surety Bond is drawn upon) greater than can
766 be funded in eighteen (18) monthly installments as provided in subsection (b) below, payable out of
767 Net Revenues on a parity with the monthly deposits that are otherwise required to be made to the
768 Debt Service Reserve Fund, and (iii) that any interest due in connection with the repayment
769 obligations does not exceed the highest lawful rate of interest which may be paid by the City at the
770 time of delivery of the Debt Service Reserve Fund Surety Bond.

771 (b) In any month in which the Debt Service Reserve Fund contains less than the Debt Service
772 Reserve Fund Requirement or in which the City is obligated to repay or reimburse any issuer of a
773 Debt Service Reserve Fund Surety Bond (in the event such Debt Service Reserve Fund Surety Bond
774 is drawn upon), then on or before the last Business Day of that month, after making all required
775 transfers to the Debt Service Fund and the Administrative Expense Fund, there shall be transferred
776 into the Debt Service Reserve Fund from the Revenue Fund, in approximately equal monthly
777 installments, amounts sufficient to enable the City within an eighteen (18) month period to reestablish
778 in the Debt Service Reserve Fund the Debt Service Reserve Fund Requirement and satisfy any
779 repayment obligations to the issuer of any Debt Service Reserve Fund Surety Bond. After this
780 amount has been accumulated in the Debt Service Reserve Fund and after satisfying any repayment
781 obligation to any Debt Service Reserve Fund Surety Bond issuer and so long thereafter as the Debt

782 Service Reserve Fund contains this amount and all repayment obligations have been satisfied, no
783 further transfers shall be required to be made, and any excess amounts in the Debt Service Reserve
784 Fund shall be transferred to the Revenue Fund. But if and whenever the balance in the Debt Service
785 Reserve Fund is reduced below this amount or any Debt Service Reserve Fund Surety Bond
786 repayment obligations arise, monthly transfers to the Debt Service Reserve Fund shall be resumed
787 and continued in amounts required to restore the Debt Service Reserve Fund to this amount and to
788 pay reimbursement obligations within an eighteen (18) month period.

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

795 Section 5.08 **FUNDS AND ACCOUNTS FOR SUBORDINATE OBLIGATIONS.** On
796 or before the last Business Day of each month, after making all required transfers to the Debt Service
797 Fund, the Debt Service Reserve Fund and the Administrative Expenses Fund there shall be
798 transferred into the funds and accounts as shall be established pursuant to the ordinance authorizing
799 the issuance or incurrence of Subordinate Obligations, the amounts required pursuant to the
800 ordinance to provide for the payment, or to provide reserves for the payment, of the Subordinate
801 Obligations.

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

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

815 Section 5.11 **OPERATION AND MAINTENANCE RESERVE FUND.** The City shall
816 fund and maintain as hereinafter provided a balance of money and investments in the Operation and
817 Maintenance Reserve Fund at least equal to two (2) months current Operation and Maintenance
818 Expenses, which amount shall annually be re-determined by the Aviation Director at the time the
819 recommended budget for the Airport System is submitted pursuant to Section 5.02, based upon either
820 his recommended budget for Operation and Maintenance Expenses or his estimate of actual
821 Operation and Maintenance Expenses for the then current Fiscal Year. On or before the last Business
822 Day of each month, after making all required transfers to the Debt Service Fund, the Debt Service
823 Reserve Fund and the Administrative Expenses Fund, and any required transfers for Subordinate
824 Obligations or General Obligation Airport Bonds as provided in this Ordinance, there shall be

transferred from the Revenue Fund, to the extent there are funds available, to the Operation and Maintenance Reserve Fund an amount equal to one-twelfth (1/12th) of the deficiency, if any, in the Operation and Maintenance Reserve Fund as of the last day of the previous Fiscal Year until the required balance in the Operation and Maintenance Reserve Fund is established or reestablished. Amounts from time to time credited to the Operation and Maintenance Reserve Fund may be used at any time first, to pay for any Operation and Maintenance Expenses for which amounts are not otherwise available in the Operation and Maintenance Fund; second, to pay any costs or expenses payable from the Renewal and Replacement Fund for which there are insufficient amounts in the Renewal and Replacement Fund; and third, to the extent any amounts are remaining, to be transferred to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative Expenses Fund or any similar fund created to provide for the payment, and reserves for the payment, of Subordinate Obligations and General Obligation Airport Bonds to the extent of any deficiency in any of these funds.

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

Section 5.13 **CAPITAL FUND.** After making all payments and transfers required by this Ordinance, not less frequently than annually all amounts remaining in the Revenue Fund shall be transferred 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 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 therein, 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 there shall not be transferred into any Fund or Account maintained pursuant to Sections 5.06 through 5.12, inclusive, the full amounts required by this Ordinance, amounts equivalent to the deficiency shall be set apart and transferred 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 the Bonds and 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 the Bonds and Refunding Revenue Bonds) there shall be deposited into the applicable Project Account established in the Construction Fund the amounts as shall be provided in the ordinance authorizing the series of Revenue Bonds. The amounts may be applied to pay costs of establishing, improving, enlarging, extending and repairing the Airport System or any project to become part of the Airport System, to reimburse advances made by the City for these costs, to pay costs of issuance of Revenue Bonds and to pay any other capital costs of the Airport System as provided in the ordinance authorizing the series of Revenue Bonds.

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 Additional 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 thereof 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
Prior Lien Debt Service Reserve Fund and Debt Service Reserve Fund	Remains in the fund until the applicable Debt Service Reserve Fund Requirement is satisfied; 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 or in the appropriate fund or account therein

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

Section 5.18 SECURITY FOR UNINVESTED FUNDS. So long as any Revenue Bonds remain Outstanding, all uninvested moneys on deposit in, or credited to, the Funds and Accounts established or confirmed herein shall be secured by the pledge of security, as provided by Texas law.

932 **ARTICLE SIX**

933 **ADDITIONAL BONDS**

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

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

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

946 (c) Projected Coverage for Additional Revenue Bonds. An Airport Consultant provides a
947 written report setting forth projections which indicate that the estimated Net Revenues, together with
948 the estimated Other Available Funds, of the Airport System for each of three (3) consecutive Fiscal
949 Years beginning in the earlier of

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

954 (ii) the first Fiscal Year in which the City will have scheduled payments of interest on
955 or principal of the Additional Revenue Bonds to be issued for the payment of which provision
956 has not been made as indicated in the report of the Airport Consultant from proceeds of the
957 Additional Revenue Bonds, investment income thereon or from other appropriated sources (other
958 than Net Revenues),

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

962 (d) Alternate Coverage for Additional Revenue Bonds. In lieu of the certification described
963 in (c) above, the City's Chief Financial Officer may provide a certificate showing that, for either the
964 City's most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months,
965 the Net Revenues, together with Other Available Funds, of the Airport System were equal to at least
966 125% of the maximum Debt Service Requirements on all Revenue Bonds scheduled to occur in the
967 then current or any future Fiscal Year after taking into consideration the issuance of the Additional
968 Revenue Bonds proposed to be issued.

969 (e) Refunding Bonds. If Additional Revenue Bonds are being issued for the purpose of
970 refunding less than all previously issued Revenue Bonds which are then Outstanding, neither of the

certifications described in (c) or (d) above are required so long as the maximum annual Debt Service Requirements in any Fiscal Year after the issuance of the Additional Revenue Bonds will not exceed the maximum annual Debt Service Requirements in any Fiscal Year prior to the issuance of the Additional Revenue Bonds.

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

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

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

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

- (a) a certificate of the consulting engineer engaged by the City to design the Airport Project for which the Completion Bonds are to be issued stating that the Airport 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" shall mean the Airport or any other Airport System facility or project which shall be defined as an Airport Project in any ordinance

authorizing the issuance of Additional Revenue Bonds, for the purpose of financing the Airport Project. Any such ordinance may contain further provisions as the City shall deem appropriate with regard to the use, completion, modification or abandonment of the Project.

Section 6.03 **SUBORDINATE OBLIGATIONS.** The City reserves the right to issue or incur, for any lawful Airport System purpose, Subordinate Obligations and credit agreement obligations related thereto, 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 and/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.

Section 6.06 **NO ADDITIONAL PRIOR LIEN BONDS TO BE ISSUED.** The City affirms the covenants made in the Series 2005 Bond Ordinance and the Series 2013 Bond Ordinance that the City will not issue Additional Prior Lien Bonds, as defined in the Prior Lien Ordinance. Upon the defeasance of the Prior Lien Bonds, (i) the Prior Lien Ordinance will no longer be effective, (ii) the lien of Net Revenues securing the Revenue Bonds shall a first lien of the Net Revenues and (iii) the debt service reserve surety bond insurance policy held in the Prior Lien Debt Service Reserve Fund shall be cancelled.

ARTICLE SEVEN

COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS

1051 Section 7.01 **PUNCTUAL PAYMENT OF BONDS.** The City covenants that it will
1052 punctually pay or cause to be paid the Debt Service on all Revenue Bonds and Credit Agreement
1053 Obligations, according to their terms, and to pay all Administrative Expenses to the Persons entitled
1054 to payment when due, and will faithfully do and perform, and at all times fully observe, any and all
1055 covenants, undertakings, stipulations and provisions contained in this Ordinance and in any other
1056 ordinance authorizing the issuance of Revenue Bonds.

1057 Section 7.02 **MAINTENANCE OF AIRPORT SYSTEM.** Except as provided in Section
1058 7.04, the City covenants that it will at all times maintain and operate the Airport System, or within the
1059 limits of its authority cause the Airport System to be maintained and operated, in good and
1060 serviceable condition.

1061 Section 7.03 **LIMITATION ON CITY CHARGES FOR OPERATION AND**
1062 **MAINTENANCE EXPENSES.** The City covenants that it will not charge the Airport System any
1063 amounts for overhead expenses relating to the administration, operation and maintenance of the
1064 Airport System except to the extent that the amounts charged are reasonably allocable to the Airport
1065 System based upon a stated policy of allocation, reasonably applied to the Airport System. All
1066 charges imposed by the City upon the Airport System shall be consistent with all applicable federal
1067 laws, regulations and other requirements applicable to the Airport System or imposed upon the
1068 Airport System in connection with the acceptance by the Airport System of any federal grants or aid.

1069 Section 7.04 **SALE OR ENCUMBRANCE OF AIRPORT SYSTEM.** Except for the use
1070 of the Airport System or services pertaining to the Airport System in the normal course of business,
1071 the City covenants that neither all nor a substantial part of the Airport System shall be sold, leased,
1072 mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Revenue Bonds, Credit
1073 Agreement Obligations and Administrative Expenses have been paid in full, or unless provision for
1074 payment has been made, and the City shall not dispose of its title to the Airport System or to any
1075 useful part of the Airport System, including, without limitation, any property necessary to the
1076 operation and use of the Airport System, except for the execution of leases, licenses, easements, or
1077 other agreements in connection with the operation of the Airport System by the City, or in connection
1078 with any Special Facilities, except for any pledges of and liens on revenues derived from the
1079 operation and use of all or any part of the Airport System, or any Special Facilities, for the payment
1080 of Revenue Bonds, Credit Agreement Obligations, Administrative Expenses, Special Facilities Bonds
1081 and any other obligations pertaining to the Airport System, and except as otherwise provided in the
1082 next two paragraphs.

1083 The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport
1084 System, any property constituting a part of the Airport System which the Aviation Director certifies
1085 (i) to be no longer useful in the construction or operation of the Airport System, (ii) to be no longer
1086 necessary for the efficient operation of the Airport System, or (iii) to have been replaced by other
1087 property of at least equal value. The net proceeds of the sale or disposition of any Airport System
1088 property (or the fair market value of any property so excluded) pursuant to this paragraph shall be
1089 used for the purpose of replacing properties at the Airport System, shall be paid into the Capital Fund
1090 - Capital Improvement Account or shall be applied to retire or pay principal of or interest on Revenue
1091 Bonds.

1092 Nothing in this Ordinance prevents any transfer of all or a substantial part of the Airport
1093 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, any City officials, City ordinance, 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.

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

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

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

unless the lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Revenue Bonds, the Credit Agreement Obligations and Administrative Expenses.

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

Notwithstanding the provisions of the foregoing paragraph, (i) acceleration as a remedy is expressly denied, (ii) no grace period for a default in the performance of any duty or covenant shall exceed thirty (30) days, nor shall any grace period be extended for more than sixty (60) days without the written consent of the Bond Insurer (to the extent consent is required), (iii) no grace period is permitted with respect to a default in the payment of Debt Service or the payment of Administrative Expenses when due. For purposes of exercising the rights of Owners upon the occurrence of an event of default described in the immediately preceding paragraph, the Bond Insurer shall be deemed to be the sole holder of the Series 2005 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners are entitled to take pursuant to this Ordinance.

Section 7.09 **DISCHARGE BY DEPOSIT.** (a) The City may discharge its obligation to the Owners of any or all of the Bonds to pay Debt Service, or any portion thereof, 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.

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

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.

_____ 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. The City Manager 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 the substantially final form presented with this Ordinance.

(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, upon not less than sixty (60) days notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice 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 thereof) 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; 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 (this provision does not apply to the Bonds so long as the Bonds are not rated);
- (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 66-2/3% of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding and affected by the amendment, modification, addition, or elimination and with the consent of the Bond Insurer (to the extent the consent is required); 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 ten (10) days prior to 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 eighteen (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 eighteen (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.** By acceptance of the Bonds, each Owner of a Bond (including specifically the Purchaser) (i) irrevocably and specifically consents to and approves the amendments described in (1) and (2) below, (ii) irrevocably appoints the Aviation Director as its true and lawful attorney-in-fact for the limited purpose of executing the written instrument required by Section 9.04 of this Ordinance to evidence the Owner's specific consent to and approval of the amendments described in (1) and (2) below, and (iii) confirms all actions taken by the Aviation Director as

attorney-in-fact for the Owner, it being specifically provided that the Aviation Director need not consult with, or provide notice to, an Owner in connection with the actions taken by the Aviation Director under this Section. The power of attorney granted to the Aviation Director shall be limited to effecting the below amendments and is irrevocable for so long as any Bond remains Outstanding.

The amendments are:

(1) Amend Section 6.01(e) of this Ordinance and the Series 2005 Bond Ordinance to read:

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

(2) Amend Section 9.03 of this Ordinance and the Series 2005 Bond Ordinance by changing the phrase "66-2/3% of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding" to "a majority of the aggregate unpaid principal amount of the Revenue Bonds then Outstanding".

These amendments will become effective once the consent of 66-2/3% 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 AND ESCROW AGREEMENT; APPLICATION OF PROCEEDS OF THE BONDS

Section 10.01 SALE OF THE BONDS; BOND PURCHASE AGREEMENT. The Bonds shall be sold at private sale to the Purchaser in accordance with the terms of this Ordinance. The sale of the Bonds to the Purchaser is on terms that are most advantageous to the City reasonably obtained and, upon the advice of the City's financial advisor, is in the best interests of the City

An Authorized Officer is authorized and directed to execute and deliver the Bond Purchase Agreement. Council approves the Bond Purchase Agreement. The Authorized Officer and other appropriate officials of the City are directed to execute the Bond Purchase Agreement on behalf of the City. The Authorized Officer and other appropriate officers, employees, and agents of the City shall carry out and comply with the terms and provisions of the Bond Purchase Agreement.

Section 10.02 APPROVAL, REGISTRATION AND INITIAL DELIVERY. The Authorized Officer shall have control and custody of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery, and the Authorized Officer and other officers and employees of the City are instructed to make certifications and to execute instruments as may be necessary to accomplish the initial delivery of the Initial Bonds and to assure the investigation, examination, and approval of the Bonds by the Attorney General of the State of Texas and their registration by the Comptroller of 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 her) 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 Purchaser 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 with the Escrow Agent and held for the purpose of retiring the Prior Lien Bonds on November 15, 2013; and

(b) A portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the Debt Service Reserve Fund in an amount that causes the Debt Service Reserve Fund Requirement to be fully funded; and

(c) 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 **REASONS FOR REFUNDING.** The City hereby finds that the issuance of the Bonds for the purpose of refunding the Prior Lien Bonds to realize a net present value savings is a public purpose. The refunding of the Prior Lien Bonds generates a net present value savings of \$_____ and a gross savings of \$_____. The refunding of the Prior Lien Bonds also enables the Revenue Bonds to be secured by a first lien on the Net Revenues.

Section 10.05 **ESCROW AGREEMENT.** Council approves the Escrow Agreement. The City Manager is authorized and directed to execute the Escrow Agreement with the Escrow Agent in the substantially final form presented with this Ordinance. Any Authorized Officer and other appropriate officers, employees, and agents of the City shall carry out and comply with the terms and provisions of the Escrow Agreement.

Section 10.06 **REDEMPTION OF PRIOR LIEN BONDS.** Council authorizes the redemption of the Prior Lien Bonds on November 15, 2013, subject to the delivery of the Bonds to the Purchaser at the agreed upon price set forth in the Bond Purchase Agreement. Any Authorized Officer and other appropriate officials of the City are directed to cause notice of redemption of Prior Lien Bonds to be given in accordance with the terms of the Prior Lien Ordinance.

Section 10.07 **USE OF PASSENGER FACILITY CHARGES.** 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%. Consistent with the definitions of Debt Service Requirements and Gross Revenues, the City represents that debt service with respect to the Revenue Bonds paid from passenger facility charges is not included in the calculation of Debt Service Requirements.

ARTICLE ELEVEN

FEDERAL INCOME TAX COVENANTS

Section 11.01 **GENERAL TAX COVENANTS.** The City covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. The City covenants as follows:

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

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

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

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

(e) that fewer than 25 percent of the proceeds of the Bonds will be used for the acquisition of land or an interest therein, unless such land is acquired for noise abatement or wetland preservation or the future use of the Airport, and there is no other significant use of such land;

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

(1) proceeds of the Bonds invested for a reasonable temporary period until the proceeds are needed for the purpose for which the Bonds are issued,

1459 (2) amounts invested in a bona fide debt service fund, within the meaning of
1460 section 1.148-1(b) of the Treasury Regulations, and

1461
1462 (3) amounts deposited in any reasonably required reserve or replacement fund
1463 to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;
1464

1465 (g) that any property acquired, directly or indirectly, with the proceeds of the Bonds
1466 was not placed-in-service prior to its acquisition unless the provisions of section 147(d) of the
1467 Code, relating to rehabilitation, are satisfied;
1468

1469 (h) that the costs of issuance to be financed with the proceeds of the Bonds do not
1470 exceed two (2) percent of the proceeds of the Bonds;
1471

1472 (i) to refrain from taking any action that would result in the Bonds being "federally
1473 guaranteed" within the meaning of section 149(b) of the Code;
1474

1475 (j) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as
1476 proceeds of the Bonds, as may be necessary, to satisfy the requirements of section 148 of the
1477 Code (relating to arbitrage);
1478

1479 (k) to create and maintain a Rebate Fund, as required below, to pay to the United
1480 States of America at least once during each five-year period (beginning on the date of delivery of
1481 the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the
1482 meaning of section 148(f) of the Code and to pay to the United States of America, not later than
1483 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be
1484 paid as a result of Excess Earnings under section 148(f) of the Code; and

1485 (l) to maintain records that will enable the City to fulfill its responsibilities under this
1486 Section and section 148 of the Code and to retain the records for at least six (6) years following
1487 the final payment of principal and interest on the Bonds.

1488 The City understands that the term "proceeds" includes "disposition proceeds" as defined in
1489 the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and
1490 proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the
1491 understanding of the City that the covenants contained in this Ordinance are intended to assure
1492 compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the
1493 Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated
1494 which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be
1495 required to comply with any covenant contained herein to the extent that such failure to comply, in
1496 the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from
1497 federal income taxation of interest on the Bonds under section 103 of the Code. In the event that
1498 regulations or rulings are hereafter promulgated which impose additional requirements which are
1499 applicable to the Bonds, the City agrees to comply with the additional requirements to the extent
1500 necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from
1501 federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the
1502 foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of

the City, any Deputy Chief Financial Officer of the City and the City Treasurer may execute any documents, certificates or other reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

In order to facilitate compliance with clause (h) above, a "Rebate Fund" is established and held by the City for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Registered Owners of the Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

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

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 2013, financial information and operating data with respect to the Airport System of the general type described in Section 12.04. Any financial statements to be provided shall be (1) 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 (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of the financial statements is not complete within this period, then the City shall provide unaudited financial statements by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on the statements becomes available. While the Bonds are Outstanding, the City will deliver this information to the Purchaser.

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 from the MSRB) that has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in the format prescribed by the MSRB.

Section 12.02 **DISCLOSURE EVENT NOTICES.** The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, 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; and
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by subsection (a). As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving Council and official or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 12.03 **LIMITATIONS, DISCLAIMERS, AND AMENDMENTS.** The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of

1590 the Rule, except that the City in any event will give the notice required by Section 12.02 of any Bond
1591 calls and defeasance that cause the Airport System to be no longer an "obligated person."

1592 The provisions of this Article are for the sole benefit of the Owners and beneficial owners of
1593 the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or
1594 equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only
1595 the financial information, operating data, financial statements, and notices which it has expressly
1596 agreed to provide pursuant to this Article and does not hereby undertake to provide any other
1597 information that may be relevant or material to a complete presentation of the City's financial results,
1598 condition, or prospects or to update any information provided in accordance with this Article or
1599 otherwise, except as expressly provided in this Ordinance. The City does not make any representation
1600 or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at
1601 any future date.

1602 **UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER**
1603 **OR BENEFICIAL OWNER OF ANY BONDS OR ANY OTHER PERSON, IN CONTRACT**
1604 **OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH**
1605 **BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY**
1606 **COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF**
1607 **ANY PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY BREACH**
1608 **SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC**
1609 **PERFORMANCE.**

1610 No default by the City in observing or performing its obligations under this Article shall
1611 comprise a breach of or default under this Ordinance for purposes of any other provision of this
1612 Ordinance.

1613 Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties
1614 of the City under federal and state securities laws.

1615 Should the Rule be amended to obligate the City to make filings with or provide notices to
1616 entities other than the MSRB, the City agrees to undertake the obligation in accordance with the
1617 Rule, as amended.

1618 The provisions of this Article may be amended by the City from time to time to adapt to
1619 changed circumstances that arise from a change in legal requirements, a change in law, or a change in
1620 the identity, nature, status, or type of operations of the Airport System, but only if (1) the provisions
1621 of this Article, as so amended, would have permitted an underwriter to purchase or sell the Bonds in
1622 the primary offering of the Bonds in compliance with the Rule, taking into account any amendments
1623 or interpretations of the Rule to the date of such amendment, as well as such changed circumstances,
1624 and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount
1625 required by any other provision of this Ordinance that authorizes such an amendment) of the
1626 Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City (such
1627 as nationally recognized bond counsel) determines that such amendment will not materially impair
1628 the interests of the Owners and beneficial owners of the Bonds. If the City amends the provisions
1629 of this Article, it shall include with any amended financial information or operating data next
1630 provided in accordance with Section 12.01 an explanation, in narrative form, of the reason for the
1631 amendment and of the impact of any change in the type of financial information or operating data so

provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that the provisions of the Rule are invalid, but only and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 12.04 **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.** The following information is referred to in Section 12.01:

(a) Annual Financial Statements and Operating Data. The financial information and operating data with respect to the City to be provided annually are (i) the portions of the financial statements of the City appended to the Series 2005 Official Statement as Appendix B, but for the most recently concluded Fiscal Year, and (ii) all quantitative financial information and operating data with respect to the Airport System of the general type included in the main text of the Series 2005 Official Statement within the numbered tables only.

(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 hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

Section 13.02 **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 13.03 **OPEN MEETING.** It is hereby found, determined and declared that a 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 thereof.

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

Section 13.05 **REPEALER.** All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

PASSED AND APPROVED on _____, 2013.

Lee Leffingwell, Mayor

ATTEST:

Jannette S. Goodall, City Clerk

(SEAL)

APPROVED:

Karen M. Kennard, City Attorney

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EXHIBIT A

FORM OF BONDS

REGISTERED REGISTERED
No. _____ \$ _____

United States of America
State of Texas
CITY OF AUSTIN, TEXAS
AIRPORT SYSTEM REVENUE REFUNDING BOND
SERIES 2013A

MATURITY DATE	INTEREST RATE	DELIVERY DATE	CUSIP NO.
November 15, 2018	_____%		

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, 201_, and semiannually on each _____ 15 and _____ 15 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than _____ 15, 201_, such interest is payable semiannually on each _____ 15 and _____ 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 _____, Texas (the "Designated Payment Transfer Office"), of _____, 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 _____ 1, 2013, issued in the aggregate principal amount of \$_____ pursuant to the Ordinance. This Bond is one of the Revenue Bonds authorized by the Ordinance and is subject to the terms and provisions thereof. The Ordinance and its terms and provisions are incorporated herein for all purposes.

The Bonds are issued by the City for the purposes of obtaining funds to refund the Outstanding Prior Lien Bonds, and to pay the City's costs incurred in connection with the issuance of the Bonds.

This Bond and all of the Bonds are special obligations of the City that are equally and ratably payable from and secured by a first lien on and pledge of the "Net Revenues" and by amounts on deposit in certain special funds of the "Airport System" of the City of Austin, Texas. Net Revenues are required to be set aside for and pledged to the payment of the Bonds and certain other outstanding obligations equally and ratably secured on a parity with the Bonds (collectively, the "Revenue Bonds") and "Credit Agreement Obligations" heretofore or hereafter issued or incurred in connection therewith, in the debt service fund and the debt service reserve fund required to be maintained for the payment of all such Revenue Bonds, all as more fully described and provided for in the Ordinance.

1765 This Bond and the series of which it is a part, together with the interest thereon, are payable solely
1766 from such Net Revenues and special funds and do not constitute an indebtedness or general
1767 obligation of the City.

1768 The City has reserved the right to issue additional obligations on a parity with the outstanding
1769 Revenue Bonds and the Bonds and subordinate or inferior obligations, subject to the restrictions
1770 contained in the Ordinance, which may be secured by a lien on a parity with, subordinate or inferior
1771 to, the lien on the aforesaid Net Revenues securing this Bond and the series of which it is a part.

1772 The Ordinance contains provisions permitting the City to defease the Ordinance and to amend
1773 the Ordinance under certain circumstances. Any amendment to the Ordinance shall be binding upon
1774 the Owner of this Bond without endorsement hereon or any reference to such amendment, provided
1775 that no amendment shall permit (a) an extension of the maturity of the principal of or the interest on
1776 this Bond, or (b) a reduction of the principal amount of this Bond or the rate of interest thereon.

1777 The Bonds are subject to redemption prior to maturity at the option of the City, in whole or in
1778 part, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption.
1779 The Bonds or portions thereof redeemed shall be selected by lot or other method by the Paying
1780 Agent/Registrar. The Paying Agent/Registrar will select the specific Bonds to be redeemed in
1781 Authorized Denominations in the manner set forth in the Ordinance.

1782 The Bonds are subject to mandatory sinking fund redemption in part (at random in such
1783 manner as the Paying Agent/Registrar in its discretion deems proper) on the dates and in the
1784 respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued
1785 interest to the Redemption Date, from sinking fund installments which are required to be made in
1786 amounts sufficient to redeem on the dates set forth below the principal amount of such respective
1787 Bonds specified below:

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Sinking Fund Installments

Date

Principal Amount (\$)

November 15, 2014
November 15, 2015
November 15, 2016
November 15, 2017
November 15, 2018*

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*Final Maturity

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Notice of optional redemption of Bonds shall be given by United States mail, first class postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue. For so long as _____ is the registered owner of 100% of the principal amount of the Bonds then outstanding, the City shall not be required to provide notice of a mandatory sinking fund redemption. If _____ is not the registered owner of 100% of the principal amount of the Bonds then outstanding, the City shall provide notice of a mandatory sinking fund redemption in the manner and with the effect described in this paragraph.

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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.

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Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

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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.

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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

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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.

City Clerk, City of Austin, Texas

Mayor, City of Austin, Texas

[SEAL]

Form of Certificate of Paying Agent/Registrar
CERTIFICATE OF PAYING AGENT/REGISTRAR

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

_____,
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

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REGISTER NO. _____

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding special obligation of the City of Austin, Texas, payable from the revenues pledged to its payment by and in the ordinance authorizing the same; and this Bond has this day been registered by me.

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.

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EXHIBIT B
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