

ORDINANCE NO. 20161215-015

AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE BONDS, SERIES 2017B (AMT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$160,000,000.

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

ARTICLE ONE

FINDINGS

Section 1.01 **BOND AUTHORIZATION.** Capitalized terms used in this Article One and not otherwise defined shall have the meaning assigned in Article Two. Council finds that:

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

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

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

(d) 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.

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

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

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

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

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

ARTICLE TWO

DEFINITIONS

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

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

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

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

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

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

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

"Airport System" means all or any interest in airport, heliport and aviation facilities, now or from time to time 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 currently 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" means \$5,000 and integral multiples of \$5,000.

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

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

"Bond Insurer" or "Insurer" means 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" means the bond purchase agreement between the City and the Underwriters, relating to the sale and delivery of the Bonds, in substantially the form approved by Council in the sale of obligations to underwriters in a negotiated sale.

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

"Business Day" means 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.

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

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

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

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

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

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

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

"Code" means the Internal Revenue Code of 1986.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Defeasance Obligations" means: (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States; (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their purchase, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date council adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

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

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

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

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

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

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

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

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

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

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

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

"Minimum Capital Reserve" means 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" means 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" means the Municipal Securities Rulemaking Board.

"Mueller Airport Property" means 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" means that portion of the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses of the Airport System.

"Operation and Maintenance Expenses" means 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); fiduciary costs; costs of collecting and refunding Gross Revenues; utility costs; any lawful refunds of any Gross Revenues; and all other administrative, general and commercial expenses, but excluding:

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

- (g) any charges or obligations incurred in connection with any lawful Airport System purpose, including the lease, acquisition, operation or maintenance of any facility or property benefiting the Airport System, provided that the payment of such charges or obligations is expressly agreed by the payee to be payable solely from proceeds of the Capital Fund;
- (h) liabilities based upon the City's negligence or other ground not based on contract; and
- (i) so long as Federal Payments are excluded from Gross Revenues, an amount of expenses that would otherwise constitute Operation and Maintenance Expenses for such period equal to the Federal Payments for such period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Rule" means SEC Rule 15c2-12.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE THREE

TERMS OF THE BONDS

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

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

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

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 Underwriters, 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 Representative of the Underwriters. Upon payment for the Initial Bonds, the Paying Agent/Registrar shall cancel the Initial Bonds and deliver to DTC on behalf of the Underwriters 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 authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which a Bond is delivered.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Account 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 to those Administrative Expenses.

Section 5.05 **FLOW OF FUNDS.** Gross Revenues shall be deposited as received by the City 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. 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.
- (i) Ninth, the balance shall be transferred to the Capital Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

\$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, the City shall transfer from the Revenue Fund, to the extent there are funds available, to the Renewal and Replacement Fund an amount equal to 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. The City is required to make these transfers 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 Revenue 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 the City makes all payments and transfers required by this Ordinance, at least annually it shall also transfer all amounts remaining in the Revenue Fund to the Capital Fund; provided, however, that no transfers shall be made to the Capital Fund unless the Debt Service Reserve Fund contains the Debt Service Reserve Requirement and all Administrative Expenses have been paid. Amounts credited to the Capital Improvement Account may be used only for lawful purposes relating to the Airport System, including without limitation, to pay for any capital expenditures or to pay costs of replacing any depreciable property or equipment of the Airport System, to make any major or extraordinary repairs, replacements or renewals of the Airport System, to acquire land or any interest in such land, to pay costs

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE SIX

ADDITIONAL BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE SEVEN

COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS

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

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

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

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

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

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

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

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 described in the preceding sentence 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 30 days, nor shall any grace period be extended for more than 60 days without the written consent of the Bond Insurer (to the extent consent is required); and (iii) no grace period is permitted with respect to a default in the payment of Debt Service or the payment of Administrative Expenses when due. For purposes of exercising the

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

(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.** Amegy Bank, a division of ZB, National Association is appointed to serve as the initial Paying Agent/Registrar for the Bonds.

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

Section 8.03 **MAINTAINING PAYING AGENT/REGISTRAR.** (a) At all times while any Bond is Outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 8.02. An Authorized Officer is authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar in 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 may terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice, at least 60 days before termination, of such termination.

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

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

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

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

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

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

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

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

ARTICLE NINE

ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE

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

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

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

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

Section 9.03 AMENDMENTS OF ORDINANCE REQUIRING CONSENT. The City may at any time adopt one or more ordinances amending, modifying, adding to or eliminating any of the provisions of this Ordinance but, if the amendment is not of the character described in Section 9.02, only with the consent given in accordance with Section 9.04 of the Owner or Owners of not less than 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 10 days before its effective date.

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

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

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

The amendments are:

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

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

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

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

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

ARTICLE TEN

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

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

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

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

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

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. Bonds sold under the Bond Purchase Agreement may not be sold: (1) in an aggregate principal amount in excess of \$160,000,000; (2) bearing interest in any maturity in excess of 8.00% per annum; (3) having a final maturity after November 15, 2047; and (4) unless the Bonds have a credit rating that would cause the Bonds to be "obligations", as defined in Chapter 1371. The authority of an Authorized Officer to execute a Bond Purchase Agreement expires at 5:00 p.m., Friday, September 29, 2017.

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

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 Underwriters in accordance with the terms of the Bond Purchase Agreement.

Section 10.03 APPLICATION OF PROCEEDS OF THE BONDS.

On the closing date for the Bonds, proceeds from the sale of the Bonds shall be applied as set forth in the letter of instructions executed by the City, as follows:

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

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

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

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

Section 10.04 USE OF PASSENGER FACILITY CHARGES.

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

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

ARTICLE ELEVEN

FEDERAL INCOME TAX COVENANTS

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

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

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

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

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

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

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;

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

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

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

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

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

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

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

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

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

The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the understanding of the City that the covenants contained in this Ordinance are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the 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 **DISPOSITON 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 Bonds. 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 2017, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 10.01 of this Ordinance, being the information described in Section 12.04. Any financial statements provided shall be prepared in accordance with the accounting principles described in Section 12.04, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of the statements and the audit is completed within twelve months after the end of each fiscal year ending in or after 2017. If audited financial statements of the City are not available by the end of the 12 month period, the City will provide notice that the audited financial statements are not available, and will provide unaudited

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

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

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

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

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

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

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

The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied,

shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or to update any information provided in accordance with this Article or otherwise, except as expressly provided in this Ordinance. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

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

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

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

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

Section 12.04 DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.

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

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

ARTICLE THIRTEEN

MISCELLANEOUS

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

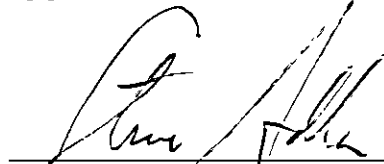
Section 13.02 **COMPLIANCE WITH SECTION 2252.908, GOVERNMENT CODE.** The Chief Financial Officer shall confirm that, to the extent required by Section 2252.908, Texas Government Code, each contracting party in connection with the issuance of Bonds has made disclosure filings to the Texas Ethics Commission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

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

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

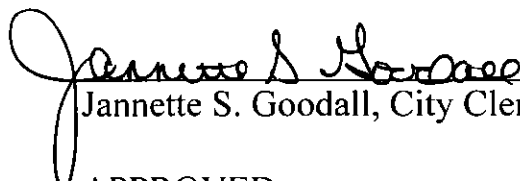
Section 13.05 **REPEALER.** All orders, resolutions and ordinances, or parts inconsistent with this Ordinance are repealed to the extent of such inconsistency.

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



Steve Adler, Mayor

ATTEST:



Jannette S. Goodall, City Clerk

APPROVED:



Anne L. Morgan, City Attorney

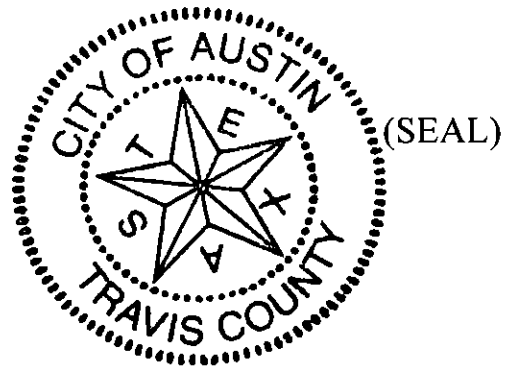


EXHIBIT A
FORM OF BONDS

REGISTERED

No. _____

REGISTERED

\$ _____

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

MATURITY DATE	INTEREST RATE	DELIVERY DATE	CUSIP
November 15, _____	_____ %		

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

_____ DOLLARS

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

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

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

In the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day preceding the date of mailing such notice.

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

or in the city in which the Designated Payment Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof, dated _____, issued in the aggregate principal amount of \$_____ pursuant to the Ordinance. This Bond is one of the Revenue Bonds authorized by the Ordinance and is subject to the terms and provisions thereof. The Ordinance and its terms and provisions are incorporated herein for all purposes.

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

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

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

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

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

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

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

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

***Final Maturity**

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

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

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

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

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

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

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

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

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

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

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

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

Steve Adler
Mayor, City of Austin, Texas

[SEAL]

Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

Dated:

Form of Comptroller's Registration Certificate

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this

[SEAL]

Comptroller of Public Accounts
of the State of Texas

Form of Assignment

ASSIGNMENT

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

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

Signature Guaranteed By:

Authorized Signatory

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

EXHIBIT B

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