

# EXHIBIT C

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY \_\_, 2021**

Ratings: Moody's: " "

Fitch: " "

(See "OTHER RELEVANT INFORMATION – Ratings")

## **NEW ISSUE – Book-Entry-Only**

*Interest on the Series 2021 Bonds is not excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS" herein.*

**\$149,715,000\***  
**CITY OF AUSTIN, TEXAS**  
**(Travis, Williamson and Hays Counties)**  
**Rental Car Special Facility**  
**Revenue Refunding Bonds, Taxable Series 2021**

Dated Date: Date of Initial Delivery

Due: As shown on the inside cover page

Interest on the \$149,715,000\* City of Austin, Texas Rental Car Special Facility Revenue Refunding Bonds, Taxable Series 2021 (the "Series 2021 Bonds"), will accrue from their date of delivery to the initial purchasers thereof and will be payable on May 15, 2021, and on each November 15 and May 15 thereafter until maturity or prior redemption. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The City of Austin, Texas (the "City") intends to utilize the Book-Entry Only System of The Depository Trust Company, New York, New York ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer. See "THE SERIES 2021 BONDS – Book-Entry-Only System".

The principal of and interest on the Series 2021 Bonds are payable from and secured solely by a first lien on and pledge of the Trust Estate established under the Trust Indenture between the City and U.S. Bank National Association, as trustee, dated as of February 1, 2021 (the "Indenture"). Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings given to such terms in the Indenture or in "APPENDIX B – CERTAIN DEFINED TERMS."

The Trust Estate includes "Revenues", which is defined in the Indenture to include, among other moneys, all amounts deposited to the Revenue Fund established under the Indenture, including, but not limited to, Customer Facility Charges and Contingent Fees paid by the Concessionaires to the Trustee pursuant to the Concession Agreements. The Trust Estate further consists of the interest of the City in the Funds and Accounts created by the Indenture, which include, among other Funds, a Debt Service Reserve Fund, a Debt Service Coverage Fund and a Supplemental Security Fund. See "SECURITY FOR THE SERIES 2021 BONDS."

A portion of the proceeds of the Series 2021 Bonds, together with other available funds of the Trust Estate, will be used to refund all of the outstanding maturities of the City's Rental Car Special Facility Revenue Bonds, Series 2013, as described in "SCHEDULE I – SCHEDULE OF REFUNDED BONDS" attached to this document (the "Refunded Bonds").

The City has entered into a Consolidated Rental Car Facility Master Lease Agreement for Austin-Bergstrom International Airport (the "Master Lease"), with Austin CONRAC, LLC, a Texas limited liability company ("Austin CONRAC"), which provided for (i) the design, construction, financing, occupancy, operation, maintenance, and management of the Joint Use Facility pursuant to the terms of the Master Lease, (ii) the lease of the CONRAC to Austin CONRAC, and (iii) the subleasing of all or a portion of the CONRAC to the Concessionaires pursuant to separate Sublease Agreements between Austin CONRAC and the Concessionaires. The City has entered into Concession Agreements with certain Concessionaires, which permit such Concessionaires to conduct rental car operations at the Airport. Pursuant to the terms of the Concession Agreements, the Concessionaires have agreed to remit the Customer Facility Charges required to be charged and collected thereunder directly to the Trustee, which constitute "Revenues" for purposes of the Indenture and have been pledged to the payment of the Series 2021 Bonds as described above. **No amounts payable by Austin CONRAC under the Master Lease or by the Concessionaires under any Sublease Agreement have been pledged to the payment of the Series 2021 Bonds.**

The Series 2021 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2021 BONDS – Redemption Prior to Maturity." The City has reserved the right in the Indenture to issue Additional Bonds and Completion Bonds secured by and payable from Revenues on a parity with the Series 2021 Bonds, upon satisfaction of the conditions set forth therein. See "SECURITY FOR THE SERIES 2021 BONDS – Additional Bonds and Completion Bonds."

### **Maturity Schedule on Inside Cover Page**

The Bonds are offered for delivery when, as, and if issued and subject, among other things, to the opinions of the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., Bond Counsel for the City, as to the validity of the issuance of the Bonds under the Constitution and laws of the State of Texas. The opinion of Bond Counsel will be printed on or attached to the Bonds (See "APPENDIX F – Form of Bond Counsel's Opinion" in this document). Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, Disclosure Counsel for the City, and for the Underwriters by their counsel, Haynes and Boone LLP. It is expected that the Bonds will be delivered through the facilities of DTC on or about February 25, 2021 (the "Date of Initial Delivery").

## **WELLS FARGO SECURITIES**

**J.P. MORGAN**

**JEFFERIES**

**SIEBERT WILLIAMS SHANK &  
CO., LLC**

\* Preliminary, subject to change.

**CITY OF AUSTIN, TEXAS**  
**\$149,715,000\***  
**Rental Car Special Facility**  
**Revenue Refunding Bonds, Taxable Series 2021**

**Base CUSIP No. 052451 (1)**

**MATURITY SCHEDULE**

<u>Maturity Date</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP</u> <u>Suffix (1)</u>
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\$ \_\_\_\_\_ % Term Bonds maturing November 15, 20\_\_, priced to yield \_\_\_\_\_%, CUSIP Suffix \_\_\_\_ (1)  
(Interest to accrue from Date of Initial Delivery)

**Redemption of the Series 2021 Bonds**

The Series 2021 Bonds will be subject to make-whole redemption, optional redemption and mandatory sinking fund redemption as described in “DESCRIPTION OF THE BONDS – Redemption of the Series 2021 Bonds”.

\*Preliminary, subject to change.

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*[The remainder of this page is intentionally left blank.]*

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), this document constitutes an Official Statement of the City with respect to the Series 2021 Bonds (as defined below) that has been “deemed final” by the City as of its date except for the omission of no more than the information permitted by the Rule.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED TO THIS OFFICIAL STATEMENT, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

No dealer, salesman or any other person has been authorized by the City or by the Underwriters to give any information or to make any representations, other than the information and representations contained in this document, in connection with the offering of the Series 2021 Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of, any of the Series 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion contained in this document are subject to change without notice and neither the delivery of this Official Statement nor any sale made that references this document shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this document. The delivery of this Official Statement at any time does not imply that the information in this document is correct as to any time subsequent to its date. See “CONTINUING DISCLOSURE OF INFORMATION” in this document for a description of the City’s undertaking to provide certain information on a continuing basis.

THE SERIES 2021 BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) AND CONSEQUENTLY HAVE NOT BEEN REGISTERED WITH THE SEC. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE SERIES 2021 BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED FROM REGISTRATION SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE OF THE SERIES 2021 BONDS.

CUSIP numbers have been assigned to this issue by CGS, and neither the City, PFM Financial Advisors LLC, nor the Underwriters are responsible for the selection or correctness of CUSIP numbers.

The City, PFM Financial Advisors LLC, and the Underwriters do not make any representation regarding the information contained in this Official Statement regarding DTC or its book-entry-only system, as such information has been furnished by DTC. Neither the City nor PFM Financial Advisors LLC make any representations regarding the information concerning the Underwriters contained in this document in “OTHER RELEVANT INFORMATION – Underwriting.”

This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. **Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.** See “OTHER RELEVANT INFORMATION – Forward-Looking Statements” in this document.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SERIES 2021 BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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APPENDIX F – FORM OF BOND COUNSEL’S OPINION

## CITY OF AUSTIN

### Elected Officials

	<u>Term Expires January</u>
Steve Adler .....	Mayor 2023
Natasha Harper-Madison .....	Councilmember Place 1 2023
Vanessa Fuentes.....	Councilmember Place 2 2025
Sabino “Pio” Renteria .....	Councilmember Place 3 2023
Gregorio “Greg” Casar.....	Councilmember Place 4 2025
Ann Kitchen.....	Councilmember Place 5 2023
Mackenzie Kelly.....	Councilmember Place 6 2025
Leslie Pool .....	Councilmember Place 7 2025
Paige Ellis.....	Councilmember Place 8 2023
Kathryne B. Tovo.....	Councilmember Place 9 2023
Alison Alter .....	Councilmember Place 10 2025

### Appointed Officials

Spencer Cronk .....	City Manager
Nuria Rivera-Vandermyle .....	Deputy City Manager
Ed Van Eenoo.....	Chief Financial Officer
Greg Canally.....	Deputy Chief Financial Officer
Anne Morgan.....	City Attorney
Jannette S. Goodall .....	City Clerk

#### **BOND COUNSEL**

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Austin and Dallas, Texas

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## OFFICIAL STATEMENT

**\$149,715,000\***

**CITY OF AUSTIN, TEXAS**

**(Travis, Williamson and Hays Counties)**

**Rental Car Special Facility Revenue Refunding Bonds, Taxable Series 2021**

### INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, furnishes information concerning the sale by the City of Austin, Texas (the “City”) of \$149,715,000\* City of Austin, Texas Rental Car Special Facility Revenue Bonds, Taxable Series 2021 (the “Series 2021 Bonds”), the security for the Series 2021 Bonds, the City’s Airport System (the “Airport System”) including Austin-Bergstrom International Airport (the “Airport”), the Joint Use Facility (defined below) located at the Airport and financed with proceeds of the Refunded Bonds (defined below) to be refunded with proceeds of the Series 2021 Bonds, and certain other matters in connection therewith. Unless otherwise defined herein, capitalized terms used herein are defined in the Indenture or in “APPENDIX B – CERTAIN DEFINED TERMS”. All descriptions of documents contained in this document are only summaries and are qualified in their entirety by reference to each such document.

References to web site addresses presented in this document are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. References to web sites and the information or links contained in this document are not incorporated into, and are not a part of, this document. As used in this document, “FY” refers to the fiscal year of the City, which encompasses the twelve-month period commencing on October 1 and ending on the following September 30.

### COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic (the “Pandemic”). Since then, many state and local governments in the United States have issued “stay at home” or “shelter in place” orders that severely restrict movement and limit social, business and other activities to essential functions. In particular, the Governor of Texas (the “Governor”) has issued several executive orders intended to slow the spread of COVID-19 in Texas by curtailing social, business and other activities, including many activities at the Airport. Additionally, a number of foreign nations have effectively closed their borders by restricting entry and exit except for essential travel and/or requiring inbound travelers to self-isolate for up to 14 days. These governmental actions have had, and continue to have, the effect of depressing demand for domestic and international passenger air travel.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation.

Airports in the United States have continuously operate as “essential infrastructure.” The Pandemic has adversely affected domestic and international travel and travel-related industries and therefore airports have been acutely impacted by reductions in passenger volumes and number of flights, as well as by the broader economic shutdown. Airlines have reported unprecedented reductions in passenger volumes and expect these lower passenger volumes to continue for the near future. In response, airlines have reduced flights in an attempt to match seat capacity to the decreased demand for air travel. See “– Impact on Travel to Airport System and CONRAC Revenues” below.

The United States government, the Federal Reserve Board, and foreign governments have taken statutory and regulatory actions and implemented other measures to mitigate the broad disruptive effects of the Pandemic on the U.S. and global economies. One of these actions, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, addresses the crisis created by the Pandemic by providing, among other relief measures, direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. See “– Federal Support for Airports and Airlines (CARES Act)” below.

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\* Preliminary, subject to change.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts have reduced the collection of sales and other excise taxes, charges, and fees within the City and may continue to do so; the Pandemic's economic impact may also reduce or otherwise negatively affect future property values within the City as well as the assets of City pension funds. The duration, severity and degree of any impact of COVID-19 is uncertain and difficult to predict at this time due to the dynamic nature of the Pandemic. The City has experienced a loss in revenues and an increase in costs associated with mitigating the impacts of the Pandemic on the residents of the City, including public health, emergency response, support to homeless and vulnerable populations, and small businesses support, among others.

### **State and Local Governmental Response**

On or about March 6, 2020, the Mayor of the City and the County Judge of Travis County declared local disasters in order to contain the Pandemic and prevent its spread throughout the Austin region. On March 13, 2020, the Governor declared a state of disaster for all Texas counties in response to the Pandemic. Pursuant to Chapter 418, Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to the Pandemic. These include, most recently, the issuance of Executive Order GA-29 on July 2, 2020 and Executive Order GA-30 on September 17, 2020 that, among other things, (i) continue restrictions on bars; (ii) increase maximum restaurant capacity from 50% to 75%; (iii) limit outdoor gatherings to 10 people unless approved by the mayor or county judge, as appropriate, subject to certain exceptions; and (iv) require face coverings over the nose and mouth in public or places open to the public when it is not feasible to maintain six feet of social distance, subject to certain exceptions. Executive Orders GA-29 and GA-30 will remain in effect and in full force unless modified, amended, rescinded or superseded by the Governor. These governmental actions limit social, business and other activities, thereby directly negatively impacting the Austin regional economy. The Governor issued Executive Order GA-31 on September 17, 2020 and Executive Order GA-32 on October 8, 2020 that among other things, (i) defines areas with high hospitalizations as Trauma Service Areas where hospitalized COVID-19 patients exceed 15% of all hospitalized patients for seven consecutive days and (ii) restricts maximum capacity of certain businesses from 75% to 50% when this threshold is met. As of December 28, 2020, the Trauma Service Area in which the Airport is located is not an area with high hospitalizations as defined in the Executive Orders.

### **Forward-Looking Statements and Projections**

#### ***Forward-Looking Statements***

***The statements and information under this heading "INTRODUCTION - COVID-19 Pandemic" contain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.***

The Airport cannot predict (i) the duration or extent of the Pandemic or the occurrence of another outbreak or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services to and from the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect Pandemic-related restrictions or warnings may have on air travel, including to and from the Airport, and costs and revenues of the Airport System, including the Revenues; (iv) whether and to what extent the Pandemic may disrupt the local, state, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact construction, costs, sources of funds, schedule or implementation of the Airport System's capital improvement program or other operations of the Airport; (v) the extent to which the Pandemic or another outbreak or pandemic, or the resultant disruption to the local, state, national or global economy, may result in changes in demand for air travel, including long-term changes in consumer behavior, or may have an impact on the airlines or concessionaires serving the Airport or the airline and travel industry, generally; (vi) whether or to what extent the Airport System may provide [additional] deferrals, forbearances,



adjustments or other changes to the Airport System's contracts with airlines and the Concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Airport or the Joint Use Facility.

Prospective investors should assume that the restrictions and limitations related to the Pandemic and the current upheaval in the air travel industry and the national and global economies may persist and possibly increase at least over the near term and recovery may be prolonged, thereby adversely impacting Revenues. Future outbreaks, pandemics or events outside the Airport System's control may further reduce demand for travel, which in turn could cause a continued decrease in passenger activity at the Airport and continued declines in Revenues.

### *Estimates, Forecasts and Projections*

The estimates, forecasts and projections contained herein reflect management's expected course of action from the date hereof through Fiscal Year 2026 and, in management's judgment, fairly present the Joint Use Facility's expected financial results during such period based on the facts known to it as of the date hereof. However, any estimate, forecast or projection is subject to uncertainties; some assumptions might not be realized and unanticipated events and circumstances might occur. Therefore, differences between projected and actual results should be expected and those differences might be material and adverse to the Joint Use Facility. None of the City, the management of the Airport System or any person acting on either of their behalf makes any warranty, express or implied, with respect to the information, assumptions or projections contained herein.

### **Impact on Travel to the Airport and Revenues**

#### *Historical Traffic*

Passenger traffic at the Airport has declined substantially since March 2020. The table below sets forth deplaned, enplaned and through passengers for the Airport for March 2020 through November 2020, including the percentage change for each respective month when compared to the same month in 2019.

	March			April			May			June			July		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Enplaned	349,457	724,850	-51.79%	24,643	714,472	-96.55%	66,104	785,799	-91.59%	150,195	815,203	-81.58%	208,539	821,140	-74.60%
Deplaned	351,198	738,166	-52.42%	23,138	694,805	-96.67%	64,722	757,309	-91.45%	141,383	794,194	-82.20%	213,096	821,876	-74.07%
Through	177	110	60.91%	0	490	-100.00%	70	531	-86.82%	89	519	-82.85%	123	330	-62.73%
Total	700,832	1,463,126	-52.10%	47,781	1,409,767	-96.61%	130,896	1,543,639	-91.52%	291,667	1,609,916	-81.88%	421,758	1,643,346	-74.34%
	August			September			October			November					
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change			
Enplaned	206,379	745,551	-72.32%	207,968	703,770	-70.45%	251,734	778,307	-67.66%	255,645	735,746	-65.25%			
Deplaned	213,096	776,195	-72.55%	209,069	709,940	-70.55%	256,124	792,749	-67.69%	253,755	717,671	-64.64%			
Through	106	399	-73.43%	127	191	-33.51%	0	1,230	-100.00%	0	0	0.00%			
Total	419,581	1,522,145	-72.43%	417,164	1,413,901	-70.50%	507,858	1,572,286	-67.70%	509,400	1,453,417	-64.95%			

#### *Rental Car Revenues*

The table below sets forth historical rental car revenues for the Airport for March 2020 through November 2020, including the percentage change for each respective month when compared to the same month in 2019.

	2020	2019	% Change
March	\$7,625,819	\$14,117,165	-45.98%
April	881,827	16,280,391	-94.58%
May	1,564,527	13,273,356	-88.21%
June	3,545,984	12,838,078	-72.38%
July	4,078,402	11,456,322	-64.40%
August	4,403,053	11,815,769	-62.74%
September	4,625,966	11,725,977	-60.55%
October	N/A	14,413,693	
November	N/A	15,632,348	

#### *Projected Enplanements*

The Airport System has used internal projections and projections from its consultants to facilitate financial

planning. Forward looking enplaned and deplaned passenger projections may be viewed in “Table 1- Deplaned O&D Passenger Projections” herein.

### ***Bond Fund Balances***

The following chart reflects balances in the various funds held under the Indenture as of \_\_\_, 2020.

Revenue Fund  
Administrative Costs Fund  
Debt Service Fund  
Debt Service Reserve Fund  
Debt Service Coverage Fund  
CFC Surplus Fund  
Supplemental Security Account

### ***Financial Impact on the Joint Use Facility***

Calendar year 2020 was originally projected to have over 8.2 million deplaned passengers, which was expected to generate \$18.9 million in Customer Facility Charges. The current projections for calendar year 2020 are deplaned passengers of 4.3 million and Customer Facility Charges of \$9.9 million. In addition, the Airport has provided relief to rental car concessionaires in the form of Minimum Annual Guarantee relief and O&M reimbursements. The cost of this Minimum Annual Guarantee relief was \$2.34 million for fiscal year 2020.

### **The Series 2021 Bonds**

The Series 2021 Bonds are being issued by the City under the Trust Indenture dated as of February 1, 2021 (the “Indenture”) by and between the City and U.S. Bank National Association, Dallas, Texas (the “Trustee”), for the refinancing of the Refunded Bonds[, funding reserves for the Series 2021 Bonds] and paying certain other costs, including Costs of Issuance. The Series 2021 Bonds, together with any Additional Bonds and Completion Bonds, when and if issued (collectively, the “Bonds”), are payable from and secured solely by a first lien on and pledge of the Trust Estate established by the Indenture, which includes the Revenues and certain funds and accounts held under the Indenture, as described herein. The Revenues include, among other moneys, certain rental car daily usage fees (the “Customer Facility Charges”) to be charged, collected, and remitted by the Concessionaires under the terms of the Concession Agreements. The Revenues also include Contingent Fees, if any, which may be charged under the terms of the Concession Agreements under the conditions stated in the Concession Agreements. See “Security for the Series 2021 Bonds” below. The Joint Use Facility is subject to any mortgage or other lien for the benefit of the Owners of the Series 2021 Bonds.

The Series 2021 Bonds will bear interest from their initial date of delivery at the interest rates, and will mature on the dates, set forth on the inside cover of this document. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2021 Bonds will be subject to redemption prior to maturity as described in this document under “THE SERIES 2021 BONDS – Redemption Prior to Maturity”. Interest on the Series 2021 Bonds will be initially payable on May 15, 2021 and semi-annually on each November 15 and May 15 thereafter until maturity or prior redemption. The Series 2021 Bonds will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company. See “THE SERIES 2021 BONDS – Book-Entry-Only System”.

### **The Joint Use Facility**

The Joint Use Facility was constructed with proceeds of the Series 2013 Bonds, opened in September 2015 and consists primarily of one five-level structure, containing a parking garage of approximately 790 spaces and related facilities (the “Joint Use Facility”). The Joint Use Facility includes (i) a consolidated rental car facility located within the four upper levels of the structure allocated to rental car purposes, including a quick turnaround limited vehicle service area, a rental car ready/return area, and associated improvements (the “CONRAC”), and (ii) a City-operated commercial parking facility on the ground floor of the structure (the “Commercial Parking Facility”). The CONRAC represents the greater portion of the Joint Use Facility.

The City has concession agreements with each of the 12 on-site Airport car rental companies that operate at the CONRAC. Each of these 12 companies is also a subtenant under the City’s master lease agreement with Austin CONRAC LLC. See “Master Lease and Sublease Agreements” below. In addition to responsibilities related to the City’s Special Obligation

Bonds for the CONRAC, the concession agreements provide for payments by the rental car companies to the City of privilege fees in the amount of 10% of the rental car company's gross receipts as defined in the concession agreement (or if greater, a Minimum Annual Guaranteed Concession Fee ("MAG") equal to 85% of the concession fee due for the immediately preceding concession agreement year) for the privilege of operating at the Airport and also require payments of ground rental fees for storage and maintenance facilities. See "The Concessionaires" below and "THE CONCESSION AGREEMENTS".

### **Security for the Series 2021 Bonds**

Principal of and interest on the Series 2021 Bonds, are payable from and secured solely by a first lien on and pledge of the Trust Estate. The Trust Estate includes the Revenues, which are defined in the Indenture to include all amounts deposited to the Revenue Fund, including, but not limited to (i) the Customer Facility Charges, (ii) the Contingent Fees, if any, payable by the Concessionaires under the Agreements, (iii) any amounts drawn under separate letters of credit to be delivered by Concessionaires to the City's Director of Aviation under the Concession Agreements that represent Customer Facility Charges or Contingent Fees, and (iv) investment earnings from amounts held by the Trustee and deposited into the Revenue Fund. In accordance with the terms of each of the Agreements, each Concessionaire is required to charge and collect the Customer Facility Charge from persons entering into a "motor vehicle rental agreement" with the Concessionaire. The Customer Facility Charge is to be set in accordance with the Indenture in order for it to be maintained at a level reasonably anticipated to provide Revenues at least equal to the sum of the amount of Administrative Costs for the applicable Bond Year, 1.25 times the Annual Debt Service Requirements for the applicable Bond Year, and amounts sufficient to restore any deficit in the Debt Service Reserve Fund and the Debt Service Coverage Fund. See "SECURITY FOR THE SERIES 2021 BONDS – Rate Covenant". Pursuant to each of the Agreements, each Concessionaire is required to charge and collect the Customer Facility Charge and make monthly remittances thereof to the Trustee during the term of the Agreements.

The Series 2021 Bonds are special limited obligations of the City payable from and secured solely by a pledge of the Trust Estate. **The properties forming a part of the Airport and the general or other special revenues of the Airport System have not been pledged as security for the payment of debt service on the Series 2021 Bonds, and no mortgage or security interest has been granted or lien created thereon for the benefit of the Series 2021 Bonds. The Series 2021 Bonds are not general obligations of the City and the covenants and representations contained in the Indenture do not constitute a personal or pecuniary liability or charge against the general credit of the City, the Airport System or the Concessionaires.** The State of Texas (the "State") and any other political subdivision of the State, the Airport System and their respective officers, agents and employees shall never be liable in any manner for the payment of the Series 2021 Bonds. The City is liable for the payment of the Series 2021 Bonds only from the Trust Estate.

The Concessionaires have not guaranteed the payment of principal of or interest on the Series 2021 Bonds, and no properties or revenues of any Concessionaire are pledged as security therefor, other than amounts received by the Trustee as Revenues. In addition, the Concessionaires have not guaranteed the collection or payment of the Customer Facility Charge from persons to whom it was charged.

The Series 2021 Bonds are also secured by the Funds and Accounts established and maintained under the Indenture, including a Debt Service Reserve Fund to be maintained in an amount equal to the Debt Service Reserve Fund Requirement and a Debt Service Coverage Fund in an amount equal to the Debt Service Coverage Fund Requirement. See "SECURITY FOR THE SERIES 2021 BONDS".

### **Customer Facility Charges**

The Concessionaires are required to charge, collect, and remit to the Trustee Customer Facility Charges pursuant to the terms of the Concession Agreements. Prior to January 1, 2021, the CFC rate was \$5.95. The current Customer Facility Charge is \$8.50 per transaction day, effective as of January 1, 2021 due to the lower transactions days as a result of the Pandemic. The City intends to reduce the CFC rate after the bond refunding to a range between \$5.95 and \$8.50 depending on the capacity of the projected CFC revenues to sufficiently fund the requirements set forth in the Indenture. The Customer Facility Charges may be adjusted from time to time in order to enable the City to generate Revenues sufficient to meet the funding requirements set forth in the Indenture. See "SECURITY FOR THE SERIES 2021 BONDS – Rate Covenant". References in the Concession Agreements to "New Customer Facility Charges" constitute the Customer Facility Charges described in this document.

## **Master Lease and Sublease Agreements**

Throughout the term of the Master Lease (which commenced on October 1, 2015, the “Opening Date” and expires on September 30, 2026, with two five year renewal options at the City’s sole discretion), the operation, maintenance and management of the CONRAC for the Concessionaires shall be the responsibility of Austin CONRAC.

Throughout the term of the Master Lease, Austin CONRAC has entered into or shall enter into Sublease Agreements with each Concessionaire that is a party to a Concession Agreement in good standing with the City. Each Sublease Agreement is subject to the prior consent of the City (which consent shall not be unreasonably withheld), provided that the Concessionaire is not in default under its Concession Agreement with the City. Each Sublease Agreement shall terminate on the same date that the corresponding Concession Agreement expires or terminates unless replaced by a successor concession agreement with the City. Austin CONRAC shall take action to evict any Concessionaire that fails to vacate the Leased Premises promptly after its Sublease Agreement expires, terminates or is canceled.

Each Concessionaire is obligated to pay rent and other amounts to Austin CONRAC pursuant to the terms of its respective Sublease Agreement. Such rent and other amounts paid by the Concessionaires under the Sublease Agreements do **not** constitute Revenues, as defined in the Indenture, and do **not** constitute security for the Series 2021 Bonds.

Austin CONRAC is obligated under the Master Lease to pay rent in accordance with the terms of the Master Lease. Rent paid by Austin CONRAC is **not** a Revenue, as defined in the Indenture, and does **not** constitute security for the Series 2021 Bonds. Austin CONRAC shall pay, or in good faith contest, on or before their respective due dates, all federal, state and local taxes and fees levied as a result of the Master Lease, or upon the business conducted by Austin CONRAC or the Concessionaires on the Leased Premises.

The Master Lease provides that at all times during the term of the Master Lease, Austin CONRAC will retain a qualified and experienced Facility Manager to manage the daily operations of the Leased Premises. The Facility Manager shall have significant experience in the management and operation of large commercial facilities similar to the Fuel Facilities to be located at the Project in a competent and professional manner in accordance with operating standards and policies standard in the industry, and have the financial strength and management competency to operate, maintain and manage the Fuel Facilities.

The City retains an absolute right and option, in its sole discretion at any time after two hundred forty (240) months after the Opening Date, upon not less than nine (9) months’ written notice to Austin CONRAC and the Concessionaires, to terminate the Master Lease if the CONRAC will continue to be used for Rental Car Concessions, or to terminate the Master Lease and all Sublease Agreements upon not less than thirty-six (36) months’ written notice to the Master Lessee and all Concessionaires if upon such termination the City will convert the CONRAC to a use other than for Rental Car Concessions.

See “APPENDIX E – EXCERPTS OF CERTAIN PROVISIONS OF THE MASTER LEASE AND SUBLEASE AGREEMENTS”.

## **The Concessionaires**

The Concessionaires operating at the Joint Use Facility are: Avis Rent a Car System, LLC, d/b/a Avis Rent a Car; Budget Rent a Car System, Inc., d/b/a Budget Rent a Car; The Hertz Corporation, d/b/a Hertz Rent A Car, Dollar Car Rental and Thrifty Car Rental; EAN Holdings, LLC, d/b/a Enterprise Rent-A-Car; Simply Wheelz, LLC, d/b/a Advantage Rent a Car; EAN Holdings LLC formerly known as Vanguard Car Rental USA, LLC, d/b/a Alamo Rent a Car and National Car Rental; Fox Rent a Car, Inc., d/b/a Fox Rent a Car and Texas Rent-a-Car, LLC, d/b/a Ace Rent a Car. Each of the Concessionaires has executed and delivered to the City, a Concession Agreement and a Sublease Agreement to operate at the CONRAC. Under the Master Lease, the City has reserved the right to enter into Concession Agreements with up to two additional “New Entrant” rental car companies to operate in the CONRAC in each of the first and second ten years of the Master Lease term.

Additionally, Longhorn Car Truck Rental, Inc. has an Off-Airport Rental Car Concession Agreement which governs the payment of CFCs but does not have a Sublease Agreement to operate at the Joint Use Facility.

## **The Airport System**

The Airport System consists of the Airport, where all passenger activity and cargo activity take place. For a general description of the Airport System, see the section herein entitled “THE AIRPORT SYSTEM”.

## **Additional Information**

The descriptions of documents included herein do not purport to be comprehensive or definitive. Prospective purchasers of the Series 2021 Bonds are referred to the Indenture, the Agreements, the Master Lease, and the Sublease Agreements for the complete terms thereof. During the offering period of the Series 2021 Bonds, copies of the Indenture, the Agreements, the Master Lease, and the Sublease Agreements may be obtained from PFM Financial Advisors LLC (“PFM”), the City’s Financial Advisor.

## **Certain Investment Considerations**

The purchase and ownership of the Series 2021 Bonds may involve investment risk. Prospective purchasers of the Series 2021 Bonds are urged to read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2021 Bonds, see “CERTAIN INVESTMENT CONSIDERATIONS”.

## **THE PROJECT**

The Joint Use Facility financed with the proceeds of the Refunded Bonds consists of one five-level structure located on the eastern one-half of the Airport’s former public parking Lot A. The Joint Use Facility is connected by an elevated pedestrian bridge to the existing short-term parking garage next to the Airport’s existing Terminal Building. The Joint Use Facility consolidated the rental car customer service and ready/return operations at the Airport into a single facility. The structure comprising roughly the western three quarters of the Joint Use Facility provides public parking on the first floor, converting uncovered parking to covered parking. A rental car customer service area and ready return space occupies the second floor of this structure, and floors three through five provide ready/return and storage space for rental vehicles. All floors are served by elevators and have public restrooms, and floors two through four are also served by escalators to assist with customer movements. A separated dedicated elevator serves the public parking area below, and a designated walkway from the Airport’s Terminal Building across the existing short-term parking garage leads directly to the customer service area for fast and convenient customer access without the need to board a bus to a remote facility. The Airport opened a Ground Transportation Center (GTC) on the 1<sup>st</sup> floor of the CONRAC on November 18, 2018. The new GTC is a pick-up area for Taxis and Transportation Network Companies and occupies 254 parking spaces on the 1<sup>st</sup> floor. 504 parking spaces remain open on the 1<sup>st</sup> floor and it is being utilized for Valet storage and overflow parking. Based on the 2040 Master Plan, the short term parking garage could be demolished and the entrance to the Barbara Jordan Terminal could be extended out towards the Joint Use Facility.

The eastern quarter of the Joint Use Facility houses the Quick Turn Around (“QTA”) area to service rental cars on multiple floors. Each of the three QTA floors contains car washes, fueling dispensers, vacuums, and office space for each Concessionaire. The Joint Use Facility also includes certain infrastructure elements such as landscaping, roadways, utilities, fuel storage, fencing, signage, drainage, public art and a dedicated car rental “flyover” bridge to seamlessly merge exiting traffic into the Airport’s roadway system to enhance the customer experience at the Airport.

## THE SERIES 2021 BONDS

The following is a summary of certain provisions of the Series 2021 Bonds, including terms relating to redemption of the Series 2021 Bonds. Reference is hereby made to the Indenture as summarized in APPENDIX C hereto, and in its entirety for the detailed provisions pertaining to the Series 2021 Bonds.

### General

The Series 2021 Bonds will be issued in the aggregate principal amount and at the interest rates, and will mature in the amounts and on the dates, all as set forth on the inside cover page of this document. The Series 2021 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Series 2021 Bonds will accrue from their date of delivery to the initial purchasers thereof, and will be payable on May 15, 2021, and on each November 15 and May 15 thereafter (each such date is referred to herein as an “Interest Payment Date”) until maturity or prior redemption. The Series 2021 Bonds are initially to be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as securities depository for the Series 2021 Bonds. Purchases by beneficial owners of the Series 2021 Bonds (the “Beneficial Owners”) are to be made in book entry form. See “Book-Entry-Only System” below.

### Refunding of Series 2013 Bonds

The Refunded Bonds, and interest due thereon, are to be paid on the scheduled interest and principal payment dates (the mandatory sinking fund redemption date and final maturity date for the Refunded Bonds maturing November 15, 2022) and the redemption date of the Refunded Bonds from funds to be deposited pursuant to an Escrow Agreement (the “Escrow Agreement”), between the City and U.S. Bank National Association (the “Escrow Agent”). The Ordinance authorizing the issuance of the Bonds provides that a portion of the proceeds of the sale of the Bonds, together with other lawfully available funds of the City, if any, will be deposited with the Escrow Agent in an amount necessary to accomplish the discharge and final payment of the Refunded Bonds. These amounts will be used to purchase direct obligations of the United States of America (the “Escrowed Securities”) or will be held uninvested in the form of cash by the Escrow Agent in a special escrow account (the “Escrow Fund”). Any Escrowed Securities acquired and held by the Escrow Agent shall not mature after the scheduled date of redemption of the Refunded Bonds. Pursuant to the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds to be refunded with amounts held in the Escrow Fund. Robert Thomas CPA, LLC, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate that the amounts held in the Escrow Fund will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. The amounts held in the Escrow Fund will not be available to pay the debt service on the Series 2021 Bonds.

By deposit of cash and Escrowed Securities, if any, with the Escrow Agent pursuant to the Escrow Agreement, the City will have entered into a firm banking and financial arrangement for the discharge and final payment of the Refunded Bonds, in accordance with applicable law. As a result of such firm banking and financial arrangements, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the principal of and interest on the Escrowed Securities, if any, and the cash held for such purpose by the Escrow Agent, and the Refunded Bonds will not be included in or considered to be an obligation of the City for the purpose of any limitation on the issuance of revenue bonds.

### Redemption Prior to Maturity

*Make-Whole Optional Redemption.* Prior to November 15, 2030 (the “First Par Call Date”), the Series 2021 Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, and if in part among maturities to be designated by the City, on any date at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the Series 2021 Bonds to be redeemed; and
- (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the First Par Call Date of such Series 2021 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2021 Bonds are to be redeemed, discounted to the date on which such Series 2021 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus 25 basis points,

plus, in each case, accrued interest on such Series 2021 Bonds to be redeemed to the redemption date. The redemption price of the Series 2021 Bonds to be redeemed pursuant to this “– Make-Whole Optional Redemption” subheading will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City’s expense. The City and the Trustee may conclusively rely on such accounting firm’s, investment banking firm’s or financial advisor’s determination of the redemption price of the Series 2021 Bonds to be redeemed and will bear no liability for such reliance.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2021 Bond to be redeemed as described in this “– Make-Whole Optional Redemption” subheading, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available not more than forty-five (45) days and not less than four (4) Business Days prior to the redemption date, excluding inflation indexed securities, or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2021 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

*Optional Redemption at Par.* On the First Par Call Date, or on any date thereafter, the Series 2021 Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, and if in part among maturities to be designated by the City, at a redemption price of par, plus accrued interest to the date fixed for redemption.

*Mandatory Redemption.* The Series 2021 Bonds maturing in the year [ ] (the “Term Bonds”) are subject to scheduled mandatory sinking fund redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without redemption premium, plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

Series 2021 Bonds maturing November 15, [ ]

Mandatory Redemption Date

Principal Amount

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\*Stated Maturity.

The principal amount of the Term Bonds required to be redeemed on any redemption date will be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date (i) have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Trustee for cancellation, or (ii) have been redeemed pursuant to the optional redemption provisions thereof and not previously credited to a mandatory sinking fund redemption.

*Selection of Bonds for Redemption.* If less than all of the Series 2021 Bonds are to be redeemed, the City will determine the maturity or maturities and the amounts thereof to be redeemed and will direct the Trustee in the notice required by the Indenture to call the Series 2021 Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption. If the Series 2021 Bonds are in book-entry only form, the particular Series 2021 Bonds of such maturity to be redeemed will be selected by the Trustee from all such Bonds then Outstanding not previously called for redemption on a pro rata pass-through distribution of principal basis pursuant to the procedures and operational arrangements of DTC, or, if the book-entry only system of DTC or any other securities depository has been discontinued, the Trustee will select such Series 2021 Bonds for redemption on a pro rata basis. A portion of a single Series 2021 Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Series 2021 Bond is to be partially redeemed, the Trustee (or DTC while the Series 2021 Bonds are in book-entry only form) will treat each \$5,000 portion of the Series 2021 Bond as though it were a single Series 2013

Bond for purposes of selection for redemption.

*Notice.* The Trustee will give notice of any redemption of Series 2021 Bonds by sending notice by United States mail, first class postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Series 2021 Bond (or part thereof) to be redeemed, at the address shown on the Register. Neither the failure of an Owner of Series 2021 Bonds to receive the notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings or the redemption of any Series 2021 Bond of an Owner; and neither the failure to mail a redemption notice to a particular Owner of Series 2021 Bonds or any defect in any such notice so mailed will affect the sufficiency of any of the proceedings for the redemption for any Series 2021 Bond. The notice will be deemed to have been given when mailed as provided above.

In the case of any optional redemption, such notice will also state that such redemption will be conditioned upon the Trustee's receipt on or prior to the redemption date of funds sufficient to pay the redemption price of, plus accrued and unpaid interest to the redemption date on, the Series 2021 Bonds to be redeemed.

In the event that following the mailing of notice of optional redemption by the Trustee as prescribed in the Indenture the Trustee (i) receives written notice from the City to the effect that funds will not be deposited with the Trustee on or before the scheduled redemption date in an amount sufficient to effect such redemption or (ii) is not in receipt of funds as of 3:00 p.m. (Eastern time) on the scheduled redemption date in an amount sufficient to effect such redemption, the Trustee will give prompt written notice to the Owners of the Bonds so called for redemption and each Rating Agency then rating the Bonds in the manner prescribed above to the effect that funds will not be, or were not (as the case may be), deposited with the Trustee in an amount sufficient to effect the redemption of such Bonds on the scheduled redemption date and that such Bonds will not be redeemed on the scheduled redemption date. The failure of the City to make funds available to the Trustee on or before the scheduled redemption date for any Bonds so called for optional redemption will not constitute an Event of Default under the Indenture.

So long as book entry system is used for determining beneficial ownership of the Series 2021 Bonds, the Trustee is to send such notice to DTC or to Cede & Co., as nominee for DTC. Such notice to DTC is to be by certified mail, registered mail or by overnight delivery service return receipt requested. DTC was organized to hold securities of its Participants (herein defined). Any failure of DTC to advise any Participant, or of any Participant to notify the beneficial owner of a Series 2021 Bond, of any such notice and its content or effect does not affect the validity of the redemption of the Series 2021 Bonds called for redemption or any other action premised on that notice. See "Book-Entry-Only System" below.

### **The Trustee**

The Trustee is U.S. Bank National Association. The City covenants that until the Series 2021 Bonds are paid, it will at all times maintain and provide a trustee for the Series 2021 Bonds. In the Indenture, the City retains the right to replace the Trustee. Any successor Trustee selected by the City must be a trust company or bank in good standing, located in the United States of America, and duly qualified to serve and perform the duties of Trustee for the Series 2021 Bonds.

### **Registration, Payment, Transfer and Exchange**

The Series 2021 Bonds are issued in fully registered form and are initially to be registered in the name of Cede & Co., nominee for DTC. Purchases by beneficial owners of the Series 2021 Bonds are to be made in book entry form in the principal amount of \$5,000 or any integral multiple thereof. Payments to beneficial owners are to be made described below under "Book-Entry-Only System". The Series 2021 Bonds may be exchanged or transferred at the Designated Payment Transfer Office of the Trustee, initially in Dallas, Texas.

No charge to be imposed upon registered Owners in connection with the transfer or exchange except for taxes and governmental charges related thereto. Transfers by beneficial owners are to be made as described below under "Book-Entry-Only System".

### **Book-Entry-Only System**

DTC will act as securities depository for the Series 2021 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity



of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to collectively as "Participants". DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. Unless otherwise agreed to by DTC, if less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Subject to DTC's policies and guidelines, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.**

## **SECURITY FOR THE SERIES 2021 BONDS**

### **Authorization**

The Series 2021 Bonds are being authorized and issued under Chapter 22 of the Texas Transportation Code, as amended, and Chapter 1207 of the Texas Government Code, as amended (collectively, the "Act"). The ordinances authorizing the issuance of the Airport System's general revenue bonds specifically allow for "special facility bonds" and excludes from "Airport Revenues" any revenues derived from special facilities which are pledged to the payment of special facility bonds while such special facility bonds are outstanding. Accordingly, the Refunded Bonds were treated, and the Series 2021 Bonds are treated as "special facility bonds".

### **Pledge of Trust Estate**

The Series 2021 Bonds are being issued pursuant to the Indenture and are special limited obligations of the City, payable solely from the Trust Estate. The properties forming a part of the Airport System, including the Project, and the general or other special revenues of the Airport, other than Revenues under the Indenture, have not been pledged as security for the Series 2021 Bonds, and no lien or security interest has been granted or lien created thereon or on the Project for the payment of the Series 2021 Bonds. The Series 2021 Bonds are not a general obligation of the City and the covenants and representations contained in the Indenture do not constitute a personal or pecuniary liability or charge against the general credit of the City, the Airport System, or the Concessionaires. The State, and any other political subdivisions of the State and their respective officers, agents, and employees shall never be liable in any manner for the payment of the Series 2021 Bonds. The City is liable for the payment of the Series 2021 Bonds only from the Trust Estate.

The City has irrevocably pledged and assigned to the Trustee the Trust Estate, which includes the Revenues and the interest of the City in the Funds and Accounts created under the Indenture, including the Revenue Fund, the Debt Service Fund, the Supplemental Security Fund, the Debt Service Reserve Fund, the Debt Service Coverage Fund, the Construction Fund, the Repair and Replacement Fund, the Administrative Costs Fund, the RAC O&M and Rent Reserve Fund, and the CFC Surplus Fund. See "APPENDIX C – EXCERPTS OF CERTAIN PROVISIONS OF THE INDENTURE". The Construction Fund shall not be funded with the proceeds of the Series 2021 Bonds.

The Customer Facility Charges are the principal source of Revenues pledged as security for the Series 2021 Bonds. Effective as of the Opening Date, the City, pursuant to the Concession Agreements, has required each Concessionaire to charge, collect, and remit to the Trustee, as assignee of the City's interest therein, the Customer Facility Charges. Prior to January 1, 2021, the Customer Facility Charge was \$5.95 for each day, or partial day, or each rental and is levied on the rental of any rental car at the Airport. Due to lower expected rental car transaction in 2021, the Customer Facility Charge was increased to \$8.50, effective January 1, 2021. The Concessionaires are required to collect the Customer Facility Charge

from all rental car customers. The amount of the Customer Facility Charge charged by a Concessionaire shall be the same amount as the Customer Facility Charge charged by each of the other Concessionaires and shall be set forth as a separate line item in each rental agreement and identified as a customer charge. Each Concessionaire is required to remit all Customer Facility Charges collected by it directly to the Trustee on the 20th day of each month with respect to Customer Facility Charges collected during the preceding month. The Customer Facility Charge collected by each Concessionaire prior to remittance to the Trustee, are regarded as trust funds held by the Concessionaire as an agent, for the beneficial interest of the Trustee. All Customer Facility Charges collected and held by a Concessionaire are property in which the Concessionaire holds only a possessory interest and not an equitable interest, and the Concessionaires acknowledge in each Concession Agreement that the Customer Facility Charges are pledged as security for the Series 2021 Bonds. Under the Agreements, the Concessionaires are required to maintain records and controls which are sufficient to demonstrate the correctness of the Customer Facility Charge revenue collected by the Concessionaire and the amount of Customer Facility Charge revenue paid to the Trustee. The records shall be available for inspection and examination at all times by the Trustee or the City, or their duly appointed authorized representatives. The amount of the Customer Facility Charge may be reviewed at any time and may be adjusted periodically by the Director of Aviation in his sole discretion, for any reason, including the requirement to meet all covenants or requirements with respect to the Series 2021 Bonds on a current and ongoing basis, with the most recent adjustment to the Customer Facility Charge having gone into effect on January 1, 2021. See "SECURITY FOR THE SERIES 2021 BONDS – Rate Covenant". In addition, Contingent Fees, if any, which may be charged under the terms of the Concession Agreements, constitute Revenues. See the definition of Revenues in "APPENDIX B – CERTAIN DEFINED TERMS".

### **Supplemental Security Fund**

The Indenture provides that the City may, but is not required to, establish the Series 2021 Supplemental Security Account within the Supplemental Security Fund. The Series 2021 Supplemental Security Account will **not** be funded on the date of initial delivery of the Series 2021 Bonds.

On the date of initial delivery of the Series 2021 Bonds, the Trustee will transfer \$\_\_\_\_\_ from the Series 2013 Supplemental Security Account to the \_\_\_\_\_ (see "SOURCES AND USES OF FUNDS").

Supplemental Security relating to any Additional Bonds or Completion Bonds shall be deposited into such funds, including the Supplemental Security Fund, or accounts utilized at such times and in such manner as may be provided in the Supplemental Indenture relating to such Additional Bonds or Completion Bonds.

### **No Airport System or City Liability**

The Series 2021 Bonds are special limited obligations of the City payable from and secured solely by a pledge of the Trust Estate. **The properties forming a part of the Airport System and the general or other special revenues of the Airport System or the City, other than Revenues under the Indenture, have not been pledged as security for the Series 2021 Bonds, and no mortgage or security interest has been granted or lien created thereon or on the Joint Use Facility for the benefit of the Series 2021 Bonds. The Series 2021 Bonds are not general obligations of the City and the covenants and representations contained in the Indenture do not constitute a personal or pecuniary liability or charge against the general credit of the City, the Airport System, or the Concessionaires.**

### **Rate Covenant**

No less than ninety (90) days prior to the end of each Bond Year, the Airport Consultant is required to prepare and present to the City a report which shall make a recommendation as to the amount of the Customer Facility Charge for the ensuing Bond Year. In making such recommendation the Airport Consultant is required to consider, among other factors: (i) the historical and projected origination and destination traffic at the Airport; (ii) historical and projected rental car transaction days at the Airport; (iii) the Annual Debt Service Requirements; (iv) the budgeted Administrative Costs and the actual Administrative Costs; (v) the amounts required to be deposited to the Funds and any existing or projected deficiencies therein; and (vi) such other factors deemed relevant by the Airport Consultant and the City; provided, however, that in making its recommendation of the amount of the Customer Facility Charge, the Airport Consultant shall not assume any Revenues from Contingent Fees unless the Airport Consultant finds that, as a result of factors set forth in its report, the Customer Facility Charge cannot be set at an amount sufficient to produce Revenues reasonably anticipated to satisfy the requirement of clauses (A), (B) and (C) in the immediately succeeding paragraph.

Subject to the provisions of the next paragraph, the City, at least sixty (60) days prior to the end of each Bond Year will establish and give notice to each of the Concessionaires of the amount of the Customer Facility Charge for the ensuing

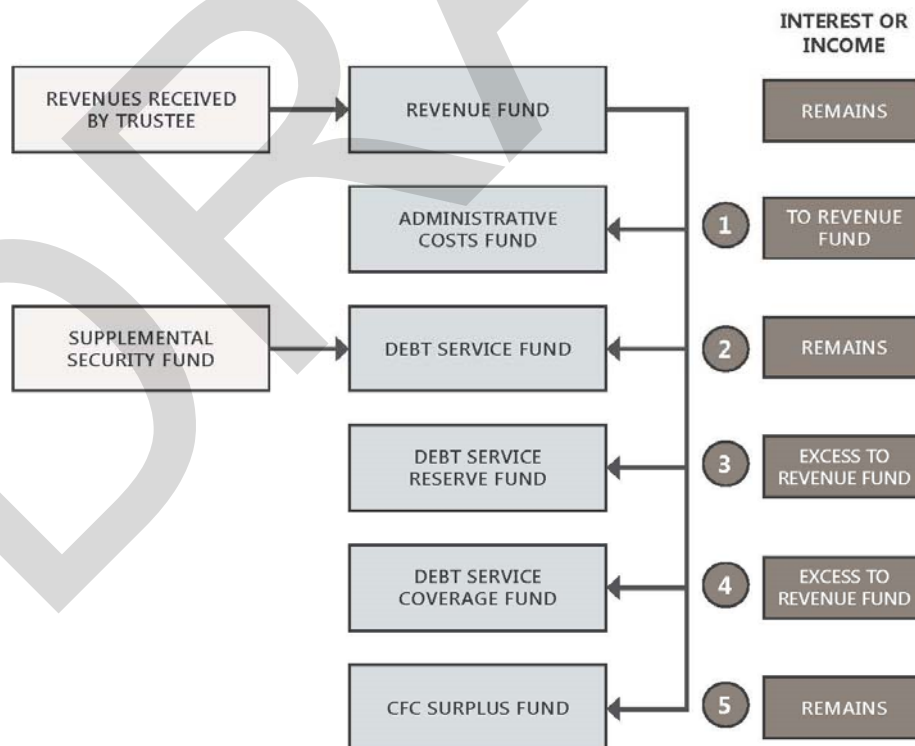
Bond Year. The amount of such Customer Facility Charge is required to be set by the City, taking into account the recommendation of the Airport Consultant, as the amount reasonably anticipated to produce Revenues at least equal to the sum of (A) the Administrative Costs for such Bond Year (B) 1.25 times the Annual Debt Service Requirements for such Bond Year and (C) amounts sufficient to restore any deficiencies in the Debt Service Reserve Fund and the Debt Service Coverage Fund.

Upon the occurrence of an unscheduled draw on the Debt Service Reserve Fund, and at such other times permitted by the terms of the Agreements, the City is required to cause the Airport Consultant to prepare an interim report recommending an adjustment to the Customer Facility Charge to produce Revenues necessary to restore the amounts required to be deposited to the Administrative Costs Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Debt Service Coverage Fund for such Bond Year. Upon receipt of such report, the City, as soon as reasonably practicable, is required, if necessary, to adjust the Customer Facility Charge for the remainder of such Bond Year to an amount reasonably anticipated to produce Revenues in the amount set forth in the above paragraph.

Moneys held in the any Supplemental Security Account are not Revenues for purposes of the Indenture; however, as described in “SECURITY FOR THE SERIES 2021 BONDS – Supplemental Security Fund”, (i) such moneys, to the extent on deposit in the Debt Service Fund and available to pay debt service, will reduce the Annual Debt Service Requirements for the Series 2021 Bonds for the subject Bond Year for purposes of determining compliance with the rate covenant set forth in the Indenture as described above, and (ii) such moneys, to the extent on deposit in, or scheduled to be transferred to, the Debt Service Fund, will reduce the Annual Debt Service Requirements for the Series 2021 Bonds for the subject Bond Year for purposes of determining the Debt Service Reserve Fund Requirement, the Debt Service Coverage Fund Requirement and any coverage requirement for the issuance of Additional Bonds. See “SECURITY FOR THE SERIES 2021 BONDS – Supplemental Security Fund.”

### Flow of Funds

The following diagram was obtained from Exhibit I-6 of the Report of the Initial Airport Consultant included as APPENDIX A to this Official Statement:



## **Transfer from Revenue Fund**

All Revenues received by the Trustee are to be deposited into the Revenue Fund upon receipt.

On or before the last Business day of each month, commencing March, 2021, the Trustee is required to transfer moneys then credited to the Revenue Fund in the following order of priority:

- a. First, the Trustee is required to transfer to the Administrative Costs Fund all moneys until there shall have been deposited thereto an amount equal to the then budgeted Administrative Costs for such Bond Year. Thereafter, no additional transfers to the Administrative Costs Fund may be made during such Bond Year unless the City amends the budgeted Administrative Costs for such Bond Year and such amendment increases the budgeted Administrative Costs for such Bond Year. In such event, the Trustee is required to transfer to the Administrative Costs Fund all moneys until there shall have been deposited thereto an amount equal to the increased budgeted Administrative Costs for such Bond Year;
- b. Second, the Trustee is required to transfer, after taking into account any amounts representing capitalized interest therein, if any, to the Debt Service Fund an amount equal to the Annual Debt Service Requirements for such Bond Year;
- c. Third, the Trustee is required to transfer to the Debt Service Reserve Fund amounts necessary (1) to cause the amount on deposit therein to equal the Debt Service Reserve Fund Requirement (taking into consideration any related Debt Service Reserve Fund Surety Policy), and (2) to the extent applicable, provide for the reimbursement of a Debt Service Reserve Fund Surety Policy provider in accordance with the terms of a related Debt Service Reserve Fund Surety Policy;
- d. Fourth, the Trustee is required to transfer to the Debt Service Coverage Fund amounts necessary (1) to cause the amount on deposit therein to equal the Debt Service Coverage Fund Requirement (taking into consideration any related Debt Service Coverage Fund Surety Policy) and (2), to the extent applicable, provide for the reimbursement of a Debt Service Coverage Fund Surety Policy provider in accordance with the terms of the related Debt Service Coverage Fund Surety Policy; and
- e. Fifth, the Trustee shall transfer to the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund all remaining moneys.

As defined in the Indenture, the “Annual Debt Service Requirements” for the Series 2021 Bonds in any Bond Year will be reduced by the amount of Supplemental Security provided therefor that is on deposit in the Debt Service Fund and available to pay debt service for such Bond Year. In addition, solely for the purposes of determining the Debt Service Reserve Fund Requirement, the Debt Service Coverage Fund Requirement and any coverage requirement for the issuance of Additional Bonds, the Annual Debt Service Requirements for the Series 2021 Bonds in any Bond Year will be reduced by the amount of Supplemental Security that is scheduled to be transferred to or is on deposit in the Debt Service Fund for such Bond Year. See “SECURITY FOR THE SERIES 2021 BONDS – Supplemental Security Fund”.

At the time the Series 2021 Bonds are delivered, no Debt Service Reserve Fund Surety Policy and no Debt Service Coverage Fund Surety Policy will be provided.

## **Debt Service Reserve Fund**

The Indenture establishes the Debt Service Reserve Fund, which with respect to each series of Bonds is required to be funded in an amount equal to the least of (i) ten percent (10%) of the stated principal amount of such series of Bonds, (ii) Maximum Annual Debt Service on such series of Bonds, and (iii) one hundred twenty-five percent (125%) of the average Annual Debt Service Requirements on such series of Bonds (the “Debt Service Reserve Fund Requirement”). The Indenture allows for the substitution of a Debt Service Reserve Fund Surety Policy or the use of such a policy with respect to Additional Bonds or Completion Bonds. Amounts credited to the Debt Service Reserve Fund shall be used by the Trustee to (i) pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on the Bonds on the payment date therefore if there is not sufficient money available in the Debt Service Fund for such purpose, (ii) reimburse the provider of a Debt Service Reserve Fund Surety Policy in accordance with the terms of a Debt Service Reserve Fund Surety Policy, and (iii) upon written direction of an Authorized Representative, for the optional redemption of any series of Bonds in whole (if permitted under the terms of the Indenture or any Supplemental Indenture authorizing

Additional Bonds or Completion Bonds), or to make the final payments for the retirement or defeasance of Bonds. Each increase in the Debt Service Reserve Fund Requirement, if any, resulting from the issuance of Additional Bonds or Completion Bonds shall be funded at the time of and delivery of such series of Additional Bonds or Completion Bonds by depositing to the credit of the Debt Service Reserve Fund from the proceeds of such Additional Bonds or Completion Bonds or other lawfully appropriated funds or by acquiring a Debt Service Reserve Fund Surety Policy in an amount sufficient to cause the amount credited to the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement after taking into account the issuance of such Additional Bonds or Completion Bonds. The Trustee shall cause, on an annual basis and prior to the establishment of the Customer Facility Charge for the next ensuing Bond Year and soon as practicable after a draw on the Debt Service Reserve Fund, the amounts credited to the Debt Service Reserve Fund to be evaluated. If the Trustee determines that the amount credited to the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Fund Requirement and that there is no then-outstanding reimbursement obligation to the provider of a Debt Service Reserve Fund Surety Policy, no further deposits shall be required to be made. If the Trustee determines that the amount credited to the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement or that there is an outstanding reimbursement obligation to the provider of a Debt Service Reserve Fund Surety Policy, the Trustee shall promptly resume making deposits in order to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, or, in the case of an outstanding reimbursement obligation under a Debt Service Reserve Fund Surety Policy, to provide for such reimbursement in accordance with the terms of the Debt Service Reserve Fund Surety Policy.

### **Debt Service Coverage Fund**

The Indenture establishes the Debt Service Coverage Fund, which with respect to each series of Bonds is required to be funded in an amount equal to twenty-five percent (25%) of the Maximum Annual Debt Service on such series of Bonds (the "Debt Service Coverage Fund Requirement"). The Indenture allows for the substitution of a Debt Service Coverage Fund Surety Policy or the use of such a policy with respect to Additional Bonds or Completion Bonds. Amounts credited to the Debt Service Coverage Fund shall be used by the Trustee to (i) pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on the Bonds on the payment date therefor if there is not sufficient money available in the Debt Service Fund and the Debt Service Reserve Fund for such purpose, (ii) reimburse the provider of any Debt Service Coverage Fund Surety Policy in accordance with the terms of any Debt Service Coverage Fund Surety Policy, and (iii) upon written direction of an Authorized Representative, for the optional redemption of any series of Bonds in whole (if permitted under the terms of the Indenture or any Supplemental Indenture authorizing Additional Bonds or Completion Bonds), or to make the final payments for the retirement or defeasance of any Bond. Each increase in the Debt Service Coverage Fund Requirement, if any, resulting from the issuance of Additional Bonds or Completion Bonds shall be funded at the time of issuance and delivery of such series of Additional Bonds or Completion Bonds by depositing to the credit of the Debt Service Coverage Fund from the proceeds of such Additional Bonds or Completion Bonds or other lawfully appropriated funds or by acquiring a Debt Service Coverage Fund Surety Policy in an amount sufficient to cause the amount credited to the Debt Service Coverage Fund to equal the Debt Service Coverage Fund Requirement after taking into account the issuance of such Additional Bonds or Completion Bonds. The Trustee shall, on an annual basis and prior to the establishment of the Customer Facility Charge for the next ensuing Bond Year and as soon as reasonable practicable after a draw on the Debt Service Coverage Fund, cause the amounts credited to the Debt Service Coverage Fund to be evaluated. If the Trustee determines that the amounts credited to the Debt Service Coverage Fund are at least equal to the Debt Service Coverage Fund Requirement and that there is no then-outstanding reimbursement obligation to the provider of a Debt Service Coverage Fund Surety Policy, no further deposits shall be made. If the Trustee determines that the amount credited to the Debt Service Coverage Fund is less than the Debt Service Coverage Fund Requirement or that there is a then-outstanding reimbursement obligation to the provider of a Debt Service Coverage Fund Surety Policy, the Trustee shall promptly resume making deposits in order to restore the Debt Service Coverage Fund to the Debt Service Coverage Fund Requirement or, in the case of an outstanding reimbursement obligation under a Debt Service Coverage Fund Surety Policy, to provide for such reimbursement in accordance with the terms of such Debt Service Coverage Fund Surety Policy.

### **CFC Surplus Fund**

Within the CFC Surplus Fund, the City has established the CFC Surplus Annual Disbursement Account and the CFC Surplus Residual Account. Moneys credited to the CFC Surplus Annual Disbursement Account shall be disbursed by the Trustee to pay the costs identified in, or to transfer to the Repair and Replacement Fund, to the RAC O&M and Rent Reserve Fund and to the CFC Surplus Residual Account pursuant to, a disbursement request submitted to the Trustee by an Authorized Representative. The City is obligated under the terms of the Indenture to submit a disbursement request to the Trustee for the disbursement of moneys from the CFC Surplus Fund for the costs, at the times, in the amounts and

in the manner set forth in the Concession Agreements.

Pursuant to the terms of the Concession Agreements, amounts credited to the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund shall be used to pay the following in such order of priority:

- (a) Upon the Opening Date, to the RAC O&M and Rent Reserve Fund an amount up to \$2,100,000;
- (b) Beginning on the Opening Date and ending in the Fiscal Year ending September 30, 2018, the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund shall be used to pay the following in such order of priority:
  - (i) Annually, to reimburse the Concessionaires for any Contingent Fees paid prior to the date of reimbursement;
  - (ii) Annually, to the City a total of \$470,000, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index, with such amount for the Fiscal Year in which the Opening Date occurs to be prorated in the manner determined by the City;
  - (iii) Annually, to each of the City and the Master Lessee, respectively, on a one-for-one (1:1 or equally pro-rata) basis, an amount up to \$350,000, with such amount to be increased two percent (2%) annually each Fiscal Year (with such increase to begin with the second full Fiscal Year following the Opening Date) and with such amount for the Fiscal Year in which the Opening Date occurs to be prorated in the manner determined by the City, for the following purposes:
    - (A) to the City to reimburse the City for operation and maintenance costs of the Commercial Parking Facility and related improvements paid by the City prior to the date of reimbursement; and
    - (B) to the Master Lessee to reimburse the Master Lessee for O&M Costs paid by the Master Lessee prior to the date of reimbursement.
  - (iv) Annually, to the RAC O&M and Rent Reserve Fund, as needed to restore the balance in such fund to \$2,100,000;
  - (v) Annually, to the Master Lessee the amount necessary to reimburse the Master Lessee for any remaining O&M Costs approved by the City and paid by the Master Lessee prior to the date of reimbursement and not previously reimbursed by New Customer Facility Charge funds or reimbursed or paid from the Repair and Replacement Fund;
  - (vi) Annually, to the Master Lessee an amount up to \$900,000 to reimburse the Master Lessee for Base Rent paid prior to the date of reimbursement, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index; and
  - (vii)
- (c) Beginning in the Fiscal Year ending September 30, 2019, and for each Fiscal Year thereafter until the Bonds are no longer outstanding, the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund shall be used to pay the following in the following order of priority:
  - (i) Annually, \$750,000 to the Repair and Replacement Fund, with such amount to be adjusted every year as determined by the City in its sole and absolute discretion;
  - (ii) Annually, to reimburse the Concessionaires for any Contingent Fees paid prior to the date of reimbursement;

- (iii) Annually, to the City a total of \$470,000, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index;
- (iv) Annually, to each of the City and the Master Lessee, respectively, on a one-for-one (1:1 or equally pro-rata) basis, an amount up to the amount set forth in paragraph (a)(iv) above (after giving effect to each annual increase as specified therein), with such amount to be increased two percent (2%) annually each Fiscal Year, for the following purposes:
  - (A) to the City to reimburse the City for operation and maintenance costs of the Commercial Parking Facility and related improvements paid by the City prior to the date of reimbursement; and
  - (B) to the Master Lessee to reimburse the Master Lessee for O&M Costs paid by the Master Lessee prior to the date of reimbursement.
- (v) Annually, to the RAC O&M and Rent Reserve Fund, as needed to restore the balance in such fund to \$2,100,000;
- (vi) Annually, to the Master Lessee the amount necessary to reimburse the Master Lessee for any remaining O&M Costs approved by the City and paid by the Master Lessee prior to the date of reimbursement and not previously reimbursed by New Customer Facility Charge funds or reimbursed or paid from the Repair and Replacement Fund;
- (vii) Annually, to the Master Lessee an amount up to \$900,000 to reimburse the Master Lessee for Base Rent paid prior to the date of reimbursement, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index; and

Pursuant to the terms of the Concession Agreements, (i) the City is obligated each year to direct the Trustee to transfer, from the CFC Surplus Annual Disbursement Account to the CFC Residual Account, the excess amount that remains on deposit in the CFC Surplus Annual Disbursement Account, if any, after all required disbursements are made therefrom pursuant to the terms of the Concession Agreements, and (ii) amounts on deposit in the CFC Residual Account shall be used to pay the costs identified in paragraphs (a) through (e) above in the event there are insufficient moneys in the CFC Surplus Annual Disbursement Account to pay such amounts in full. Pursuant to the terms of the Indenture and the Concession Agreements, moneys on deposit in the CFC Surplus Residual Account of the CFC Surplus Fund may also be used at the discretion of the City to (i) pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on the Bonds on the payment date therefor, (ii) restore any deficiency in the Debt Service Fund, the Debt Service Reserve Fund, the Debt Service Coverage Fund or the Repair and Replacement Fund, (iii) purchase, defease or retire Bonds; provided, that the Debt Service Reserve Fund and the Debt Service Coverage Fund are fully funded; (iv) make final payments for the retirement or defeasance of Bonds; (v) expand, repair or improve the Joint Use Facility or the CONRAC Site; and (vi) expand, repair or improve, or pay any other costs of, rental car facilities, including any costs associated with the relocation of rental car facilities.

See “APPENDIX C - EXCERPTS OF CERTAIN PROVISIONS OF THE INDENTURE” and “APPENDIX D – EXCERPTS OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS.”

### **Enforcement of Agreements**

In the Indenture, the City covenants to take all actions required on its part to keep the Agreements in effect in accordance with their terms and will take all reasonable actions to enforce compliance by the Concessionaires with the Agreements, including specifically seeking specific performance by each of the Concessionaires of their respective obligations to charge, collect, and pay the Customer Facility Charges and the Contingent Fees, if any, to the Trustee, pursuant to the terms of the Agreements.



## **Additional Covenants**

The City covenants in the Indenture that from and after the Opening Date until the Bonds are no longer Outstanding, the City will maintain concession agreements in effect between the City and rental car concession operators containing provisions relating to customer facility charges and additional fees substantially identical to those provisions relating to Customer Facility Charges and Contingent Fees, respectively, as contained in the Concession Agreements. Any such customer facility charges and additional fees shall constitute Customer Facility Charges and Contingent Fees, respectively, for all purposes of the Indenture.

## **Additional Bonds and Completion Bonds**

*Additional Bonds for Refunding Purposes.* The City may issue one or more series of Additional Bonds payable from and secured by the Revenues on a parity with the Series 2021 Bonds for the purpose of refunding all or a portion of previously issued and then outstanding Bonds, provided, however, that if less than all Outstanding Bonds are refunded, no such Additional Bonds may be issued unless:

1. An Authorized Representative of the City certifies that, upon the issuance of such Additional Bonds, the City will not be in default under any term or provision of any Bonds then Outstanding or any ordinance pursuant to which any of such Bonds were issued;
2. The Trustee certifies that, upon the issuance of such Additional Bonds, the Debt Service Reserve Fund and the Debt Service Coverage Fund will contain the applicable Debt Service Reserve Fund Requirement and the Debt Service Coverage Fund Requirement, after giving effect to the issuance of such Additional Bonds;
3. Provision is made in the Supplemental Indenture authorizing the Additional Bonds for (A) any additional payments to the Debt Service Fund and the Debt Service Coverage Fund sufficient to provide for any principal and interest payments resulting from the issuance of the Additional Bonds and (B) satisfying the Debt Service Reserve Fund Requirement and the Debt Service Coverage Fund Requirement by no later than the date required by the Indenture or any indenture authorizing Additional Bonds; and
4. The City shall provide a certificate of an Authorized Representative meeting the requirements described under “—Additional Bonds for Rental Car Facilities” below; provided, that such certificate shall give effect to the Annual Debt Service Requirements of the proposed Additional Bonds to be issued for refunding purposes (and shall not give effect to the Annual Debt Service Requirements of Outstanding Bonds being refunded following their cancellation or provision being made for their payment); provided, further, however, that no such certificate shall be required for the issuance of any series of Additional Bonds for refunding purposes that will have the result of reducing the aggregate debt service on Outstanding Bonds.

*Additional Bonds for Rental Car Facilities.* The City may issue Additional Bonds payable from and secured by the Revenues on a parity with the Series 2021 Bonds for the purpose of financing the costs of expanding, repairing or improving the Joint Use Facility or the CONRAC Site, or the costs of any other rental car facilities, including any costs associated with the relocation of rental car facilities. The City must provide, in addition to all of the applicable certifications described above for the issuance of Additional Bonds for refunding purposes, a certificate of an Authorized Representative to the effect that, according to the books and records of the City, the Revenues for the last completed Bond Year, or for twelve consecutive months out of the eighteen months immediately preceding the month the Supplemental Indenture authorizing the issuance of such Additional Bonds is executed and delivered, are at least equal to 1.25 times the average Annual Debt Service Requirements for all Outstanding Bonds after giving effect to the issuance of such Additional Bonds.

In lieu of the certificate described in the preceding paragraph, the City may provide a written report of the Airport Consultant setting forth projections which indicate that the estimated Revenues for each of the three (3) consecutive Bond Years beginning in the earlier of (1) the first Bond Year following the estimated date of completion and initial use of all revenue producing facilities to be financed with Additional Bonds, based upon a certified written completion date by the consulting engineer appointed by the City for such facility or facilities, or (2) the first Bond Year in which the City will have scheduled payments of interest on or principal of the Additional Bonds to be issued for the payment of which provision has not been made as indicated in the report of such Airport Consultant from proceeds of such Additional Bonds, investment income therefrom or from other sources (other than Revenues), are equal to at least equal to 125% of the Annual Debt Service Requirements on all Outstanding Bonds scheduled to occur during each such respective Bond Year after taking into consideration the additional Annual Debt Service Requirements for the Additional Bonds to be

issued.

*Completion Bonds.* In addition to the issuance of Additional Bonds, the City may issue one or more series of Completion Bonds payable from and secured by the Revenues on a parity with the Series 2021 Bonds, in the principal amount not exceeding ten percent (10%) of the aggregate principal amount of Additional Bonds initially issued to finance additions to the Project, and to pay for the cost of completing any portion of the Project financed with Additional Bonds. Prior to the issuance of any series of Completion Bonds, in addition to all of the applicable certificates described above (other than the certificate described in paragraph 4 under “–Additional Bonds for Refunding Purposes”), the City must provide a certificate of an Authorized Representative:

- (i) stating that all amounts allocated to pay Costs of the Project, from the proceeds of the most recent series of Bonds issued in connection with the Project for which the Completion Bonds are being issued were used or are still available to be used to pay Costs of the Project;
- (ii) containing a calculation of the amount by which the aggregate Costs of the Project exceeds the sum of the Costs of the Project paid to such date plus the moneys available at such date within the Construction Fund or other like fund or account applicable to the Project plus any other moneys which the City has determined to be available to pay such costs in any other fund; and
- (iii) certifying that the issuance of the Completion Bonds is necessary to provide funds for the completion of the Project.

#### **Events of Default**

Any one or more of the following events shall constitute “Events of Default” under the Indenture:

- (i) failure to pay within two (2) Business Days of when due, at maturity or upon redemption, the principal of, or redemption premium, if any, on any Bond;
- (ii) failure to pay within two (2) Business Days of when due the interest on any Bond; or
- (iii) a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City in the Indenture and the continuance thereof for a period of sixty (60) days after written notice thereof is given to the City by the Trustee, provided, however, that no Event of Default shall be deemed to have occurred if the City is diligently proceeding to cure or correct such default.

#### **Action by Trustee**

Upon the happening of any Event of Default, the Trustee may, in its discretion, or, upon the written request of Owners of not less than a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to the satisfaction of the Trustee, shall take such appropriate action by judicial proceedings or otherwise to cure the Event of Default and/or to require the City or the Concessionaires to carry out its or their covenants and obligations under the Indenture and with respect to the Agreements, including, but without limitation, the filing of actions for specific performance and mandamus proceedings in any court of competent jurisdiction, against the City and/or a Concessionaire, and to obtain judgments against a Concessionaire for any Customer Facility Charges, Prior Facility Rentals and Contingent Fees due but unpaid pursuant to the Agreements, as applicable, or for any other amounts due under the Indenture, under the Bonds or under the Agreements, and interest on overdue payments of the principal of, redemption premium, if any, and interest on the Bonds, as further provided in the Indenture.

## SOURCES AND USES OF FUNDS

The proceeds of the Series 2021 Bonds, together with other lawfully available funds of the City, will be applied approximately as follows:

### Sources:

- Par Amount of Series 2021 Bonds
- Original Issue Discount
- City Contribution (1)
- Total Sources of Funds

### Uses:

- Deposit to Escrow Fund
- Debt Service Reserve Fund
- Debt Service Coverage Fund
- Administrative Costs Fund
- Repair and Replacement Fund
- Cost of Issuance (2)
- Total Uses of Funds

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(1) Represents funds from the Series 2013 Supplemental Security Account and Debt Service Fund.

(2) Cost of Issuance includes underwriter's discount, financial advisor, bond counsel, etc.

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## ANNUAL DEBT SERVICE REQUIREMENTS

Annual debt service requirements for the Series 2021 Bonds are as follows:

<b>Bond Year Ending November 15</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Annual Debt Service Requirements</b>
2021	\$ -	\$ 3,857,635	\$ 3,857,635	\$ 3,857,635
2022	-	5,341,341	5,341,341	5,341,341
2023	-	5,341,341	5,341,341	5,341,341
2024	3,000,000	5,341,341	8,341,341	8,341,341
2025	5,000,000	5,281,641	10,281,641	10,281,641
2026	6,345,000	5,172,141	11,517,141	11,517,141
2027	6,505,000	5,010,343	11,515,343	11,515,343
2028	6,685,000	4,831,456	11,516,456	11,516,456
2029	6,885,000	4,629,569	11,514,569	11,514,569
2030	7,100,000	4,414,757	11,514,757	11,514,757
2031	7,330,000	4,186,137	11,516,137	11,516,137
2032	7,575,000	3,942,781	11,517,781	11,517,781
2033	7,835,000	3,683,716	11,518,716	11,518,716
2034	8,110,000	3,407,924	11,517,924	11,517,924
2035	8,400,000	3,114,342	11,514,342	11,514,342
2036	8,710,000	2,806,062	11,516,062	11,516,062
2037	9,065,000	2,451,565	11,516,565	11,516,565
2038	9,435,000	2,082,619	11,517,619	11,517,619
2039	9,820,000	1,698,615	11,518,615	11,518,615
2040	10,215,000	1,298,941	11,513,941	11,513,941
2041	10,635,000	883,190	11,518,190	11,518,190
2042	11,065,000	450,346	11,515,346	11,515,346
	<u>\$ 149,715,000</u>	<u>\$ 79,227,794</u>	<u>\$ 228,942,794</u>	<u>\$ 228,942,794</u>

## THE CONCESSION AGREEMENTS

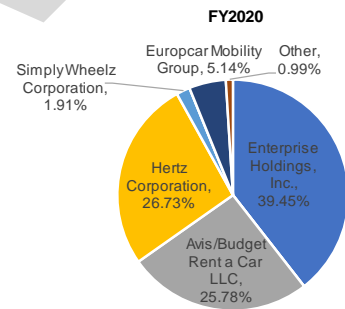
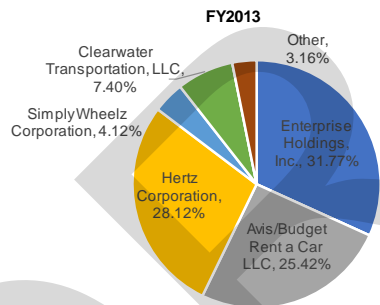
Each Concessionaire is obligated collect the Customer Facility Charge in accordance with the terms the Concession Agreements and remit such amounts collected to the Trustee, as the assignee of the City, for deposit in the Revenue Fund established in accordance with, and for the purposes specified in, the Indenture, including without limitation, payment of the principal of, premium, if any, and interest on the Bonds, including the Series 2021 Bonds. The Concessionaires shall remit the Customer Facility Charges for the preceding calendar month of operations monthly to the Trustee on or before the 20th day of each month. The Customer Facility Charge shall be the amount determined by the Aviation Director for all rental car companies doing business on the Airport and occupying the CONRAC. Each Concessionaire shall charge and collect Customer Facility Charges from all rental car customers, without exception. Each Concessionaire shall charge and collect Customer Facility Charges from customers receiving complimentary or discounted car rental under the Concessionaire's bona fide marketing plans, customers whose rentals are tax exempt, regardless of whether customer was an airline passenger to or from the Airport, and regardless of whether the rental reservation or contract was made by phone, internet, in person, or in any other manner or from any other location.

For a further description of the Concession Agreements, see "APPENDIX D - EXCERPTS OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS".

## THE CONCESSIONAIRES

The following table sets forth the Concessionaires, the rental car brand or brands that each operates, and its Fiscal Year 2012 through 2019 market shares, based on the gross revenue at the Airport:

CONCESSIONAIRE/BRAND	2013	2014	2015	2016	2017	2018	2019	2020
<b>Enterprise Holdings, LLC<sup>(1)</sup></b>	<b>31.8%</b>	<b>33.2%</b>	<b>33.8%</b>	<b>35.8%</b>	<b>36.7%</b>	<b>37.4%</b>	<b>37.6%</b>	<b>39.4%</b>
<i>Enterprise Rent a Car</i>	13.8%	13.7%	12.7%	13.3%	13.4%	14.6%	14.6%	16.1%
<i>Alamo Rent a Car</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.3%	6.7%
<i>National Car Rental</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.8%	16.7%
<i>Alamo Rent a Car / National Car Rental</i>	18.0%	19.5%	21.1%	22.5%	23.3%	22.8%	0.0%	0.0%
<b>Avis/Budget Rent a Car LLC</b>	<b>25.4%</b>	<b>25.3%</b>	<b>28.4%</b>	<b>28.8%</b>	<b>27.4%</b>	<b>26.3%</b>	<b>26.2%</b>	<b>25.8%</b>
<i>Avis Rent a Car</i>	17.4%	16.6%	16.7%	17.5%	16.6%	15.8%	15.4%	13.9%
<i>Budget Rent a Car</i>	8.0%	8.5%	8.7%	8.8%	8.2%	8.5%	9.0%	10.6%
<i>Payless Car Rental</i>	0.0%	0.2%	3.0%	2.6%	2.5%	2.0%	1.8%	1.3%
<b>Hertz Corporation<sup>(2)</sup></b>	<b>28.1%</b>	<b>28.5%</b>	<b>26.3%</b>	<b>23.0%</b>	<b>23.7%</b>	<b>24.4%</b>	<b>24.2%</b>	<b>26.7%</b>
<i>Hertz Car Rental</i>	28.1%	28.5%	26.3%	23.0%	23.7%	24.4%	24.2%	21.4%
<i>Dollar Rent a Car</i>								2.3%
<i>Thrifty Rent a Car</i>								3.0%
<b>Clearwater Transportation, LLC<sup>(2)</sup></b>	<b>7.4%</b>	<b>6.9%</b>	<b>6.2%</b>	<b>5.4%</b>	<b>4.8%</b>	<b>3.9%</b>	<b>3.2%</b>	
<i>Dollar Rent a Car</i>	4.3%	3.8%	3.1%	2.6%	2.3%	1.9%	1.6%	
<i>Thrifty Rent a Car</i>	3.1%	3.1%	3.2%	2.9%	2.5%	2.1%	1.6%	
<b>Simply Wheelz Corporation</b>	<b>4.1%</b>	<b>2.8%</b>	<b>4.4%</b>	<b>3.8%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>4.0%</b>	<b>1.9%</b>
<i>Advantage Rent a Car</i>	4.1%	2.8%	4.4%	2.8%	2.7%	3.3%	3.3%	1.5%
<i>E-Z Rent-A-Car</i>	0.0%	0.0%	0.0%	1.0%	1.2%	0.6%	0.8%	0.4%
<b>Europcar Mobility Group</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.2%</b>	<b>2.7%</b>	<b>3.3%</b>	<b>3.5%</b>	<b>5.1%</b>
<i>Fox Rent-A-Car</i>	0.0%	0.0%	0.0%	2.2%	2.7%	3.3%	3.5%	5.1%
<b>Other</b>	<b>3.2%</b>	<b>3.2%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.8%</b>	<b>1.2%</b>	<b>1.0%</b>
<i>Ace Rent a Car</i>	3.1%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Silvercar</i>	0.1%	0.4%	0.8%	1.0%	0.9%	0.8%	1.0%	0.7%
<i>Go Rentals</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%



(1) Enterprise Holdings, LLC entered into an agreement to purchase all of the issued and outstanding shares of Vanguard Car Rental Group in 2007. Vanguard Car Rental Group previously operated the Alamo Rent a Car and National Car Rental brands.

(2) Hertz Corporation acquired Clearwater Transportation, LLC in 2019 in the course of a bankruptcy. Clearwater previously operated the Dollar Rent a Car and Thrifty Rent a Car brands.

Source: City of Austin, Aviation Department  
Unaudited

In FY 2020, Hertz Corporation had a market share of 21.4% and was the largest brand by gross revenue, followed by National at 16.7%, Enterprise at 16.1% and Avis at 13.9%.

Under the Master Lease, the City has reserved the right to enter into Concession Agreements with up to two additional “New Entrant” rental car companies to operate in the CONRAC in each of the first and second ten years of the Master Lease.

## REPORT OF THE AIRPORT CONSULTANT

Ricondo & Associates, Inc., Chicago, Illinois (the “Airport Consultant”), prepared the CFC Rate Analysis – Austin Airport Forecast (the “Report”) included as APPENDIX A to this Official Statement. References made herein to the Report are made to the entire Report, which contains material information, findings, assumptions and conclusions concerning the Airport and the Project. **The Report should be read in its entirety.**

The Report is limited in scope; it evaluates the Customer Facility Charges necessary to pay debt requirements and coverage on the Series 2021 Bonds during the five year period commencing in Fiscal Year 2021 and sets the assumptions upon which the forecasts are based. The financial forecasts are based on certain assumptions that were provided, or reviewed and agreed to, by the Airport System management. In the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. Key factors and assumptions include (i) [detail assumptions here], (iii) rental car transactions and contract-days will occur at or above the projected levels shown in the Report during the period, which assumes that no material competition to on-Airport rental car companies would be provided by off-Airport rental car companies, and (iv) the City will maintain the Customer Facility Charges at the projected levels shown in the Report. However, any projection is subject to uncertainties. Inevitably, some will not be realized, and unanticipated events and circumstances may occur. The actual results achieved during the projection period will vary from the projections, and the variations may be material. The Report projects deplaned origination and destination (“O&D”) passenger activity at the Airport for fiscal years 2021 through 2025, as set forth below:

**Table 1 - Deplaned Passenger Projections**

(For Fiscal Years Ending September 30)

FISCAL YEAR	DEPLANED PASSENGERS <sup>1/</sup>	ANNUAL GROWTH	DEPLANED O&D PASSENGERS	DEPLANED ORIGIN	% ORIG.	DEPLANED DESTINATION	% DEST.
2011	4,593,890	6.3%	4,190,450	2,282,581	54.5%	1,907,869	45.5%
2012	4,654,823	1.3%	4,246,032	2,314,087	54.5%	1,931,944	45.5%
2013	4,928,279	5.3%	4,471,902	2,504,265	56.0%	1,967,637	44.0%
2014	5,244,569	7.4%	4,803,266	2,699,435	56.2%	2,103,830	43.8%
2015	5,769,778	10.4%	5,301,647	3,027,240	57.1%	2,274,406	42.9%
2016	6,161,240	7.4%	5,694,036	3,342,399	58.7%	2,351,637	41.3%
2017	6,676,658	9.4%	6,227,010	3,711,298	59.6%	2,515,712	40.4%
2018	7,711,086	14.5%	7,130,605	4,280,179	60.0%	2,850,426	40.0%
2019	8,442,060	8.7%	7,749,141	4,737,042	61.1%	3,012,100	38.9%
2020 (est) <sup>2/</sup>	4,711,341	-44.2%	4,324,747	2,686,466	62.1%	1,638,281	37.9%
<b>Projected</b>							
2021 <sup>3/</sup>	3,663,620	-22.1%	3,369,336	2,092,980	62.1%	1,276,356	37.9%
2022	6,824,149	86.3%	6,275,993	3,898,550	62.1%	2,377,443	37.9%
2023	7,847,771	15.0%	7,217,391	4,501,376	62.4%	2,716,015	37.6%
2024	8,475,593	8.0%	7,794,783	4,880,973	62.6%	2,913,810	37.4%
2025	9,153,640	8.0%	8,418,365	5,292,497	62.9%	3,125,868	37.1%
<b>Compound Annual Growth Rates:</b>							
2011-2019			7.1%	8.5%		5.2%	
2019-2020			-44.2%	-43.3%		-45.6%	
2020-2021			-22.1%	-22.1%		-22.1%	
2021-2025			25.7%	26.1%		25.1%	

**NOTES:**

1/ Actual FY 2020 deplaned passengers were 4.71 million, of which approximately 91.8 percent (4.32m) were O&D passengers. For the purposes of this forecast scenario, 91.8 percent of deplaned passengers is assumed for O&D passengers in years 2021 through 2025.

2/ Total deplaned O&D passengers for FY 2020 based on actual deplaned passengers for FY 2020 (provided by City of Austin-Aviation Department). USDOT domestic O&D data is reported three months after the end of each month and international O&D data is reported after six months.

3/ Origin (Orig.) and destination (Dest.) percentages based on estimated FY 2020 data/percentages. Deplaned O&D passengers is based on activity estimates developed by Ricondo that reflect four different scenarios for return of activity to pre-pandemic levels.

**SOURCES:** City of Austin-Aviation Department (Historical); US DOT Origination & Destination Survey of Airline Passenger Traffic accessed by Diio Mi (Historical and Estimated); and Ricondo & Associates, Inc. (Estimated and Projected); December 2020.

As summarized in the following tables, in the Report the Airport Consultant forecasts that revenues from Customer Facility Charges will be sufficient to meet the rate covenant of the Indenture, as described above under “SECURITY FOR THE SERIES 2021 BONDS – Rate Covenant.” It is expected that actual results will differ from the projected Customer Facility Charges and projected debt service coverage set forth in the following table will differ from the actual results. Also see “ANNUAL DEBT SERVICE REQUIREMENTS.”

**Table 2 - Projected Rental Car Activity and CFC Collections**

(For Fiscal Years Ending September 30)

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	FORECAST				
				2022	2023	2024	2025	2026
Deplaned Destination Passengers	3,012,100	1,638,281	1,276,356	2,377,443	2,716,015	2,913,810	3,125,868	3,241,526
Historical Average Ratio of Transactions to Deplaned Destination Passengers <sup>1/</sup>	25.1%	26.2%	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%
Rental Car Transactions	755,131	428,745	326,392	607,963	694,543	745,123	799,351	828,927
Historical Average Rental Length (Days) <sup>2/</sup>	3.74	3.91	3.85	3.85	3.85	3.85	3.85	3.85
Total Rental Car Transaction Days	2,826,642	1,678,017	1,255,917	2,339,371	2,672,521	2,867,148	3,075,811	3,189,616
<b>CFC Rate (\$ per day)</b>	<b>\$ 5.95</b>	<b>\$ 5.95</b>	<b>\$ 8.50</b>	<b>\$ 5.95</b>	<b>\$ 5.95</b>	<b>\$ 5.95</b>	<b>\$ 5.95</b>	<b>\$ 5.95</b>
CFC Collections <sup>3/</sup>	\$ 16,818,520	\$ 9,984,201	\$ 9,906,673	\$ 13,919,255	\$ 15,901,503	\$ 17,059,533	\$ 18,301,077	\$ 18,978,217

NOTES:

1/ FY 2019 and 2020 reflect actual rental car transactions divided by actual deplaned destination passengers; Projected FY 2021 and Forecast 2022-2026 reflect the historical 3-year average ratio for Actual FY 2018 through Actual FY 2020.

2/ FY 2019 and FY 2020 reflect actual average rental length based on actual rental car transactions; Projected FY 2021 and Forecast 2022-2026 reflect the historical 3-year average rental length for Actual FY 2018 through Actual FY 2020.

3/ Projected FY 2021 CFC Collections reflect first quarter collections charged at \$5.95 per transaction day and increasing to \$8.50 per transaction day beginning second quarter.

SOURCES: City of Austin - Aviation Department; Ricondo & Associates, Inc. (Estimated & Projected); December 2020.

**Table 3 – Projected Debt Service Coverage**

(For Fiscal Year Ending September 30)

	ACTUAL 2019	ESTIMATED 2020	PROJECTED 2021	FORECAST				
				2022	2023	2024	2025	2026
<b>Revenue</b>								
CFC Collections	\$ 16,818,520	\$ 9,984,201	\$ 9,906,673	\$ 13,919,255	\$ 15,901,503	\$ 17,059,533	\$ 18,301,077	\$ 18,978,217
<b>Total Revenue</b>	<b>\$16,818,520</b>	<b>\$ 9,984,201</b>	<b>\$ 9,906,673</b>	<b>\$13,919,255</b>	<b>\$15,901,503</b>	<b>\$17,059,533</b>	<b>\$18,301,077</b>	<b>\$18,978,217</b>
Less: Administrative Costs	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)
<b>Revenues Available for Debt Service</b>	<b>\$16,768,520</b>	<b>\$ 9,934,201</b>	<b>\$ 9,856,673</b>	<b>\$13,869,255</b>	<b>\$15,851,503</b>	<b>\$17,009,533</b>	<b>\$18,251,077</b>	<b>\$18,928,217</b>
Debt Service Net of Supplemental Security Account Transfer	\$ 8,286,940	\$ 8,437,189	\$ 1,796,141	\$ 2,798,084	\$ 2,484,117	\$ 6,530,797	\$ 8,501,097	\$ 10,492,597
<b>Debt Service Coverage - Rate Covenant</b>	<b>2.02</b>	<b>1.18</b>	<b>5.49</b>	<b>4.96</b>	<b>6.38</b>	<b>2.60</b>	<b>2.15</b>	<b>1.80</b>
<b>Total Resources to Debt Service</b>								
Debt Service Coverage Fund	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378
<b>Total Resources</b>	<b>\$20,108,898</b>	<b>\$13,274,579</b>	<b>\$13,197,051</b>	<b>\$17,209,633</b>	<b>\$19,191,881</b>	<b>\$20,349,911</b>	<b>\$21,591,455</b>	<b>\$22,268,595</b>
<b>Total Resources to Debt Service</b>	<b>2.43</b>	<b>1.57</b>	<b>7.35</b>	<b>6.15</b>	<b>7.73</b>	<b>3.12</b>	<b>2.54</b>	<b>2.12</b>

SOURCES: City of Austin - Aviation Department (Administrative Costs); City of Austin, Texas Rental Car Special Facility Revenue Bonds, Taxable Series 2013, Official Statement (Debt Service); Trust Indenture (Supplemental Security Account Deposit); Ricondo & Associates, Inc., December 2020.



Table 4 – Projected Cash Flow (per Indenture)

(For Fiscal Year Ending September 30)

		PROJECTED 2021 <sup>1/</sup>	FORECAST				
		2022	2023	2024	2025	2026	
Revenue Fund							
Beginning Balance		\$ -	\$ -	\$ -	\$ -	\$ -	
Deposit	CFC Collections	\$ 9,906,673	\$ 13,919,255	\$ 15,901,503	\$ 17,059,533	\$ 18,301,077	\$ 18,978,217
Transfer Out	Administrative Costs Fund	\$ (23,105)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)
Transfer Out <sup>2/</sup>	Debt Service Fund	\$ (2,796,329)	\$ (2,482,311)	\$ (6,529,007)	\$ (8,499,101)	\$ (10,490,501)	\$ (10,490,997)
Transfer Out	Surplus Fund	\$ (7,087,239)	\$ (11,386,945)	\$ (9,322,497)	\$ (8,510,433)	\$ (7,760,577)	\$ (8,437,221)
Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Costs Fund							
Beginning Balance		\$ 26,895	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer In	Revenue Fund	\$ 23,105	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Payment	Administrative Costs	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)
Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Fund							
Beginning Balance <sup>3/</sup>		\$ 1,796,141	\$ 2,798,084	\$ 2,484,117	\$ 6,530,797	\$ 8,501,097	\$ 10,492,597
Deposit	Interest	\$ 91	\$ 142	\$ 126	\$ 332	\$ 432	\$ 533
Transfer In <sup>2/</sup>	Revenue Fund	\$ 2,796,329	\$ 2,482,311	\$ 6,529,007	\$ 8,499,101	\$ 10,490,501	\$ 10,490,997
Transfer In	Supplemental Security Account	\$ 753,879	\$ 732,713	\$ 1,046,680	\$ -	\$ -	\$ -
Transfer In <sup>4/</sup>	Debt Service Reserve Fund (Interest)	\$ 1,331	\$ 1,331	\$ 1,331	\$ 1,331	\$ 1,331	\$ 1,331
Transfer In <sup>4/</sup>	Debt Service Coverage Fund (Interest)	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333
Payment	Debt Service	\$ (2,550,020)	\$ (3,530,797)	\$ (3,530,797)	\$ (6,530,797)	\$ (8,501,097)	\$ (10,492,597)
Ending Balance <sup>5/</sup>		\$ 2,798,084	\$ 2,484,117	\$ 6,530,797	\$ 8,501,097	\$ 10,492,597	\$ 10,493,194
Debt Service Reserve Fund							
Beginning Balance		\$ 13,361,513	\$ 13,361,513	\$ 13,361,513	\$ 13,361,513	\$ 13,361,513	\$ 13,361,513
Deposit	Interest	\$ 1,331	\$ 1,331	\$ 1,331	\$ 1,331	\$ 1,331	\$ 1,331
Transfer Out	Debt Service Fund (Interest)	\$ (1,331)	\$ (1,331)	\$ (1,331)	\$ (1,331)	\$ (1,331)	\$ (1,331)
Ending Balance		\$ 13,361,513	\$ 13,361,513	\$ 13,361,513	\$ 13,361,513	\$ 13,361,513	\$ 13,361,513
Debt Service Coverage Fund							
Beginning Balance		\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378
Deposit	Interest	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333
Transfer Out	Debt Service Fund (Interest)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)
Ending Balance		\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378	\$ 3,340,378
CFC Surplus Fund							
Transfer In	Revenue Fund	\$ 7,087,239	\$ 11,386,945	\$ 9,322,497	\$ 8,510,433	\$ 7,760,577	\$ 8,437,221
Supplemental Security Account							
Beginning Balance		\$ 2,776,882	\$ 2,023,293	\$ 1,290,792	\$ 244,247	\$ 244,273	\$ 244,298
Deposit	Interest	\$ 291	\$ 212	\$ 135	\$ 26	\$ 26	\$ 26
Transfer Out	Debt Service Fund	\$ (753,879)	\$ (732,713)	\$ (1,046,680)	\$ -	\$ -	\$ -
Ending Balance		\$ 2,023,293	\$ 1,290,792	\$ 244,247	\$ 244,273	\$ 244,298	\$ 244,324

NOTES:

1/ Beginning Balances as of September 30, 2020 provided by City of Austin - Aviation Department.

2/ The amount transferred from the Revenue Fund to the Debt Service Fund is net of interest earnings in the Debt Service Fund, required cash transfers to the Debt Service Fund, and the amounts on deposit in the Supplemental Security Account available to pay debt service on the Series 2013 Bonds to the Revenue Fund.

3/ Debt Service Fund Beginning Balance is required to be equal to scheduled debt service payments, net of the Supplemental Security Account transfer in subsequent year.

4/ Interest Earnings remained in the fund until requirement was satisfied; then was transferred to the Construction fund until the Opening Date of CONRAC Facility. After the Opening Date, the Interest Earnings were then transferred to the Debt Service Fund.

5/ Estimated Ending Balance for the Debt Service Fund is equal to the subsequent fiscal year's debt service payment net of Supplemental Security Account transfer.

SOURCES: City of Austin - Aviation Department (Beginning Balances; Administrative Costs); City of Austin, Texas Rental Car Special Facility Revenue Bonds, Taxable Series 2013, Official Statement (Debt Service); Trust Indenture (Supplemental Security Account Deposit); Ricondo & Associates, Inc., December 2020.



**Table 5 – CFC Surplus Fund Cash Flow (per Concession Agreement)**

(For Fiscal Year Ending September 30)

		PROJECTED	FORECAST				
		2021 <sup>1/</sup>	2022	2023	2024	2025	2026
<b>CFC Surplus Fund</b>							
Beginning Balance		\$ 21,296,913	\$ 22,012,647	\$ 26,945,296	\$ 29,729,471	\$ 31,615,652	\$ 32,664,232
Transfer In	Revenue Fund	\$ 7,087,239	\$ 11,386,945	\$ 9,322,497	\$ 8,510,433	\$ 7,760,577	\$ 8,437,221
Payment	To City (Lost Parking Revenue)	\$ (506,070)	\$ (506,070)	\$ (506,070)	\$ (506,070)	\$ (506,070)	\$ (506,070)
Payment	To City (O&M Reimbursement)	\$ (386,428)	\$ (394,157)	\$ (402,040)	\$ (410,080)	\$ (418,282)	\$ (426,648)
Payment	To Master Lessee (Partial O&M Reimbursement)	\$ (386,428)	\$ (394,157)	\$ (402,040)	\$ (410,080)	\$ (418,282)	\$ (426,648)
Payment	To Master Lessee (Remaining O&M Reimbursement)	\$ (3,370,227)	\$ (3,437,632)	\$ (3,506,384)	\$ (3,576,512)	\$ (3,648,042)	\$ (3,721,003)
Payment	To Master Lessee (Base Rent Reimbursement)	\$ (974,482)	\$ (974,482)	\$ (974,482)	\$ (974,482)	\$ (974,482)	\$ (974,482)
Transfer Out	Repair and Replacement Fund	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)
Deposit	Interest	\$ 2,130	\$ 2,201	\$ 2,695	\$ 2,973	\$ 3,162	\$ 3,266
<b>Ending Balance</b>		<b>\$ 22,012,647</b>	<b>\$ 26,945,296</b>	<b>\$ 29,729,471</b>	<b>\$ 31,615,652</b>	<b>\$ 32,664,232</b>	<b>\$ 34,299,868</b>
<b>Repair and Replacement Fund</b>							
Beginning Balance		\$ 3,765,891	\$ 3,808,266	\$ 3,808,646	\$ 3,809,025	\$ 3,809,405	\$ 3,809,784
Deposit	Interest	\$ 375	\$ 379	\$ 379	\$ 379	\$ 380	\$ 380
Transfer In	Surplus Fund	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Payment	Repair and Replacement Expense	\$ (708,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)
<b>Ending Balance</b>		<b>\$ 3,808,266</b>	<b>\$ 3,808,646</b>	<b>\$ 3,809,025</b>	<b>\$ 3,809,405</b>	<b>\$ 3,809,784</b>	<b>\$ 3,810,164</b>
<b>RAC O&amp;M and Rent Reserve Fund</b>							
Beginning Balance		\$ 2,210,104	\$ 2,210,325	\$ 2,210,546	\$ 2,210,767	\$ 2,210,988	\$ 2,211,209
Deposit	Interest	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221
<b>Ending Balance</b>		<b>\$ 2,210,325</b>	<b>\$ 2,210,546</b>	<b>\$ 2,210,767</b>	<b>\$ 2,210,988</b>	<b>\$ 2,211,209</b>	<b>\$ 2,211,430</b>

**NOTES:**

1/ Beginning Balances as of September 30, 2020 provided by City of Austin - Aviation Department.

SOURCES: City of Austin - Aviation Department (Beginning Balances); New Concession Agreement (Use of CFC Surplus Fund); Ricondo & Associates, Inc., December 2020.

As noted in the Report, any projection is subject to uncertainties. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projected and actual results, and those differences may be material. Specifically, to the extent the actual interest rates on the Series 2021 Bonds are different from those rates assumed in the Report, the amount of the actual Customer Facility Charges established by the City is likely to vary from the Customer Facility Charges assumed in the Report. See “CERTAIN INVESTMENT CONSIDERATIONS”.

Ricondo & Associates, Inc., is a full-service aviation consulting company headquartered in Chicago, Illinois, with offices in Cincinnati, Ohio, Denver, Colorado, Miami and Orlando, Florida, Phoenix, Arizona, San Antonio, Texas, Northern and Southern California, and the Washington, D.C. area.

## THE AIRPORT SYSTEM

The following information contains a general, limited description of the City’s Airport System, its passenger, as opposed to air cargo, operations and its management. Neither the properties forming a part of the Airport and the general nor other special revenues of the Airport System have been pledged as security for the payment of debt service on the Series 2021 Bonds, and no mortgage or security interest has been granted or lien created thereon for the benefit of the Series 2021 Bonds. The Series 2021 Bonds are not general obligations of the City and the covenants and representations contained in the Indenture do not constitute a personal or pecuniary liability or charge against the general credit of the City, the Airport System or the Concessionaires. The State, the City, the Airport System and any other political subdivision of the State and their respective officers, agents and employees shall never be liable in any manner for the payment of the Series 2021 Bonds.

### General

The Airport System is comprised of airport, heliport and aviation facilities or any interest therein owned, operated or controlled in whole or in part by the City and as defined in the Revenue Bond Ordinances, includes the Airport, but expressly excludes any heliport or heliports operated by City departments other than the Aviation Department and also

excludes the Mueller Airport Property and the CONRAC. ABIA is classified by the FAA as a medium hub airport and according to Airports Council International (“ACI”), ABIA is the 36th largest airport in the United States based on calendar year 2019 total passengers.

The Airport’s Five Year Capital Improvement Program beginning FY 2021, totaling \$1.1 billion, is funded primarily from funds expected to be obtained from the issuance of general airport revenue obligations (85%), anticipated FAA grant funding (5%) and the balance to be funded from cash by Capital Fund contributions. The projects for the five year program fall into four categories: Airport - \$1.04 billion; Building and Improvements - \$23 million; Information Tech \$30.5 million; and Vehicles and Equipment - \$9.3 million.

The Department of Aviation has use and lease agreements with the five major airlines serving ABIA. The current agreements were effective October 1, 2009 and set to expire on December 4, 2020. For two of the airlines, the agreements were extended through September 30, 2021, with two subsequent conditional one year extension terms that would extend the agreement through September 30, 2023. Three of the airlines’ current use and lease agreements, as of December 5, 2020, remain in effect month to month and have the option to also execute a term through September 30, 2021, with two subsequent conditional one year extension terms. Under City ordinance, an air carrier that does not have a use and lease agreement, airline operating agreement, or similar contract with the City, shall pay twice the amount of the landing fees established for air carriers that have a use and lease agreement.

## Management

*Jacqueline Yaft, Executive Director of Aviation.* Ms. Yaft is responsible for the City’s Department of Aviation. She has over 20 years of experience at some of the largest hub airports in the U.S., including the Los Angeles World Airports, Denver International Airport, and JFK International Airport. She has served in executive positions within operations management, airport safety and security compliance, and master plan implementation. At Los Angeles World Airports, she served as the Deputy Executive Director of Operations and Emergency Management and she led airport operations throughout a series of major infrastructure projects at Los Angeles International Airport. She received a Bachelor of Science degree in Aviation Management from Metropolitan State College of Denver and a Master of Business Administration degree from Embry-Riddle Aeronautical University. She is accredited as an International Airport Professional through the Global ACI-ICAO Airport Management Professional Accreditation Program.

*Tracy Thompson, Esq., Airport Chief Officer, Administrative and External Affairs.* Ms. Thompson is a licensed attorney in Texas and has more than 30 years of experience in airport management, airline management, and airport/aviation/transportation consulting practices. Prior to her position at AUS, she has held senior management and executive positions at American Airlines, Dallas Fort Worth International Airport, and Jacobs/LeighFisher. She has broad experience and expertise in the overall airport business management and revenue generation programs for airport operators. These programs include strategic business, financial and operating plans, airline affairs, regulatory and external stakeholder engagement and compliance matters, strategies for and negotiation of complex business initiatives. She also has coordinated major capital development programs, new airport commercial revenue initiatives, and airport programs related to internal business best practices and compliance. Tracy earned B.B.A and J.D. degrees from Southern Methodist University and is a Certified Member of the American Association of Airport Executives.

*Jamy Kazanoff, Assistant Director, Aviation Business Development & Customer Relations.* Ms. Kazanoff is responsible for air service development for AUS. She oversees the air service development and retention function and serves as the point of contact with Austin-area business and tourism stakeholder groups. She has been employed by the City’s Aviation Department for 28 years. Ms. Kazanoff has over 30 years of marketing and business development experience, serving in account executive positions with advertising agencies in the private sector. She is actively involved in ACI’s International Air Service Committee, serving as Chairwoman in 2016. She is also active in ACI’s Marketing and Communications Program, and a former chairwoman for the group; the Austin Airport Task Force; and Austin Global Business Travel Association. She is a graduate of the University of Texas at Austin with a Bachelor of Journalism degree, Public Relations.

*Brian L. Long, P.E., Airport Deputy Chief – Infrastructure.* Mr. Long is responsible for leading the capital infrastructure management and delivery team, and the asset management, purchasing and warehouse teams within the Development Program Area. He joined the City of Austin in May 2009 with Austin Water before becoming the City’s Capital Project Systems Officer in 2017, which led to his current position with AUS at the beginning of 2020. His experience includes capital improvement program (CIP) management, business intelligence system integration, utility infrastructure engineering, asset management, GIS development, computer modeling, systems planning, infrastructure management,

finance, and engineering & construction project, program and portfolio management. Prior to joining the City of Austin, he worked for the City of Houston, Lockwood, Andrews & Newnam, Inc., TxDOT, and other consulting firms. He earned his Bachelor of Science in Civil Engineering from the University of Texas at Austin and holds a Professional Engineer license.

*Mukesh (Mookie) Patel, Chief Officer, Business and Finance.* Mr. Patel has 27 years of airport, airline and consulting experience. He began his career at Kansas City International Airport as a property manager. His past experience includes capital program budget management for construction of Terminal 1 at JFK and International Terminal Building at SFO. He spent five years as an Airport Planner and Technology consultant and a decade working for Alaska Airlines in Seattle as a Corporate Real Estate/Airport Affairs Manager. Mr. Patel also spent time at Denver International Airport as the Senior Vice President for Airline and Commercial Affairs and is credited with driving the substantial airport gate expansion project business plan and administering the early operations of the new Westin Hotel. He also provided staff augmentation services to Alaska Airlines during the Alaska/Virgin merger on real estate transaction matters and prior to joining AUS was the Chief Aviation Administration Officer for the City of San Antonio Aviation Department. He is a Certified Member of the American Association of Airport Executives, a Certified Private Pilot and a graduate from Oklahoma State University with a BS in Aviation Management.

*Rajeev Thomas, Deputy Chief - Finance.* Rajeev joined AUS in 2017 and currently oversees the organization's financial short-term and long-term planning, development and monitoring of operating and capital budgets, accounting, securing funding, airline rate-setting and the airport's relationships with lending institutions, bondholders, and financial institutions.

Prior to AUS, Rajeev was a Finance Director with Charter Communications (Time Warner), Assistant Controller with a Instinet Corporation subsidiary and Motorola. He holds a Bachelor's degree in Finance from University of Illinois, Chicago and has 28 years of financial experience.

*Shane Harbinson, Assistant Director, Planning & Engineering.* Mr. Harbinson is responsible for Airport planning, development and environmental services. Mr. Harbinson has served in airport positions at Minneapolis St. Paul International Airport and Midland International Airport in Midland, Texas before joining the City in 1999. Since coming to the City, he has served as Operations Coordinator, Noise Abatement Officer, Airport Planner, Manager of Airport Operations, Assistant Director of Operations and Security, and now Assistant Director of Planning & Engineering. He is a graduate of Saint Cloud State University, Saint Cloud, Minnesota, with a Bachelor of Science in Aviation. He is active in the American Association of Airport Executives and Airport's Council International.

*Ghizlane Badawi, Chief Operating Officer, Airport Operations.* Mrs. Badawi is responsible for Airport operations, security, maintenance, strategic planning, talent acquisition, performance management, human resources and guest services. She has been employed by the City's Aviation Department for over thirteen years, serving as Internal Auditor, Business Process Consultant Senior, Chief Administrative Officer, Deputy Chief Operating Officer and Assistant Director. Mrs. Badawi's previous work experience includes banking, insurance, auditing, consulting, information technology, sales, and customer service. She is an active member of the AAAE, ACI and Risk and Insurance Management Society ("RIMS"). She has a Bachelor of Business Administration and a Master of Business Administration. She has earned Aviation Safety and Security Certification from the Viterbi School of Engineering, University of Southern California, is a Certified Internal Controls Auditor, and has earned RIMS' certification as a Certified Risk Management Professional.

*Denise Hatch, Deputy Chief Operations Officers, Operations and Security.* Ms. Hatch is responsible for airport operations, field maintenance, facility services, motor pool, emergency management, security and safety. She has been employed with the City of Austin Aviation Department for over 25 years serving in roles from Airport Police Chief, Security Manager to Airport Operations Chief. Ms. Hatch is an AAAE Airport Certified Employee. She proudly served in the Texas Army National Guard and was an adjunct faculty member at St. Edwards University for 8 years. She has a Bachelor's Degree in Criminal Justice from Southwest Texas State University and a Master of Science in Criminal Justice Management from Sam Houston State University.

## **Airport Statistical Data**

The Airport's primary service region is the 4,220-square-mile, 5-county Austin-Round Rock Metropolitan Statistical Area (the "MSA"). According to the U.S. Department of Commerce, Bureau of the Census, the population of the MSA as of July 1, 2015 was 2,001,000, an increase of approximately 3.0% annually since July 1, 2010. The Airport is primarily an O&D airport; approximately 95% of enplaned passengers (passengers boarding) at the Airport originated their air travel at the Airport and approximately 5% connected flights during the City's fiscal year 2018. Approximately 52% of enplaned passengers live in the Airport's primary service region, and approximately 48% are visiting the service area. In general, the

population and economy of an airport's service region are the primary determinants of passenger and cargo traffic through an O&D airport. The table below details the ten year history of passenger and cargo traffic at the Airport.

Fiscal Year	Enplaned Passengers	Annual Percent Increase (Decrease)	Aircraft Departures*				Passengers Enplaned per Departure
			Passenger Departures		Cargo Departures		
			Annual	Daily	Annual	Daily	
2011 (a)	4,529,342	6.2	48,401	133	3,293	9	88
2012	4,662,738	3.0	48,372	133	2,915	8	91
2013	4,928,979	5.7	50,554	139	2,841	8	92
2014	5,275,464	7.0	51,877	142	2,866	8	96
2015	5,792,387	9.8	55,557	152	2,875	8	99
2016	6,180,464	6.7	56,349	154	2,936	8	104
2017	6,729,108	8.9	58,503	160	3,065	8	109
2018	7,739,811	15.0	65,000	178	3,067	8	119
2019	8,464,615	9.4	68,197	187	3,050	8	124
2020	4,723,544	(44.2)					

## CERTAIN INVESTMENT CONSIDERATIONS

### General

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations and bondholders' risks set forth throughout this Official Statement and should specifically consider certain risks associated with the Series 2021 Bonds. There follows a discussion of some, but not necessarily all, of the possible risk factors that should be carefully evaluated by prospective purchasers of the Series 2021 Bonds prior to purchasing any Series 2021 Bonds. The Report included as APPENDIX A to this Official Statement also discusses factors that may affect aviation demand, and correspondingly demand for rental car services, at the Airport. The Series 2021 Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the Series 2021 Bonds and confer with their own legal and financial advisors before considering a purchase of the Series 2021 Bonds.

### Limited Obligations

The Bonds, together with any Additional Revenue Bonds, when and if issued, are limited special obligations of the City payable from, and equally and ratably secured by, a first lien on the Revenues and the Debt Service Fund and Debt Service Reserve Fund established in the Ordinance. No mortgage of any of the physical properties forming a part of the Airport System or any lien thereon or security interest therein has been given. **The Bonds are not general obligations of the City, and neither the taxing power of the City nor the State is pledged as security for the Bonds.** See "SECURITY FOR THE SERIES 2021 BONDS" in this document.

### No Acceleration

The Bonds are not subject to acceleration under any circumstances or for any reason, including without limitation, on the occurrence or continuance of an event of default in the payment of debt service on any of the Revenue Bonds (including the Bonds) or a default in the performance of any duty or covenant provided by law, in the Ordinance or in the other Revenue Bond Ordinances. Upon the occurrence of such an event of default, Owners of the Bonds would only be entitled to principal and interest payments on the Bonds as they come due. In the event of multiple defaults in payment of principal or interest on the Bonds, Owners of the Bonds could be required to bring a separate action for each payment not made.

Under certain circumstances, Owners of the Bonds may not be able to pursue certain actions or remedies or to enforce covenants contained in the Ordinances. In addition, since Net Revenues are that portion of Gross Revenues that remain after paying Operation and Maintenance Expenses of the Airport System, and the City is not subject to involuntary bankruptcy proceedings, the City may be able to continue indefinitely collecting Gross Revenues and applying them to the operation of the Airport System even if an event of default has occurred and no payments are being made on the Bonds. See "SECURITY AND SOURCES OF REPAYMENT FOR THE REVENUE BONDS – Remedies" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCES" in this document.

## **Effect of a City Bankruptcy**

Under current Texas law (Chapter 140 of the Texas Local Government Code), cities are authorized to file bankruptcy petitions under Chapter 9 of the Bankruptcy Code. In the event the City becomes a debtor in a bankruptcy case, the owners of the Bonds may encounter significant payment delays and significant risks of nonpayment. Bond owners may not have a lien on Revenues unless a bankruptcy court determines that the Revenues are “special revenues” within the meaning of the Bankruptcy Code. No assurance can be given that a court would make such a determination. Revenues are held by the City and applied to payment of Costs of Operation and Maintenance before being transferred to the paying agent/registrant. Even if a court determines that Revenues are “special revenues,” no assurance can be given that the court would not permit the City to use such Revenues to pay costs of operating the non-airport facilities before being transferred to pay debt service on Bonds. If Net Revenues are not “special revenues” or if Revenues are applied to pay operating costs of other City facilities, there could be very significant delays or reductions in payments or nonpayment of the Bonds. A bankruptcy of the City also would trigger cross defaults under many of the City’s other agreements, which also would lead to the possibility of additional delays and significant losses.

## **COVID-19**

See “INTRODUCTION - COVID-19 Pandemic” above for risks associated with the Series 2020 Bonds resulting from the COVID-19 pandemic.

## **Achievement of Projections**

The collection of Customer Facility Charges in amounts sufficient to pay debt service on the Series 2021 Bonds when due is subject to conditions which may change to an extent and with effects that cannot be determined at this time. No representation or assurance is given or can be made that Customer Facility Charges will be realized in amounts sufficient to pay debt service when due on the Series 2021 Bonds.

The receipt of Customer Facility Charges is subject to, among other factors, the originating and destination passenger activity levels at the Airport in the future, the level of car rental activity at the Airport in the future, future economic conditions, and other factors that are impossible to predict. The future collection and remittance of Customer Facility Charges will have a direct impact upon the payment of principal of and interest on the Series 2021 Bonds.

## **Assumptions in the Airport Consultant’s Report**

As noted in the Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may and are likely to occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. See “REPORT OF THE AIRPORT CONSULTANT” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT”.

## **Airline Industry and Airport Factors**

*General Factors Affecting Air Carriers.* The airlines serving the Airport abilities to generate revenues depends, in part, upon the financial health of the aviation industry in general. The economic condition of the aviation industry is volatile and periodically the industry undergoes significant changes, including mergers, acquisitions, bankruptcies and closures. Further, the aviation industry is sensitive to a variety of factors, including (i) the cost and availability of financing, labor, fuel, aircraft and insurance, (ii) regional, national and international economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints of the Airport and competing airports, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel and (ix) disruption caused by airline accidents, criminal incidents, acts of war or terrorism, such as the events of September 11, 2001, and public health emergencies, such as the Pandemic. The aviation industry is also vulnerable to strikes and other union activities. The number of passengers at the Airport depends partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United and Southwest, to make the necessary investments to provide service.

*General Factors Affecting Airline Activity.* Numerous factors affect air traffic generally and air traffic at ABIA specifically. Demand for air travel is influenced by factors such as population, levels of disposable income, the nature, level and

concentration of industrial and commercial activity in the service area and the price of air travel. The price of air travel is, in turn, affected by the number of airlines serving a particular airport and a particular destination, the financial condition, cost structure and hubbing strategies of the airlines serving the airport, the willingness of competing airlines to enter into an airport market, the cost of operating at an airport, the price of fuel and any operating constraints (due to capacity, environmental concerns or other related factors) limiting the frequency or timing of airport traffic within the national system or at a particular airport. In addition, the onset of war and the threat of renewed terrorist attacks may dampen air traffic. Although the City has developed contingency plans that make assumptions as to factors described above and suggest a prudent response to such events, the City may anticipate but can never predict the occurrence of any particular event or trend that could adversely impact airline traffic and the number of available rental car customers.

*Aviation Security Concerns and Other Travel Market Changes.* Concerns about the safety of airline travel and the effectiveness of security and health safety precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security and health screening procedures could lead to both the avoidance of travel and the switch from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (the “TSA”), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies. The TSA also has introduced “pre-check” service to expedite the screening of passengers who have submitted to background checks. Concerns about the safety of air travel were heightened in 2016 by gun and bomb attacks at Brussels Airport and at Istanbul Ataturk Airport.

Historically, airline travel demand has recovered after temporary declines stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health and safety concerns, and international hostilities. If precautions by government agencies, airlines and airport operators maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

In addition, the COVID-19 Pandemic has caused a substantial decline in passenger traffic at the Airport. The current reduced level of passenger traffic is expected to continue. See “INTRODUCTION - COVID-19 Pandemic.”

*Uncertainties of the Airline Industry.* Airline fares have an important effect on passenger demand, particularly for relatively short trips, for which automobile and other surface travel modes are potential alternatives, and for price-sensitive discretionary travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management, passenger demand, airline market presence, labor, fuel and other airline operating costs, taxes, fees and other charges assessed by governmental and airport agencies, and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on the level of airfares.

Prior to 2010, a variety of factors reduced industry airfares and resulted in decreased airline profits. Beginning in 2010, as airline travel demand increased and seat capacity contracted because of industry consolidation, yields increased to 16.7 cents per passenger-mile in 2016. Beginning in 2006, charges were introduced by most airlines for services such as checked baggage, preferred seating, in-flight meals, and entertainment, thereby increasing the effective price of airline travel more than these yield figures indicate.

### **Competition and Alternate Modes of Transportation and Communication**

There are alternative forms of ground transportation at the Airport and other airports that compete with the Airport for air travelers, which could reduce the demand for renting cars at the Airport. These alternate forms that compete with rental cars include taxis, buses, shuttle services, limousines, and a proposed commuter rail project to operate within the City. Various forms of car-sharing and on-demand vehicle services are also becoming increasingly prevalent and popular with the public, and might offer competition that could reduce the demand for car rentals at the Airport. Technological improvements in communication could reduce the need for business travel.

One significant source of non-airline revenues for the Airport is generated from. While passenger levels are increasing,

the relative market share of ground transportation activity, including use of on-Airport parking facilities; trip fees paid by taxi, limousine and Transportation Network Companies (“TNCs”); shared rides; and rental car transactions by Airport passengers is shifting. There can be no assurance that passengers will not choose to utilize TNCs instead of using rental cars in the future, which could result in a reduction in CFCs.

In addition to TNCs, new technologies (such as autonomous vehicles, connected vehicles or urban aerial ridesharing with VTOL (vertical takeoff and landing) aircraft) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers’ choice of ground transportation mode. While the City makes every effort to anticipate demand shifts, there may be times when the Airport’s expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The City cannot predict with certainty what impact these innovations in ground transportation will have over time on CFCs.

### **Concessionaires**

The projections of the Revenues derived from Customer Facility Charges are dependent on the ability of the current Concessionaires and any new entrants to provide a competitive product to potential customers at the Airport over the life of the Series 2021 Bonds. Such ability is affected by factors beyond their control, including the cost and resale value of cars. Competitive factors have limited the profitability of rental car companies in the past several years and some companies and franchises have ceased operations or been acquired by other companies. Prospective purchasers should consider the potential effects on the rental car industry as a whole upon the sufficiency of the collections of the Customer Facility Charge to pay debt service on the Series 2021 Bonds.

### **Considerations under the Bankruptcy Code**

In the event a bankruptcy case is filed with respect to a Concessionaire, a bankruptcy court could reject its Concession Agreement, in which event the Concessionaire would not be required to collect and remit Customer Facility Charges. In such event, the Concessionaire would be in default under its Concession Agreement, permitting the Airport to cancel such agreement and remove the Concessionaire from possession and occupancy of the CONRAC. Furthermore, although Concessionaires may be required to pay Contingent Fees in the event of insufficient Customer Facility Charge collections, in bankruptcy, a liquidating or reorganizing Concessionaire or new entrant may be able to discharge and therefore not pay some or all of the Contingent Fees it owes.

### **Damage and Destruction**

The City and the Master Lessee have covenanted to maintain insurance in the amounts and against such risks as are customarily insured against on-airport property. There can be no assurance, however, that the Project will not suffer extraordinary and unanticipated losses, for which insurance cannot be or has not been obtained, or that the amount of any such loss for the period during which the Project is not available for use will not exceed the coverage of such insurance policies. In addition, the City has reserved the right to cancel the Master Lease in the event of damage that cannot be repaired within thirty (30) days of the occurrence, and in such case all insurance proceeds in connection with the loss or damage either received by the City or the Master Lessee or due from policies from which the City is named as the loss payee or an additional insured shall be and remain the sole property of the City and are neither pledged to repay Series 2021 Bonds nor committed to replace the Joint Use Facility. The City has covenanted in the Indenture that so long as the Series 2021 Bonds are outstanding, it will maintain concession agreements in effect between the City and rental car concession operators containing provisions relating to Customer Facility Charges and additional fees substantially identical to those provisions relating to Customer Facility Charges and Contingent Fees, respectively, contained in the Concession Agreements. See “SECURITY FOR THE SERIES 2021 BONDS – Additional Covenants.”

### **Events of Force Majeure**

Construction and operation of the Project are at risk from events of *force majeure*, such as earthquakes, tornados, hurricanes or other natural disasters, epidemics and pandemics, blockades, rebellions, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events. Construction or operations may also be stopped or delayed from non-casualty events such as discovery of archaeological artifacts, changes in law, delays in obtaining or renewing required permits, revocation of such permits and approvals and litigation, among other things.

### **Ability to Meet Rate Covenant**

The City has covenanted in the Indenture to set the Customer Facility Charge annually at a rate that will satisfy the rate covenant set forth in the Indenture. See “SECURITY FOR THE SERIES 2021 BONDS – Rate Covenant.” The Customer Facility Charge was \$5.95 per day and increased to \$8.50 per day on January 1, 2021. In the event that the City determines that conditions require increases in Customer Facility Charge rates above the current rates, there can be no assurance that such increases will not adversely affect rental car demand, the result of which may be a reduction in the aggregate amount of Customer Facility Charge revenue collections. Contingent Fees to be paid directly by Concessionaires may be assessed under the Concession Agreements should the Customer Facility Charges prove insufficient to meet the rate covenant obligations set forth in the Indenture.

### **Length of Term of Concession Agreements and Master Lease**

Each Concession Agreement has an initial term of eleven Concession Agreement Years, with an option for up to two additional five-year term extensions, at the sole discretion of the City. While the Indenture does not contain a covenant by the City to provide for the operation of rental car concessions at the CONRAC under the Concession Agreements until the final maturity of the Series 2021 Bonds, the City has covenanted in the Indenture that, from the Opening Date until the Series 2021 Bonds are no longer outstanding, it will maintain concession agreements (but not necessarily the Concession Agreements) in effect containing provisions relating to Customer Facility Charges and additional fees substantially identical to those relating to the Customer Facility Charges and Contingent Fees, respectively, contained in the Concession Agreements. Any such customer facility charges and additional fees shall constitute New Customer Facility Charges and Contingent Fees, respectively, for all purposes of the Indenture. See “SECURITY FOR THE SERIES 2021 BONDS – Additional Covenants.” No assurances can be given that upon the expiration of the Concession Agreements, the Concessionaires, or any other rental car companies, will execute and deliver to the City concession agreements containing provisions relating to Customer Facility Charges and additional fees substantially identical to those relating to the Customer Facility Charges and Contingent Fees, respectively, contained in the Concession Agreements. The failure of any Concessionaire or other rental car company to execute and deliver such an agreement may preclude the Concessionaire or other rental car company from being able to offer rental car services at the Airport.

The Master Lease expires by its terms on the last day of the three hundred sixtieth (360th) full calendar month after the Opening Date. The City has reserved an absolute right and option, however, in its sole discretion, at any time after two hundred forty (240) months following the Opening Date, (a) to terminate the Master Lease upon not less than nine (9) months written notice to the Master Lessee and all Concessionaires if upon such termination the City will continue to operate the Project for use for rental car concessions or relet the Project to a substitute master lessee to continue to operate the Project for use for rental car concessions, or (b) to terminate the Master Lease and all Sublease Agreements upon not less than thirty-six (36) months written notice to the Master Lessee and all Concessionaires if upon such termination the City will convert the Project to a use other than for rental car concessions. In the event that the Master Lease is terminated early and the City or a substitute master lessee operates the Project, there can be no assurance that the Concessionaires will operate their rental car concessions under terms substantially identical to the Concession Agreements and Sublease Agreements. The City has not covenanted to continue to use the Project for rental car concessions upon termination of the Master Lease, and in the event that the Master Lease is terminated early and the Project is no longer used for rental car concessions, no assurances can be given that the changes in rental car operations at the Airport resulting from this decision will not adversely affect rental car demand, the result of which may be a reduction in the aggregate amount of Customer Facility Charge revenue collections.

### **Limitation of Remedies**

Under the terms of the Indenture, remedies for Events of Default are limited to such actions which may be taken at law or in equity. See “APPENDIX C – EXCERPTS OF CERTAIN PROVISIONS OF THE INDENTURE”.

Various State laws, constitutional provisions, federal laws and regulations apply to the obligations created by the issuance of the Series 2021 Bonds. There is no assurance that the applicable laws, regulations or provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the City, the Airport System or the rental car industry.

In the event of a default in the payment of principal of or interest on the Series 2021 Bonds, the remedies available to the Owners of the Series 2021 Bonds on account thereof are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law and judicial decisions, including the federal



Bankruptcy Code. Bond Counsel's opinion to be delivered concurrently with delivery of the Series 2021 Bonds will be qualified as to enforceability of the various legal instruments by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency, and equity principles. See "APPENDIX F - Form of Bond Counsel's Opinion".

### **Secondary Market**

No assurance can be given concerning the existence of any secondary market in the Series 2021 Bonds or its creation or by the Underwriters. Thus, purchasers of the Series 2021 Bonds should be prepared, if necessary, to hold their Series 2021 Bonds until their respective maturity dates.

### **Additional Taxes on Car Rentals**

Pursuant to the provisions of Chapter 334, Texas Local Government Code, a city or county or both may impose a rental car tax in increments of one-eighth of one percent, of up to five percent (5%) each of the price of such rental as well as an additional Hotel Occupancy Tax of up to two percent (2%) for a venue project, which includes an arena, coliseum, convention facility, civic center, music hall or any other development project. The City has submitted to its citizens for approval, and by a majority vote at an election held for such purpose, the City was authorized to assess and collect, and is collecting, an additional Hotel Occupancy Tax for venue projects, but, at this time, no increase in the rental car tax is under consideration by the City.

### **Cybersecurity**

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the City, including the Airport, may be the target of cybersecurity incidents that could result in adverse consequences to the Airport and its Systems Technology, requiring a response action to mitigate the consequences.

The airlines serving the Airport and other Airport tenants, including rental car companies, also face cybersecurity threats that could affect their operations and finances. Computer networks and data transmission and collection are vital to the safe and efficient operation of the airlines that serve the Airport and other tenants of the Airport. Despite security measures, information technology and infrastructure of any of the airlines serving the Airport or any other tenants may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the operation of the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Airport to generate revenue.

## **LITIGATION**

There is no litigation pending against the City or the Airport System, or to the knowledge of their officers or counsel, threatened, questioning the transactions and proceedings relating to the authorization, issuance, sale or delivery of the Series 2021 Bonds, the charging and collecting of the Customer Facility Charges, the existence of the City, or the rights of their officers to their offices, or the authority of the City to proceed with the execution and delivery of and performance of its respective obligations under the Indenture, the Agreements or the other documents or instruments pertaining to the issuance and delivery of the Series 2021 Bonds.

## **INVESTMENTS**

The City invests its available funds in investments authorized by State law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

## Legal Investments

Under State law, the City is authorized to invest in:

- (1) obligations of the United States or its agencies and instrumentalities, including letters of credit;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States;
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
- (6) bonds issued, assumed or guaranteed by the State of Israel;
- (7) interest-bearing banking deposits that are guaranteed insured by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors;
- (8) interest-bearing banking deposits other than those described by subdivision (7) if the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);
- (9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits;
- (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas;
- (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;
- (12) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;
- (13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with the United States Securities and Exchange Commission Rule 2a-7;
- (14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and,
- (15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA", "AAA-m" or at an equivalent rating by at least one nationally recognized rating service.

The City may also invest bond proceeds in guaranteed investment contracts that have a defined termination date and are

secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if:

- (i) the value of securities loaned under the program are not collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool;
- (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;
- (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and
- (iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisor Act of 1940 (15 U.S.C. Section 80b.1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the City retains ultimate responsibility as fiduciary of its assets.

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code ("Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City has established an external irrevocable trust for decommissioning with Wilmington Trust, National Association. The decommissioning trust market value, as of September 30, 2020, was \$235,553,816.74.

The City is specifically prohibited from investing in:

- (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;
- (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and
- (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

## **Investment Policies**

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and also that address the quality and capability of investment personnel. The policy includes a list of the type of authorized investments for City funds, the maximum allowable stated maturity of any individual investment owned by the City, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities:

- (1) understanding of the suitability of the investment to the financial requirements of the City;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of each investment;

- (5) diversification of the portfolio; and
- (6) yield.

The City's investment policy authorizes the City to invest its funds and funds under its control in all of the eligible investments described above under "Legal Investments", except those investments described in clauses (3) and (6).

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing:

- (1) the investment position of the City;
- (2) that all investment officers jointly prepared and signed the report;
- (3) the beginning market value and the ending value of each pooled fund group;
- (4) the book value and market value of each separately listed asset at the end of the reporting period;
- (5) the maturity date of each separately invested asset;
- (6) the account or fund or pooled fund group for which each individual investment was acquired; and
- (7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law.

No person may invest City funds without express written authority of the City Council or the Chief Financial Officer of the City.

#### **Additional Provisions**

Under State law, the City is additionally required to:

- (1) annually review its adopted policies and strategies,
- (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council,
- (3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;
- (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and
- (5) provide specific investment training for the Chief Financial Officer of the City, Treasurer and Investment Officers.

#### **Current Investments**

As of September 30, 2020, the City's investable funds were invested in the following categories.

<u>Type of Investment</u>	<u>Percentage</u>
U. S. Treasuries	24%
U. S. Agencies	22%
Money Market Funds	2%
Local Government Investment Pools	52%

The dollar weighted average maturity for the combined City investment portfolios is 195 days. The City prices the portfolios weekly utilizing a market pricing service.

#### **CONTINUING DISCLOSURE OF INFORMATION**

In the Indenture, the City has made the following agreement for the benefit of the respective holders and beneficial owners of the Series 2021 Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Series 2021 Bonds. Under the agreement, the City will be obligated to provide certain updated financial

information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (“MSRB”) who will make such information available to the general public, without charge, through its Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org).

## **Annual Reports**

The City will provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of each fiscal year of the City, updated financial information and operating data for such fiscal year with respect to the Revenues pledged under the Indenture to the repayment of the Series 2021 Bonds, specifically (i) a list of Concessionaires as of the end of the fiscal year, (ii) rental car transaction days for the fiscal year, (iii) total passengers and total deplaned passengers (including deplaned origin passengers and deplaned destination passengers) for the fiscal year, and (iv) total Revenues for the fiscal year (including Revenues available to pay debt service on the Series 2021 Bonds, Customer Facility Charge collections, and any other source of Revenues received during the fiscal year, and the uses of such Revenues). The City will also provide in each annual filing a copy of the most recent report of the Airport Consultant prepared in accordance with the requirements of the Indenture. The City agrees to update and provide this financial and operating data as of the end of each Fiscal Year ending in or after 2021 within six months after the end of each Fiscal Year, and the financial statements within 12 months after the end of each Fiscal Year. The City is to provide the updated information to the MSRB through its Electronic Municipal Market Access (“EMMA”) information system.

The City may provide updated information 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, as permitted by Rule 15c2-12 (the “Rule”), promulgated by the SEC. The Indenture provides that the updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not provided at that time, the City is to provide unaudited financial information of the City by the required time, and is to provide audited financial statements for the applicable Fiscal Year, when and if the audit report on the financial statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City’s current Fiscal Year is October 1 to September 30. Accordingly, it must provide updated information by March 31 of each year unless the City changes its Fiscal Year. If the City changes its Fiscal Year, it will be required to notify the MSRB of the change.

## **Disclosure Event Notices**

The City agrees to notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material, (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data by the time required by the Ordinances.

As used in the preceding paragraph, the terms “Business Day” and “Financial Obligation” are defined in the Ordinance. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCES – Selected Definitions.” 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 the City Council and official or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. The Ordinance further provides that the City intends the words used in clauses (15) and (16) above and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

### **Availability of Information**

In connection with its continuing disclosure agreement entered into with respect to the Series 2021 Bonds, the City will file all required information and documentation with the MSRB in electronic format and accompanied by such identifying information as prescribed by and in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

The City has agreed to update information and to provide notices of certain specified events only as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. In the Ordinance, the City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Owners of the Series 2021 Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure provisions of the Ordinance 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, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described in this Official Statement 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 (ii) either (a) the Owners of a majority in aggregate principal amount of the outstanding Series 2021 Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Owners and beneficial owners of the Series 2021 Bonds. The City may also amend or repeal the continuing disclosure provisions of the Ordinances if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2021 Bonds in the primary offering of the Series 2021 Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

### **Compliance with Prior Undertakings**

With respect to the City’s continuing disclosure agreement regarding the Rental Car Special Facility Revenue Bonds, the City failed to file rating upgrades from Moody’s and Fitch within the ten-day window which started on July 10, 2015 and August 17, 2016, respectively. The City filed the event notices with respect to the ratings upgrade on December 14, 2016. The failure to file the ratings upgrade in a timely manner was also filed on the same date. With respect to the continuing disclosure agreement entered into by Austin-Bergstrom Landhost Enterprise (“ABLE”), with respect to its Series 1999A & 1999B Bonds, ABLE did not file its financial statements by the June 30 deadline for Fiscal Year December 31, 2015. The financial statements were filed on July 19, 2016 and the failure to file notice was posted on September 1, 2017. The referenced ABLE bonds are no longer outstanding. With respect to the City’s continuing disclosure reports regarding its outstanding Combined Utility Revenue Bonds, Water and Wastewater System Revenue Bonds, and Electric Utility System Revenue Bonds, on April 25, 2016, the City filed updated financial information and operating data to reflect audited financial information as well as updated information in the “Comparative Analysis of Electric Utility System and Water and Wastewater System Operations,” “Operating Statement Electric Utility System and Water and Wastewater System” and “The Electric Utility System and Water and Wastewater System (Plant Cost and Equity in Utility Systems)” tables previously filed. On February 3, 2017, the City filed a ratings upgrade notice for the Prior First-Lien Combined Electric, Water and Wastewater Revenue Bonds, which took place on July 1, 2015. The failure to file the ratings upgrade in a timely

manner was also filed on the same date. On June 30, 2017, the City filed updated financial information and operating data to reflect Fiscal Year 2016 information on the first page of the “Water Service Rates” table. The City has implemented procedures to ensure timely filing of all future financial information and event notices.

## **VERIFICATION OF MATHEMATICAL CALCULATIONS**

Robert Thomas CPA, LLC (the “Verification Agent”), a firm of independent certified public accountants, upon delivery of the Series 2021 Bonds, will deliver to the City its report indicating that they have examined the mathematical accuracy of computations prepared by PFM relating to the sufficiency of the payments on the Escrowed Securities and/or cash deposited in the Escrow Fund.

The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report. The report of the Verification Agent will be relied upon by Bond Counsel in rendering their opinion with respect to the defeasance of the Refunded Bonds.

## **TAX MATTERS**

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF THE SERIES 2021 BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDERS UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”); (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE HOLDERS OF THE SERIES 2021 BONDS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

### **General**

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the Series 2021 Bonds by a U.S. holder (as defined below). This discussion is based upon the provisions of the Code, applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. Neither the City nor Bond Counsel offers any assurance that the Internal Revenue Service, or IRS, will not challenge one or more of the tax consequences described in this discussion, and neither the City nor Bond Counsel has obtained, nor do the City or Bond Counsel intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the Series 2021 Bonds.

This discussion is limited to U.S. holders who purchase the Series 2021 Bonds in this offering for a price equal to the issue price of the Series 2021 Bonds (i.e., the first price at which a substantial amount of the Series 2021 Bonds is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Series 2021 Bonds as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or income tax treaties or any U.S. federal estate or gift tax considerations. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder’s circumstances, or to certain categories of investors that may be subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that have elected the mark-to-market method of accounting for their securities;
- U.S. holders whose functional currency is not the U.S. dollar;
- persons holding the Series 2021 Bonds as part of a hedge, straddle, conversion or other “synthetic security” or integrated transaction;
- certain U.S. expatriates;

- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- persons subject to the alternative minimum tax;
- entities that are tax-exempt for U.S. federal income tax purposes; and
- partnerships and other pass-through entities and holders of interests therein.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the Series 2021 Bonds, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership acquiring the Series 2021 Bonds should consult his/her own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the Series 2021 Bonds.

**INVESTORS CONSIDERING THE PURCHASE OF THE SERIES 2021 BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE SERIES 2021 BONDS UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.**

#### **Make-Whole Redemption**

The City does not intend to treat the possibility of the payment of additional amounts described in “THE SERIES 2021 BONDS – Redemption Prior to Maturity – Make Whole Optional Redemption” as (i) affecting the determination of the yield to maturity of the Series 2021 Bonds, (ii) giving rise to original issue discount or recognition of ordinary income on the sale, exchange or redemption of the Series 2021 Bonds or (iii) resulting in the Series 2021 Bonds being treated as contingent payment debt instruments under the applicable U.S. Treasury Regulations.

#### **Tax Consequences to U.S. Holders**

As used herein “U.S. holder” means a beneficial owner of a Series 2021 Bond and who or that is, for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

*Interest on the Series 2021 Bonds and Original Issue Discount.* Interest on the Series 2021 Bonds generally will be taxable to a bondholder as ordinary income at the time it is received or accrued in accordance with the bondholder’s regular method of accounting for U.S. federal income tax purposes. In addition, all or a portion of the Series 2021 Bonds may be issued with original issue discount (“OID”) for U.S. federal income tax purposes. The amount of OID is generally equal to the excess of the principal amount of the Series 2021 Bonds over the issue price of the Series 2021 Bonds. The issue price of a Series 2021 Bond will be equal to the first price at which a substantial amount of Series 2021 Bonds are sold for cash (excluding sales to underwriters or placement agents). Accordingly, a bondholder will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a



compounding of interest, before the receipt of cash payments attributable to this income. Under this method, a bondholder generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

*Disposition of the Series 2021 Bonds.* A bondholder will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a Series 2021 Bond. This gain or loss will equal the difference between the bondholder's adjusted tax basis in the Series 2021 Bond and the proceeds received (excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent any such bondholder has not previously included such amounts in income) by the bondholder. The proceeds the bondholder receives will include the amount of any cash and the fair market value of any other property received for the Series 2021 Bond. The adjusted tax basis in the Series 2021 Bond will generally equal the amount the bondholder paid for the Series 2021 Bond. The gain or loss will be long-term capital gain or loss if the bondholder held the Series 2021 Bond for more than one year at the time of the sale, redemption, exchange, retirement or other disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

*Information Reporting and Backup Withholding.* Information reporting will apply to payments of interest on, and the proceeds of the sale, redemption, exchange, retirement or other disposition of, the Series 2021 Bonds held by a bondholder, and backup withholding may apply to such payments unless a bondholder provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a bondholder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the bondholder's actual U.S. federal income tax liability and the bondholder timely provides the required information or appropriate claim form to the IRS.

*New Legislation Relating to Net Investment Income.* For taxable years beginning after December 31, 2012, newly-enacted legislation is scheduled to impose a 3.8% tax on the "net investment income" of certain United States citizens and resident aliens and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally would include interest and certain net gain from the sale, redemption, exchange, retirement or other taxable disposition of a Series 2021 Bond, less certain deductions. Prospective holders should consult their tax advisors with respect to the tax consequences of the new legislation described above.

### **Tax Consequences to Non-U.S. Holders**

As used herein, a "non-U.S. holder" means a beneficial owner of a Series 2021 Bond that is an individual, corporation, estate or trust that is not a U.S. holder.

*Interest on the Series 2021 Bonds.* Payments to a non-U.S. holder of interest on the Series 2021 Bonds generally will be exempt from withholding of U.S. federal tax under the "portfolio interest" exemption if the bondholder properly certifies as to the bondholder's foreign status as described below, and:

- the bondholder does not own, actually or constructively, 10% or more of the City's capital or profits interests;
- the bondholder is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to the City (actually or constructively);
- the bondholder is not a bank whose receipt of interest on the Series 2021 Bonds is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of the bondholder's trade or business; and
- interest on the Series 2021 Bonds is not effectively connected with the bondholder's conduct of a U.S. trade or business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described below generally apply only if a non-U.S. holder appropriately certifies as to the bondholder's foreign status. A bondholder can generally meet this certification requirement by providing a properly executed IRS Form W-8BEN or appropriate substitute form to the withholding agent. If a non-U.S. holder holds the Series 2021 Bonds through a financial institution or other agent acting on the bondholder's behalf, the bondholder may be required to provide appropriate certifications to the agent. The agent

will then generally be required to provide appropriate certifications to the withholding agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to the foreign status of partners, trust owners or beneficiaries may have to be provided to the City or its paying agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest made to the bondholder will be subject to U.S. federal withholding tax at a 30% rate, unless the bondholder provides the withholding agent with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of an applicable income tax treaty, or the payments of interest are effectively connected with the bondholder's conduct of a trade or business in the United States and the bondholder meets the certification requirements described below. (See “Income or Gain Effectively Connected With a U.S. Trade or Business” below).

*Disposition of the Series 2021 Bonds.* A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a Series 2021 Bond unless:

- the gain is effectively connected with the conduct by the bondholder of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by the bondholder in the United States); or
- the bondholder is a nonresident alien individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

If a bondholder is a non-U.S. holder described in the first bullet point above, the bondholder generally will be subject to U.S. federal income tax in the same manner as a U.S. holder (See “Income or Gain Effectively Connected With a U.S. Trade or Business” below). If a bondholder is a non-U.S. holder described in the second bullet point above, the bondholder generally will be subject to U.S. federal income tax at a flat rate of 30% on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

*Income or Gain Effectively Connected with a U.S. Trade or Business.* If any interest on the Series 2021 Bonds or gain from the sale, redemption, exchange, retirement or other taxable disposition of the Series 2021 Bonds is effectively connected with a U.S. trade or business conducted by a non-U.S. holder, then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as a U.S. holder unless an applicable tax treaty provides otherwise. Effectively connected income will not be subject to U.S. withholding tax if a non-U.S. holder satisfies certain certification requirements by providing to the withholding agent a properly executed IRS Form W-8ECI or IRS Form W-8BEN (claiming exemption under an income tax treaty). For a non-U.S. holder that is a corporation, that portion of earnings and profits that is effectively connected with its U.S. trade or business may also be subject to a “branch profits tax” at a 30% rate, although an applicable income tax treaty may provide for a lower rate.

*Information Reporting and Backup Withholding.* Payments to a non-U.S. holder of interest on a Series 2021 Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to the non-U.S. holder. Copies of the information returns reporting such interest may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of a treaty or agreement.

United States backup withholding generally will not apply to payments to a non-U.S. holder of interest on a Series 2021 Bond if the statement described above in “Interest on the Series 2021 Bonds” is duly provided or the bondholder otherwise establishes an exemption, provided that the City does not have actual knowledge or reason to know that the bondholder is a United States person.

Payment of the proceeds of a disposition of a Series 2021 Bond effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless a non-U.S. holder properly certifies under penalties of perjury as to the bondholder's foreign status and certain other conditions are met or the bondholder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Series 2021 Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that a bondholder is a non-U.S. holder and certain other conditions are met, or the bondholder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of a Series 2021 Bond effected outside the United States by such a broker if the broker is:

- a United States person;
- a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;
- a controlled foreign corporation for U.S. federal income tax purposes; or
- a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a non-U.S. holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the non-U.S. holder's actual U.S. federal income tax liability and the non-U.S. holder timely provides the required information or appropriate claim form to the Service.

**THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. BOND COUNSEL URGES EACH PROSPECTIVE INVESTOR TO CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF THE SERIES 2021 BONDS, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.**

## **OTHER RELEVANT INFORMATION**

### **Ratings**

The Series 2021 Bonds have received ratings of “ ” by Moody's Investors Service and “ ” by Fitch Ratings. An explanation of the significance of such ratings may be obtained from the organization furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or all of such rating companies, if in the judgment of one or more companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2021 Bonds. Neither PFM nor the Underwriters will undertake any responsibility to notify Owners of any such revisions or withdrawals of any rating. See “CONTINUING DISCLOSURE OF INFORMATION - Notice of Certain Events” for a description of the City's obligation to provide notice of a rating change to EMMA.

### **Registration and Qualification of Series 2021 Bonds**

The sale of the Series 2021 Bonds has not been registered under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Series 2021 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Series 2021 Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Series 2021 Bonds under the securities laws of any jurisdiction in which the Series 2021 Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Series 2021 Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### **Legal Investments and Eligibility to Secure Public Funds in Texas**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Series 2021 Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Series 2021 Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Series 2021 Bonds be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency. See “OTHER

RELEVANT INFORMATION – Ratings” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Series 2021 Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Series 2021 Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Series 2021 Bonds are legal investments for various institutions in those states.

### **Legal Opinions**

The delivery of the Series 2021 Bonds is subject to the approval of the Attorney General of Texas to the effect that the Series 2021 Bonds are valid and legally binding special obligations of the City in accordance with their terms payable solely from and equally and ratably secured by a first lien on and pledge of the Trust Estate in the manner provided in the Indenture, and the approving legal opinion of Bond Counsel, to like effect. The form of Bond Counsel’s opinion is attached hereto as APPENDIX F.

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in their capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions “INTRODUCTION – The Series 2021 Bonds”, “INTRODUCTION – Security for the Series 2021 Bonds”, “THE SERIES 2021 BONDS” (except for the information under the subheading “Book-Entry-Only System”), “SECURITY FOR THE SERIES 2021 BONDS” (except for the information under the subheading “Flow of Funds”), “THE CONCESSION AGREEMENTS”, “CONTINUING DISCLOSURE OF INFORMATION” (except for the information under the subheading “Compliance with Prior Undertakings”), “TAX MATTERS”, “OTHER RELEVANT INFORMATION – Legal Opinions” (except for the second to last paragraph of such subheading), “OTHER RELEVANT INFORMATION – Registration and Qualification of Series 2021 Bonds” and “OTHER RELEVANT INFORMATION – Legal Investment and Eligibility to Secure Public Funds in Texas” and in “APPENDIX B”, “APPENDIX C” and “APPENDIX D” to verify that the information relating to the Series 2021 Bonds, the Indenture and the Agreements contained under such captions and in APPENDIX B, APPENDIX C and APPENDIX D accurately and fairly reflect the provisions thereof, and to verify that the information under such captions is correct as to matters of law and fairly and accurately presents the information therein. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Series 2021 Bonds is contingent on the delivery of the Series 2021 Bonds occurring. The opinion of Bond Counsel will accompany the global certificates deposited with DTC in connection with the use of the Book-Entry-Only System. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, Disclosure Counsel for the City.

Certain legal matters will be passed on for the Underwriters by their counsel, Haynes and Boone LLP. The fee to be paid to the counsel for the Underwriters is contingent on the delivery of the Series 2021 Bonds.

The legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

### **Financial Advisor**

PFM Financial Advisors LLC, Austin, Texas, is employed as Financial Advisor to the City in connection with the issuance of the Series 2021 Bonds. PFM’s fee for services rendered with respect to the sale of the Series 2021 Bonds is contingent upon the issuance and delivery of the Series 2021 Bonds. PFM, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the bond documentation.

### **Underwriting**

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2021 Bonds from the City at a price equal to the initial offering prices to the public, as shown on the inside cover page of this Official Statement, less an underwriting discount of [ \$ ]. The Underwriters will be obligated to purchase all of the Series 2021 Bonds if any Series 2021 Bonds are purchased. The Series 2021 Bonds to be offered to the public may be offered and sold to certain dealers

(including the Underwriters and other dealers depositing Series 2021 Bonds into investment trusts) at prices lower than the public offering prices of such Series 2021 Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), the senior underwriter of the Series 2021 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2021 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2021 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2021 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

### **Forward-Looking Statements**

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### **Miscellaneous Information**

The financial data and other information contained herein have been obtained from the City's records, financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

In the Bond Ordinance, the City authorized the approval of the form and content of this Official Statement, and any

addenda, supplement or amendment thereto, and authorized its further use in the offering of the Series 2021 Bonds by the Underwriters.

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Steve Adler  
Mayor  
City of Austin, Texas

ATTEST:

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Jannette S. Goodall  
City Clerk  
City of Austin, Texas

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## SCHEDULE I

### SUMMARY OF REFUNDED BONDS

Series	Maturity Date	Interest Rate	Outstanding Par Amount	Amount to be Refunded	CUSIP <sup>(1)</sup>	Call Date <sup>(2)</sup>	Call Price

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service (“CGS”), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. CUSIP numbers are provided for convenience of reference only. The City and the Financial Advisor take no responsibility for the accuracy of the CUSIP numbers.
- (2) Preliminary, subject to change.

**APPENDIX A**  
**REPORT OF THE AIRPORT CONSULTANT**

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## APPENDIX B

### CERTAIN DEFINED TERMS

The following defined terms are contained in the Master Lease, the Sublease Agreements, the Concession Agreements and the Indenture. All references pertaining to such defined terms in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Master Lease, the Sublease Agreements, the Concession Agreements and the Indenture, copies of which may be obtained from the City's Financial Advisor. The provisions of the Master Lease, the Sublease Agreements, the Concession Agreements and the Indenture may be amended or supplemented in accordance with their respective terms.

**"ACDBE"** shall mean a business entity, whether a sole proprietorship, partnership, corporation or other entity, of which at least fifty-one percent (51%) of the ownership thereof is owned and controlled by a "socially and economically disadvantaged individual" as such term is defined in the Airport and Airways Improvement Act of 1982, as amended, and the regulations promulgated pursuant thereto in 49 C.F.R. Part 23, as amended or modified from time to time. To qualify as an ACDBE, a business entity must meet the experience and economic guidelines for an "Airport Concession Disadvantaged Business Enterprise" set forth in 49 C.F.R. Part 23, as amended or modified from time to time, and must be certified by the City as an ACDBE.

**"Accounts"** shall mean the collective accounts established by Article V of the Indenture or by any Supplemental Indenture.

**"Additional Bonds"** shall mean (i) for purposes of the Master Lease, Sublease Agreements and Concession Agreements, any and all Bonds which may be issued or incurred by the City in the manner set forth in Article VIII of the Indenture for the purposes described in the Master Lease, and (ii) for purposes of the Indenture, each series of parity bonds issued pursuant to the Indenture as described in "SECURITY FOR THE SERIES 2021 BONDS – Additional Bonds and Completion Bonds – Additional Bonds for Refunding Purposes" and "- Additional Bonds for Rental Car Facilities."

**"Administrative Costs"** shall mean the following expenses as determined and approved by the City which are incurred in connection with the Bonds, the financing of the Project and as a direct consequence of the City's entering into the Indenture, the Agreements and the Master Lease: (i) the ongoing fees and expenses of the Trustee, as trustee under the Indenture; (ii) the ongoing fees and expenses of the Trustee, as paying agent and registrar for the Bonds; (iii) the fees and expenses of the Airport Consultant subsequent to those included in the Costs of Issuance; (iv) the fees and expenses of the City, including, but not limited to those of attorneys, financial advisers, accountants, and consultants incurred in connection with any regulatory or administrative requirements, including specifically, but without limitation, the preparation and filing of annual financial statements and audits and compliance with continuing disclosure requirements; (v) the reasonable legal fees and expenses of the City incurred with respect to defending any actions or proceedings brought by third parties challenging the Agreements, the Customer Facility Charge or the payment of the Customer Facility Charge to the Trustee under the Agreements; (vi) the premiums related to a Debt Service Reserve Fund Surety Policy or a Debt Service Coverage Fund Surety Policy, if any, and the fees and expenses of any Rating Agency; and (vii) such other reasonable fees and expenses of the City, including reasonable overhead expenses, in carrying out its obligations under the Indenture, the Agreements, the Master Lease and any other agreement relating to the Project. Administrative Costs shall not include Costs of Issuance.

**"Administrative Costs Fund"** shall mean the fund by that name established pursuant to the Indenture.

**"Agreement"** or **"Agreements"** shall mean each Concession Agreement, or collectively, the Concession Agreements.

**"Airport"** shall mean the Austin-Bergstrom International Airport in Austin, Texas, as it exists from time to time. The Airport specifically includes the CONRAC Site and all property owned by the City for the operation of the Austin-Bergstrom International Airport.

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

City and qualified to review and assess the anticipated Revenues and recommend to the City the amount of the Customer Facility Charge.

**“Airport Customer”** shall mean any person who comes to the Airport by any means of transportation and enters into a motor vehicle rental agreement with a Concessionaire at the Airport; and any person who enters into a motor vehicle rental agreement with a Concessionaire at any of Concessionaire’s rental car operations located outside the boundaries of the Airport after having been transported to that location from the Airport by or on behalf of the Concessionaire. The following are excluded from the definition of “Airport Customer”: any person who enters into a motor vehicle rental agreement with a Concessionaire at any of Concessionaire’s rental car operations outside the boundaries of the Airport having not been transported to that location from the Airport by or on behalf of the Concessionaire, whether or not the person has at any time flown into the Airport.

**“Airport Security Plan”** shall mean a program developed by the City for the maintenance of the safety and security of the Airport and Persons using the CONRAC, the Terminal or any other portion of the Airport premises, as it may be amended, modified or revised by the City from time to time. The Airport Security Plan is a part of the City Codes and Standards.

**“Airport System”** shall mean all airport, heliport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled in whole or in part by the City, together with all properties, facilities and services thereof, and all additions, extensions, replacements and improvements thereto, and all services provided or to be provided by the City in connection therewith, but expressly excluding any heliport or heliports operated by City Departments other than the Aviation Department.

**“Annual Debt Service Requirements”** shall mean, during any Bond Year, the amounts required to pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on the Outstanding Bonds; provided, that with respect to the Series 2021 Bonds and any other series of Bonds for which the City has designated and provided Supplemental Security pursuant to the Indenture, the Annual Debt Service Requirements for such Bonds in any Bond Year shall be reduced by the amount of Supplemental Security provided therefor that is on deposit in the Debt Service Fund and available to pay debt service for such Bond Year; provided further, solely for the purposes of determining the Debt Service Reserve Fund Requirement, the Debt Service Coverage Fund Requirement and any coverage requirement for the issuance of Additional Bonds, that with respect to the Series 2021 Bonds and any other series of Bonds for which the City has designated and provided Supplemental Security pursuant to Section 2.13, the Annual Debt Service Requirements for such Bonds in any Bond Year shall be reduced by the amount of Supplemental Security that is scheduled to be transferred to or is on deposit in the Debt Service Fund for such Bond Year.

**“Applicable Laws”** shall mean all present and future applicable laws, ordinances, orders, directives, rules, codes and regulations of all Governmental Authorities and all present and future grant assurances provided by the City to any Governmental Authorities in connection with City’s ownership or operation of the Airport, as the same may be amended, modified or updated from time to time, and applicable decisional law (including judicial or administrative interpretations, orders and judgments).

**“Authorized Representative”** shall mean the Aviation Director and any other person designated to act on behalf of the City under the Indenture by the City Manager of the City pursuant to a written notice delivered to the Trustee.

**“Aviation Director”** shall mean the Director of the City’s Aviation Department, or any successor to that position or any person acting in such capacity on an interim basis.

**“Base Rent”** shall mean nine hundred thousand dollars (\$900,000.00) per Lease Agreement Year, calculated at the rate of one dollar and forty-five cents (\$1.45) per square foot times the stipulated six hundred twenty thousand six hundred eighty-nine (620,689) square feet of the CONRAC, subject to adjustment on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter during the Lease Term as provided in the Master Lease.

**“Bond Counsel”** shall mean McCall, Parkhurst & Horton L.L.P. and such firm, or firms, as may hereafter be selected by the City as bond counsel with respect to the Bonds.

**“Bond Ordinance”** shall mean the ordinance approved by the City Council of the City authorizing the issuance of the Series 2021 Bonds.

**“Bond Proceeds Account”** shall mean the Account by that name within the Construction Fund established with the Trustee pursuant to the Indenture.

**“Bond Year”** shall mean the period beginning on the Closing Date and ending on November 15, 2021, and thereafter each one year period beginning November 16 and ending the next succeeding November 15.

**“Bonds”** shall mean (i) for purposes of the Master Lease, Sublease Agreements and Concession Agreements, the bonds issued or incurred by the City (whether in one or more series) for purposes of financing the design, construction or improvement of, or the addition to, the Project, and specifically including bonds and other debt instruments issued by the City, any completion debt obligations that may be required, any refunding bonds, and any loans obtained by the City from a Governmental Authority under the Transportation Infrastructure Finance and Innovation Act of 1998, as amended, 23 U.S.C. § 601, *et seq.*, or other Applicable Laws, in each case, relating to the Project, and shall also include, without limitation, the Initial Bonds and any Additional Bonds, and any indenture, resolution, loan agreement or any other document providing for the issuance of Bonds or Additional Bonds, and (ii) for purposes of the Indenture, the Series 2021 Bonds, together with any Additional Bonds and Completion Bonds issued by the City and authenticated by the Trustee pursuant to the Indenture.

**“Budget”** shall mean the annual budget prepared by the Facility Manager for the O&M Costs of the CONRAC for each Lease Agreement Year or partial Lease Agreement Year (including the period from Substantial Completion to Opening Date as part of the first Lease Agreement Year for purposes of budgeting) and previously approved by the City, all in accordance with the procedures set forth in the Master Lease. The Budget shall be itemized to indicate the fund source for each item, and distinguishing between those items to be paid for (a) from the Repair and Replacement Fund established under the Indenture and funded with New Customer Facility Charges at a minimum amount annually determined by the City in its sole and absolute discretion, (b) from the CFC Surplus Fund established under the Indenture and funded with New Customer Facility Charges in the amount set forth in the Indenture, (c) from assessments to the RACs under the Sublease Agreements, and (d) from any other source.

**“Business Day”** shall mean (i) for purposes of the Master Lease, the Sublease Agreements and the Concession Agreements, any calendar day other than a Saturday, a Sunday or City holiday, and (ii) for purposes of the Indenture, any day which is not a Sunday, a Saturday, a legal holiday or a day on which banking institutions are authorized by law or executive order to close in the city of New York, New York, or the cities in which the Principal Office or the Designated Payment/Transfer Office of the Trustee are located.

**“CFC Surplus Annual Disbursement Account”** shall mean the account by that name established within the CFC Surplus Fund pursuant to the Indenture.

**“CFC Surplus Fund”** shall mean the fund by that name established pursuant to the Indenture.

**“CFC Surplus Residual Account”** shall mean the account by that name established within the CFC Surplus Fund pursuant to the Indenture.

**“City”** shall mean the City of Austin, a Texas home rule municipality acting by and through its Aviation Director.

**“City Building Permit(s)”** means any permit required for a particular scope of work under the Master Lease prior to the construction at the Airport of that scope of work and to be issued by the City. Such permit is in addition to any other necessary municipal building permits.

**“City Building Permit Requirements”** shall mean the requirements of the City to obtain a City Building Permit in accordance with the City Codes and Standards.

**“City Codes and Standards”** shall mean the rules, procedures and regulations adopted by the City from time to time for the orderly use of the Airport, as the same may be amended, modified or supplemented from time to time, and including, without limitation, the Airport Security Plan, the Tenant Design Standards, the City’s mechanical, electrical, water and waste, and industrial waste and storm drainage standards, any other City requirements and/or standards for

design and construction at the Airport, and the operating rules and regulations for the CONRAC promulgated by the City from time to time.

**“Closing Date”** shall mean, with respect to any series of Bonds, the date on which the Bonds of such series are first authenticated and delivered to purchasers thereof against payment therefor.

**“Commercial Parking Facility”** shall mean the ground floor of all of the Joint Use Facility, other than the ground floor of the QTA Facility, to be exclusively used as a City-operated commercial parking facility.

**“Common Use Areas”** shall mean those portions of the CONRAC that are not included within (i) the Exclusive Use Areas, (ii) the Reserved Area, (iii) the IDF Rooms; or (iv) the Parking Management Office.

**“Common Use Operational Areas”** shall mean the CONRAC service road, Vendor Parking Area, shuttle ramps and non-public hallways, restrooms, service elevators and stairwells in the CSB and QTA, all to be utilized by the RACs in common, but not accessible by or for the use of the public.

**“Completion Bonds”** shall mean each series of parity bonds issued pursuant to the Indenture as described in “SECURITY FOR THE SERIES 2021 BONDS – Additional Bonds and Completion Bonds – Completion Bonds.”

**“Concession Agreement”** shall mean each Rental Car Concession Agreement for Austin - Bergstrom International Airport between City and a Concessionaire, together with the exhibits thereto and all agreements supplemental to or modifying such Concession Agreement, whether made contemporaneously therewith or subsequent thereto. The term “Concession Agreement” specifically shall include each successor concession agreement to which City and such Concessionaire may be a party that governs the terms of such Concessionaire’s Rental Car Concession. For purposes of the Indenture, the term Concession Agreement also shall include any other concession agreement between the City and a rental car concession operator entered into pursuant to the Indenture as described in the second paragraph under “SECURITY FOR THE SERIES 2021 BONDS – Additional Covenants.”

**“Concession Agreement Year”** initially shall mean the period beginning on the Opening Date and ending on the following September 30<sup>th</sup> and thereafter shall mean each successive twelve (12) month period during the Concession Term beginning on October 1<sup>st</sup> and ending on September 30<sup>th</sup>

**“Concession Fee”** shall have the meaning set forth in the Concession Agreements as described in “APPENDIX D – EXCERPTS OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS – Concession Fee.”

**“Concession Term”** shall mean the term of the Concession Agreements, as set forth in the Concession Agreements as described in “APPENDIX D – EXCERPTS OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS – Term.”

**“Concession Termination Damages”** shall have the meaning set forth in the Concession Agreements

**“Concessionaire”** shall mean a Person engaged in the business of renting motor vehicles that holds a Rental Car Concession to engage in such business pursuant to a Concession Agreement.

**“CONRAC”** shall mean the consolidated rental car facility located within the four (4) stories of the Joint Use Facility above the Commercial Parking Facility west of the internal shuttle ramps, together with the internal shuttle ramps, all floors of the QTA Facility and associated improvements, to be constructed by the Master Lessee pursuant to the Master Lease and that includes, but is not limited to, the CONRAC Counter Areas, Ready/Return Area, the QTA Space, the Storage Space, the Common Use Areas, the CSB, the Common Use Operational Areas, the Off-Airport Rental Drop-Off Area and the Reserved Area, the Service Yard, Vendor Parking Area and dedicated ramps, roadways, flyovers and walkways necessary for ingress and egress as depicted in the Master Lease, but excluding the reserved rights and premises of the City as set forth in the Master Lease.

**“CONRAC Counter Areas”** shall mean those portions of the CONRAC described or depicted in the Master Lease as the “CONRAC Counter Areas” and to be utilized by the RACs for purposes of processing Transactions with Airport Customers.

**“CONRAC Counter Space”** shall mean with respect to each Sublease Agreement, the area(s) shaded and designated in an exhibit to that Sublease Agreement identifying that area as a portion of the Exclusive Use Premises for the signatory RAC.

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**“CONRAC Site”** shall mean that parcel of land legally described in the Master Lease, on which land the Joint Use Facility is to be constructed and thereafter maintained in accordance with the Master Lease. The legal description and area set forth in this definition shall, however, be subject to adjustment following Final Completion of the Joint Use Facility to account for dedications and other adjustments to the CONRAC Site made as part of construction of the Joint Use Facility, and Master Lessee’s provision of a revised legal description of the CONRAC Site for approval by the City in accordance with the Master Lease.

**“Construction Fund”** shall mean the Fund by that name established with the Trustee pursuant to the Indenture.

**“Consumer Price Index”** shall mean the index currently published by the United States Bureau of Labor Statistics (unadjusted for seasonal variation) entitled the “Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100” for the Austin, Texas area. If, at any time when such index is needed, the “Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100” for the Austin, Texas area is no longer published, the parties shall use such substituted index as is then generally recognized and accepted for similar determinations of purchasing power.

**“Contingent Fees”** shall mean the supplemental or additional fees to be paid, if any, in addition to the Customer Facility Charges, which are required pursuant to Section 4.3 of the Concession Agreements, to be paid by the Concessionaires to the Trustee as assignee of the City’s interest therein.

**“Costs of Issuance”** shall mean, as determined and approved by the City, the costs of issuing the Bonds which costs shall be limited to: (i) fees and expenses of the financial adviser and counsel to the City; (ii) the fees and expenses of Bond Counsel and of attorneys representing the Trustee; (iii) fees and expenses of the Trustee in connection with the issuance of Bonds; (iv) the costs of printing the Bonds and any preliminary or final official statement relating to the Bonds and other disclosure materials; (v) the fees of any Rating Agency; (vi) the fees and expenses of the Airport Consultant in preparing the feasibility report prepared in connection with the issuance of the Bonds and in establishing the initial amount of the New Customer Facility Charge to the extent such fees and expenses are not included in the Costs of the Project; (vii) travel expenses of officials and employees of the City incurred in connection with the issuance of the Bonds; (viii) any reasonable expenses required to be paid or reimbursed to any underwriter of the Bonds; and (ix) miscellaneous reasonable and customary expenses, in each case as such costs were incurred in connection with the issuance of any series of Bonds. Costs of Issuance shall not include Administrative Costs.

**“Costs of Issuance Fund”** shall mean the Fund by that name established with the Trustee pursuant to the Indenture.

**“Costs of the Project”** shall mean (i) for purposes of the Master Lease, the Sublease Agreements and the Concession Agreements, any and all costs incurred or paid by the City or the Master Lessee in connection with the design, permitting and construction of the Project, including design costs, permitting costs, capitalized interest for payment of interest on Bonds and Bond issuance and underwriting expenses, the funding of any reserves required in connection with Bonds, construction costs, costs associated with project management, contract administration or construction management, and a reasonable allocation of administrative costs of the City associated with the design and construction of the Project, and (ii) for purposes of the Indenture, all costs incident to the provision of the Project and the financing thereof now or hereafter permitted by Chapter 1371, Texas Government Code, as amended, and Chapter 22, Texas Transportation Code, as amended.

**“Customer Facility Charge”** or **“Customer Facility Charges”** shall mean the customer facility charge or customer facility charges required to be charged and collected by the Concessionaires pursuant to the Concession Agreements and which, upon collection, are required to be remitted to the Trustee as assignee of the City’s interest therein.

**“Customer Service Building”** or **“CSB”** shall mean that portion of the Joint Use Facility described or depicted in the Master Lease to be utilized by the RACs for office space and for processing Airport Customer Transactions.

**“Date of Beneficial Occupancy”** means the date on which the Joint Use Facility, including all Punch-List Items, is complete, all Initial Tenant Improvements are substantially complete, and the Master Lessee has received all certificates of occupancy and other permits, approvals, licenses and other documents from Governmental Authorities

having jurisdiction over the Joint Use Facility necessary for the beneficial occupancy thereof. For New Entrants, the Date of Beneficial Occupancy shall mean the date the New Entrant commences rental car operations in the CONRAC.

**“Debt Service Coverage Fund”** shall mean the fund by that name established pursuant to the Indenture.

**“Debt Service Coverage Fund Requirement”** shall mean with respect to each series of Bonds an amount equal to 25% of the Maximum Annual Debt Service on such series of Bonds.

**“Debt Service Fund”** shall mean the Fund by that name established pursuant to the Indenture.

**“Debt Service Reserve Fund”** shall mean the fund by that name established pursuant to the Indenture.

**“Debt Service Reserve Fund Requirement”** shall mean with respect to each series of Bonds, an amount equal to the least of (i) 10% of the stated principal amount of such series of Bonds, (ii) Maximum Annual Debt Service on such series of Bonds, and (iii) 125% of the average Annual Debt Service Requirements on such series of Bonds.

**“Debt Service Reserve Fund Surety Policy”** and **“Debt Service Coverage Fund Surety Policy”** shall mean a surety bond, insurance policy, letter of credit, line of credit, or other similar instrument issued by a financial institution to the City for the benefit of the Owners of the Bonds to satisfy any part of the Debt Service Reserve Fund Requirement or Debt Service Coverage Fund Requirement, as applicable, in accordance with the Indenture; provided, that the long-term senior unsecured debt obligations of such issuer are rated in one of the two highest categories of ratings by one or more Rating Agencies at the time such instrument or instruments are issued.

**“Department of Aviation”** shall mean the Department of Aviation of the City.

**“DOT”** shall mean the United States Department of Transportation, and any successor agency, office or department thereof.

**“DTC”** shall mean The Depository Trust Company, New York, New York or its nominee, or its successors and assigns, or any other depository performing similar functions.

**“Effective Date”** shall mean with respect to the Concession Agreements, the Master Lease or any Sublease Agreement, the date that the respective document is fully executed and delivered by all parties to the applicable agreement.

**“Environmental Assessment”** shall mean an investigation of site environmental conditions that is (a) sufficient to characterize environmental conditions at the CONRAC Site and/or associated with operations of the CONRAC, and (b) sufficient to identify changes in environmental conditions at the CONRAC Site and/or associated with operations of the CONRAC since the establishment of the Pre-Lease Environmental Condition (or completion of any subsequent Environmental Assessment), by comparison of the Environmental Assessment results with the Pre-Lease Environmental Condition (or the results of any subsequent Environmental Assessment). The Environmental Assessment scope of work shall be sufficient to meet both purposes, but shall in every case meet at least the minimum standards of American Society for Testing and Materials Standard E1903 - Standard Guide for Environmental Site Assessments: Phase II Environmental Site Assessment Process.

**“Environmental Laws”** shall refer to and include, without limitation, all Federal, State, City, and local statutes, laws, ordinances, rules and regulations, now or hereafter in effect, and as amended from time to time, that are intended for the protection of the environment, or that govern, control, restrict, or regulate the use, handling, treatment, storage, discharge, disposal, or transportation of Hazardous Materials. Environmental Laws specifically include, but are not limited to, the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Hazardous Materials Act, the Toxic Substances Control Act, the Clean Water Act, the Clean Air Act, the Superfund Authorization and Recovery Act, the Occupational Safety and Health Administration Hazard Communication Standards, the Texas Water Code, the Texas Hazardous Materials Act, and the Texas Water Quality Control Act.

**“Escrow Agent”** shall mean U.S. Bank National Association, acting in the capacity of escrow agent under the terms of the Escrow Agreement.

**“Escrow Agreement”** shall mean the Escrow Agreement between the City and the Escrow Agent, pursuant to which proceeds of the Series 2021 Bonds shall be deposited for the purpose of defeasing and retiring the Series 2013 Bonds.

**“Escrow Fund”** shall mean the Fund by that name established with the Escrow Agent pursuant to the Escrow Agreement.

**“Event of Default”** shall have the meanings set forth in the Master Lease with respect to the Master Lease; in the Sublease Agreements with respect to the Sublease Agreements; in the Concession Agreements with respect to the Concession Agreements, and in the Indenture with respect to the Indenture.

**“Exclusive Use Areas”** shall mean those portions of the CONRAC described or depicted in the Master Lease as the “Exclusive Use Areas” and to be utilized by the RACs on an individual exclusive basis, or shared with one or more specific designated RAC(s), for purposes of operating Rental Car Concessions.

**“Exclusive Use Premises”** shall mean the CONRAC Counter Space, Ready/Return Space, allocated QTA Space and assigned Fuel Facilities and such other space as may be assigned to, and accepted by a RAC for its exclusive use, or shared with one or more specifically identified RAC, as shaded and depicted in an exhibit to each of the Sublease Agreements.

**“FAA”** means Federal Aviation Administration.

**“Facility Management Agreement”** means the agreement between the Master Lessee and the Facility Manager approved by the City in writing to provide for the performance of Routine Maintenance and Major Maintenance for the CONRAC and the management of all operations of and activities in the CONRAC pursuant to the Master Lease. City shall be a third-party beneficiary of the Facility Management Agreement.

**“Facility Manager”** shall mean the party retained by the Master Lessee with the written consent of the City to perform the Routine Maintenance and Major Maintenance for the CONRAC and to manage all operations of and activities in the CONRAC pursuant to the Facility Management Agreement.

**“Fiscal Year”** shall mean the fiscal year of City commencing on October 1<sup>st</sup> and ending on September 30<sup>th</sup>.

**“Fitch”** shall mean Fitch Ratings and any successor thereto which is a nationally recognized statistical rating organization.



**“Fuel Facilities”** shall mean (a) the specific improvements installed on or about the portion of the CONRAC Site as depicted in the Master Lease for purposes of fueling rental car vehicles by the RACs; and (b) all aboveground and underground fuel storage tanks, underground and aboveground fuel piping, related underground and aboveground structures and equipment, including fuel tank fill ports, fuel dispensers, spill containment structures, oil-water separators, storm water management systems, required network of monitoring wells, leak prevention and detection systems, and the surrounding areas used in connection with their operation, including areas of Hazardous Materials, transfer, dispensing and containment systems, wherever located on the CONRAC Site from time to time, including the underground and aboveground fuel piping, related underground and aboveground structures and equipment, including fuel tank fill ports, fuel dispensers, spill containment structures, oil-water separators, storm water management systems and leak prevention and detection systems located within the CONRAC from time to time.

**“Funds”** shall mean the collective funds established by Article V of the Indenture or by any Supplemental Indenture.

**“Governmental Authorities”** shall mean federal, state and municipal governments, authorities and agencies and their respective agencies, departments, authorities and commissions. “Governmental Authorities” shall specifically include, without limitation, the City, the State of Texas, the Texas Attorney General, the DOT, the United States Federal Aviation Administration and the TSA.

**“Government Obligations”** shall mean means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; (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 the City adopts or approves any proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that, on the date the City adopts or approves any proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (iv) any other then authorized securities or obligations under applicable Texas law in existence on the date the City adopts or approves any proceedings authorizing the issuance of refunding bonds that may be used to defease obligations such as the Bonds.

**“Gross Receipts”** shall have the meaning set forth in the Concession Agreements.

**“Hazardous Materials”** shall refer to and include, without limitation, all substances whose use, handling, treatment, storage, disposal, discharge, or transportation is governed, controlled, restricted, or regulated by Environmental Laws, that have been defined, designated or listed by any responsible regulatory agency as being hazardous, toxic, radioactive, or that may present an actual or potential hazard to human health or the environment if improperly used, handled, treated, stored, disposed, discharged, generated or released. Hazardous Materials specifically include, without limitation, asbestos and asbestos-containing-materials, petroleum products, solvents, and pesticides.

**“IDF Rooms”** shall mean the Intermediate Distribution Frame rooms located on each floor of the CONRAC as shown in the Master Lease which shall contain the City’s networking equipment for connectivity to the Joint Use Facility.

**“Indenture”** shall mean the Trust Indenture dated as of February 1, 2021, between the City and the Trustee establishing the terms of the Bonds, as amended, modified or supplemented from time to time in accordance with the terms thereof.

**“Initial Bonds”** shall mean the Series 2021 Bonds.

**“Initial Tenant Improvements”** shall mean the improvements, structures and fixtures installed by a Concessionaire in its Exclusive Use Premises, including finish-out work on floors, ceilings, demising walls and store facades; storefront signage; panel boxes and hook-ups to utilities; wires and conduits infrastructure; decorations; furniture; equipment; shelves; counters; lighting; and interior design and construction work necessary in general to accommodate the Rental Car Concession operations of a Concessionaire; and as further described in each Sublease Agreement.

**“Interest Payment Date”** shall mean May 15 and November 15 of each year, commencing May 15, 2021.

**“Joint Use Facility”** shall mean the five (5) story parking garage structure containing the CONRAC and Commercial Parking Facility including a vehicle ramping system and any associated improvements approved by the City in writing constructed on the CONRAC Site.

**“Lease Agreement Year”** initially shall mean the period beginning on the Opening Date and ending on the following September 30<sup>th</sup> and thereafter shall mean each successive twelve (12) month period during the Lease Term beginning on October 1<sup>st</sup> and ending on September 30<sup>th</sup>.

**“Lease Term”** shall mean the term of the Master Lease as provided in the Master Lease.

**“Leased Premises”** shall mean the CONRAC Site prior to Substantial Completion, with an appurtenant license to occupy all improvements thereon as constructed under the Master Lease through Final Completion, and the CONRAC on and after Substantial Completion and through the Lease Term, as more fully described in the Master Lease.

**“Legal Requirements”** shall mean all orders, rules, regulations and requirements (whether now or hereafter in effect) of Applicable Laws, and all requirements, obligations and conditions of all instruments of record on the date of the Master Lease.

**“Major Maintenance”** shall mean any repair, replacement or removal of improvements in, of, or to the CONRAC Site or any aspect of the Joint Use Facility during the one (1) year Warranty Period, or in, of or to the CONRAC or any structural aspect of the Joint Use Facility that in either period (a) preserves, extends or restores the useful life of, and is beyond the regular, normal annual or more frequent upkeep of physical property (i.e. land, building, or equipment), or (b) removes improvements at the expiration or termination of the Master Lease, or otherwise at the direction of the City. Major Maintenance includes the repair or replacement of failed or failing building components as necessary to return a facility to its currently intended use, to prevent further damage, or to make it compliant with changes in laws, regulations, codes, or standards. Routine Maintenance shall not be considered Major Maintenance. Items of Major Maintenance include, but are not limited to, the items listed in the Master Lease.

**“Market Share”** shall mean, with respect to each RAC, that RAC’s percentage share of the total rental car market at the Airport, where that share is calculated as the percentage which that RAC paid to the City of the total of all Concession Fees paid to the City by all RACs in the then-most recent Concession Agreement Year.

**“Master Lease”** shall mean the Consolidated Rental Car Facility Master Lease for Austin-Bergstrom International Airport by and between the City and Master Lessee, executed and delivered on or prior to the date of delivery of the Series 2021 Bonds, together with all amendments, supplements, attachments and exhibits thereto.

**“Master Lessee”** shall mean Austin CONRAC, LLC, a Texas limited liability company, and any successor, assignee or transferee thereof permitted by the terms of the Master Lease.

**“Maximum Annual Debt Service”** shall mean the maximum Annual Debt Service Requirements with respect to the Bonds during any Bond Year.

**“Minimum Annual Guaranteed Concession Fee”** shall mean (a) for the first Concession Agreement Year, an amount equal to eighty-five percent (85%) of the Concession Fee due for the immediately preceding twelve (12) months under the Prior Concession Agreement (as defined in the Concession Agreement), and (b) for the second and each subsequent Concession Agreement Year, an amount equal to eighty-five percent (85%) of the Concession Fee due for the immediately preceding full Concession Agreement Year.

**“Moody’s”** shall mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and any successor thereto which is a nationally recognized statistical rating organization.

**“Net Revenues”** shall mean the Net Revenues, as defined in the Prior Lien Bond Ordinance and the Revenue Bond Ordinance, pledged to the payment of the Prior Lien Bonds and the Revenue Bonds, and not pledged to the payment of the Bonds.

**“New Entrant”** shall mean any operator of a rental car business that meets minimum requirements substantially equivalent to those imposed on incumbent Concessionaires, but that is not a Concessionaire as of the Effective Date of the Master Lease, and thereafter shall mean an operator of a rental car business that meets minimum requirements substantially equivalent to those imposed on incumbent Concessionaires, but that is not a Concessionaire as of the end of the initial ten (10) year term of the Concession Agreement or at the time City solicits for new operators or rental car businesses in the CONRAC. “New Entrant” shall not mean any off-Airport motor vehicle rental services or businesses.

**“Notice of Default”** shall mean: (a) written notice by the City to a Concessionaire or by a Concessionaire to the City of any Event of Default or of any event or circumstance that, with the giving of notice or the passage of time, or both, will constitute an Event of Default under a Concession Agreement; (b) written notice by the City to the Master Lessee or by the Master Lessee to the City of any Event of Default or of any event or circumstance that, with the giving of notice or the passage of time, or both, will constitute an Event of Default under the Master Lease; or (c) written notice by the Master Lessee to a Concessionaire or by Concessionaire to the Master Lessee of any Event of Default or any event or circumstance that, with the giving of notice or the passage of time, or both, will constitute an Event of Default under a Sublease Agreement. Such notices, for all purposes, shall be in lieu of, and not in addition to, any notice required as a prerequisite to an unlawful detainer or similar action for possession of premises.

**“O&M Costs”** shall mean all actual costs of operating the CONRAC and administering and carrying out the Master Lessee’s responsibilities under the Master Lease, including the following: (a) the actual costs incurred by any and all of the Facility Manager, City or Master Lessee in performing Routine Maintenance, Major Maintenance or Environmental Assessment under the Master Lease (including a reasonable allocation of City administrative costs but excluding any such costs incurred by the City with respect to its own direct responsibilities pursuant to the Master Lease), and specifically including the cost of the Facility Manager and associated support staff that are responsible for supervising the operation and management of the CONRAC and CONRAC Site (specifically including ensuring Concessionaire’s compliance with the obligations imposed by the Master Lease); (b) the property and liability (including pollution liability) insurance costs incurred by the Facility Manager, City or Master Lessee with respect to the CONRAC and CONRAC Site; (c) except to the extent attributable to any individual RAC, any taxes, other than income taxes, paid by City, Master Lessee or the Facility Manager in regard to the Joint Use Facility, but that are payable by the RACs under the Sublease Agreement; (d) the Utilities Costs for the CONRAC and CONRAC Site (except for any separately metered Utilities Costs for RAC Exclusive Use Premises); (e) internal costs (including staff time) of City incurred in connection with the administration of the New Customer Facility Charge or the administration of the Bonds; (f) internal costs (including staff time) of Master Lessee incurred in connection with the performance by Master Lessee of any duties or obligations under any agreement with the Facility Manager; (g) the fees and costs payable by Master Lessee to the Facility Manager; and (h) any other cost or expense reasonably incurred by City or Master Lessee in connection with the RACs’ operations on or occupation of the CONRAC and CONRAC Site.

**“O&M Reconciliation Report”** shall have the meaning set forth in the Master Lease and in the Sublease Agreement.

**“O&M Reserve Requirement”** shall mean an amount equal to twenty-five percent (25%) of a Concessionaire’s estimated aggregate Pro Rata Share of O&M Costs for each Sublease Agreement Year (or, for the first Sublease Agreement Year, the period commencing on the Substantial Occupancy Date through the end of such first Sublease Agreement Year).

**“Opening Date”** shall mean October 1, 2015] the date the CONRAC opened for business to the public, with all RACs renting cars and receiving rental returns in the CONRAC.

**“Outstanding”** shall mean, with respect to the Bonds, as of the time in question, all Bonds registered or authenticated, as applicable, and delivered under the Indenture, except: (i) Bonds canceled by the Trustee or delivered to the Trustee for cancellation; (ii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and (iii) Bonds deemed to have been paid within the meaning of Article XIII hereof.

**“Owner”** shall mean the Person whose name appears on the Registration Books as the owner of such Bond.

**“Parking Management Office”** shall mean the space on the ground floor of the QTA Facility described or depicted in the Master Lease to be used exclusively by the City in conjunction with the Commercial Parking Facility and other City parking facilities at the Airport.

**“Payment and Performance Bond”** shall have the meaning set forth in the Master Lease.

**“Percentage Fee”** shall have the meaning set forth in the Concession Agreements as described in “APPENDIX D – EXCERPTS OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS – Concession Fee.”

**“Permitted Investments”** shall mean any investment that at the time is lawful under State law for investment by the City maturing or redeemable at the option of the Trustee, or marketable, prior to the maturities thereof, at such time or times as to enable disbursements to be made from the respective Funds and Accounts in accordance with the terms of the Indenture, and, which is an authorized investment under the investment policy of the City.

**“Person”** shall mean an individual, partnership, corporation, company, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

**“Pre-Lease Environmental Condition”** shall have the meaning set forth in the Master Lease and the Sublease Agreement.

**“Principal Office”** shall mean, with respect to U.S. Bank National Association, its corporate trust office in Dallas, Texas, and, with respect to any successor Trustee, the trust office designated by such successor Trustee as its principal corporate trust office.

**“Project”** shall mean (i) for purposes of the Master Lease, Sublease Agreements and Concession Agreements, the design, construction, operation, maintenance, installation and financing of the Joint Use Facility on the CONRAC Site and its associated improvements, and (ii) for purposes of the Indenture, collectively, the buildings, equipment, facilities and improvements comprising the Joint Use Facility and its associated improvements, and which are financed in whole or in part with proceeds of Additional Bonds and any Completion Bonds.

**“Pro Rata Share”** shall mean with respect to each Subleasing RAC the percentage determined by dividing (a) the total square footage of Exclusive Use Premises then allocated to that RAC by (b) the aggregate total square footage of all Exclusive Use Areas as then subleased to all RACs, all of which space may be measured by the City or Master Lessee in any reasonable and uniform manner. The Pro Rata Share may vary from time to time, being readjusted by the Master Lessee upon any increase or decrease any RAC’s Exclusive Use Premises or in the aggregate total square footage of all Exclusive Use Areas actually then subleased to RACs. For purposes of determining the total amount of Exclusive Use Areas subleased (but without in any manner releasing, waiving or otherwise absolving any potential claims for damages against any Concessionaire upon an Event of Default), (i) space for which a Sublease Agreement expires or earlier terminates shall be treated as subleased until the first full month following the date on which the Sublease Agreement expires or is earlier terminated, and (ii) a Sublease Agreement rejected in bankruptcy shall be treated as terminating on the date the bankruptcy petition was filed.

**“QTA Equipment”** shall mean all equipment installed in the QTA Space and used in connection with car washing and cleaning activities, including, without limitation, car washes and all associated equipment, the vacuums, and all fluid and/or compressed air dispensing systems; provided, however, that QTA Equipment shall not include any portion of the Fuel Facilities.

**“QTA Facility”** shall mean the portion of the Joint Use Facility that includes and lies east of the CONRAC’s internal shuttler ramps, and includes the car washes, fueling areas and associated vehicle stacking areas, the ground floor under those areas and the fourth floor above them, but does not include the Parking Management Office, all as described or depicted in the Master Lease.

**“QTA Space”** shall mean the quick turnaround areas located in the portion of the CONRAC described or depicted in the Master Lease and to be utilized by the RACs for purposes of car washing, cleaning and fueling activities.

**“RAC”** shall have the same meaning given to the term Concessionaire.

**“RAC O&M and Rent Reserve Fund”** shall mean the Fund by that name established pursuant to the Indenture.

**“RAC Property”** shall mean trade fixtures and business equipment and furnishings and signs of each respective RAC that has not been permanently affixed to the CONRAC or otherwise remains the personal property of that RAC and the removal of which would not damage or affect the structural integrity or usability of the CONRAC.

**“Rating Agency”** shall mean any one or more of S&P, Moody’s, Fitch, and any other nationally recognized statistical rating organization engaged by the City and then rating the Bonds.

**“Ready/Return Areas”** shall mean those portions of the CONRAC described or depicted in the Master Lease as the “Ready/Return Area” and to be utilized by the RACs for purposes of stacking, staging, returning and delivering rental vehicles.

**“Ready/Return Space”** shall mean the area(s) shaded and designated in an exhibit to each of the Sublease Agreements identifying the same as a portion of the Exclusive Use Premises for the applicable RAC.

**“Registration Books”** shall mean the books or records of the registration and transfer of the Bonds kept by the Trustee as bond registrar pursuant to the Indenture.

**“Release”** means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discarding of barrels, containers, and other closed receptacles containing any hazardous substance, but excluding

- (a) any release that results in exposure to persons solely within a workplace, with respect to a claim that those persons may assert against the persons' employer;
- (b) emissions from the engine exhaust of a motor vehicle or rolling stock; and
- (c) migration or movement onto, within or from the Leased Premises of Hazardous Materials contamination existing prior to the Effective Date or originating from City property outside the Leased Premises.

**"Rent"** shall mean Base Rent and all other fees, costs and other amounts payable from the Master Lessee to the City under the Master Lease.

**"Rental Car"** shall mean any motor vehicle, regardless of fuel or power source, including, but not limited to, a passenger automobile, van, sport utility vehicle, pickup or other truck under 10,000 pounds gross vehicle weight, motorcycle or motor scooter, legal to be driven on a public street in Austin, Texas and made available for use, without a hired driver, under any form of lease, rental contract or other agreement for temporary use.

**"Rental Car Concession"** shall mean the right to operate a rental car concession at the Airport on a nonexclusive basis for the purpose of arranging rental services for motor vehicles.

**"Repair and Replacement Fund"** shall mean the fund by that name established pursuant to the Indenture.

**"Required Percentage"** shall mean ten percent (10%) for each Concession Agreement Year, subject to City adjustment every five Concession Agreement Years in accordance with the terms of the Concession Agreements.

**"Reserved Area"** shall mean those portions of the CONRAC, initially described or depicted in the Master Lease, reserved to the Master Lessee for use by the Master Lessee and the Facility Manager pursuant to the Master Lease and the Sublease Agreements, and specifically including reserved office space, the Service Yard, all portions of the Fuel Facilities other than expressly allocated fuel dispensers, all CONRAC mechanical rooms and systems and designated storage rooms.

**"Revenue Bonds"** shall mean the following outstanding obligations issued pursuant to the Revenue Bond Ordinance, and any additional obligations hereafter issued that are secured by or payable from Net Revenues: (a) City of Austin, Texas Airport System Revenue Bonds, Series 2013 (the "2013 Bonds"); (b) City of Austin, Texas Airport System Revenue Bonds, Series 2014 (AMT) (the "2014 Bonds"); (c) City of Austin, Texas Airport System Revenue Bonds, Series 2017A (the "2017A Bonds"); (d) City of Austin, Texas Airport System Revenue Bonds, Series 2017B (AMT) (the "2017B Bonds"); (e) City of Austin, Texas Airport System Revenue Refunding Bonds, Series 2019 (AMT) (the "2019 Bonds"); (f) City of Austin, Texas Airport System Revenue Bonds, Series 2019A (the "2019A Bonds"); and (g) City of Austin, Texas Airport System Revenue Bonds, Series 2019B (AMT) (the "2019B Bonds").

**"Revenue Bond Ordinance"** shall mean, collectively: Ordinance No. 2013\_\_\_\_-\_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2013, authorizing the issuance of the 2013 Bonds; Ordinance No. 2014\_\_\_\_-\_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2014, authorizing the issuance of the 2014 Bonds; Ordinance No. 2017\_\_\_\_-\_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2017, authorizing the issuance of the 2017A Bonds; Ordinance No. 2017\_\_\_\_-\_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2017, authorizing the issuance of the 2017B Bonds; Ordinance No. 2019\_\_\_\_-\_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2019, authorizing the issuance of the 2019 Bonds; Ordinance No. 2019\_\_\_\_-\_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2019, authorizing the issuance of the 2019A Bonds; and Ordinance No. 2019\_\_\_\_-\_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2019, authorizing the issuance of the 2019B Bonds.

**"Revenue Fund"** shall mean the fund by that name established pursuant to the Indenture.

**"Revenues"** shall mean all amounts deposited to the Revenue Fund, including, but not limited to (i) Customer Facility Charges paid by the Concessionaires to the Trustee pursuant to Section 4.2 of the Concession Agreements, (ii) the Contingent Fees paid by the Concessionaires to the Trustee pursuant to Section 4.3 of the Concession Agreements, (iii) any amounts drawn under the separate letters of credit to be delivered by the Concessionaires to the Director of Aviation pursuant to Section 4.5 of the Concession Agreements that represent New Customer Facility Charges or Contingent Fees as described in clauses (i) and (ii) of this paragraph, in each case, which amounts shall be payable directly to the Trustee

upon a draw on such letters of credit, and (iv) investment earnings from amounts held by the Trustee and deposited to the Revenue Fund pursuant to the Indenture.

**“Routine Maintenance”** shall mean the following: (a) the regular maintenance and repair of the structural components of the CONRAC, including the roof (both structure and any covering/membrane), exterior walls, foundation and building structure, required to keep and maintain such structural components in good order, condition and repair; (b) the regular maintenance and repair of the Common Use Areas including water, snow and ice removal and the pressure washing, resurfacing and repair of roadways, ramps, flyovers, walkways, stairs, and sidewalks included therein and the maintenance and repair of escalators, elevators and moving sidewalks, if any, required to keep and maintain the Common Use Areas in good order, condition and repair; (c) the maintenance and repair of the Reserved Area; (d) the repair and maintenance of the QTA Equipment and the Fuel Facilities; (e) the repair and maintenance of, but not janitorial services for, the Parking Management Office and the Commercial Parking Facility, including the elevators and stairwells dedicated to the Commercial Parking Facility, during the Warranty Period; (f) regular maintenance and replacement of landscaping included in Master Lessee’s site plan and installed on or about the CONRAC; and (g) janitorial services, except as noted, in the areas maintained; provided, however, Routine Maintenance shall not include any repairs, replacements or other actions that constitute Major Maintenance. Items of Routine Maintenance include, but are not limited to, the items listed in the Master Lease.

**“S&P”** shall mean Standard & Poor’s Ratings Services, a Standard and Poor’s Financial Services LLC business, and any successor thereto which is a nationally recognized statistical rating organization.

**“Security”** shall have the meaning set forth in the Master Lease and in each Sublease Agreement for the purposes of each such agreement, respectively.

**“Security Amount”** means an amount for each Lease Agreement Year equal to the sum of twenty-five percent (25%) of the Base Rent in the form of an irrevocable stand-by letter of credit in form acceptable to the City.

**“Security Deposit”** shall have the meaning set forth in each Concession Agreement.

**“Series 2013 Bonds”** shall mean “City of Austin, Texas, Rental Car Special Facility Revenue Bonds, Taxable Series 2013”, outstanding as of the date of the Indenture in the aggregate principal amount of \$137,565,000.

**“Series 2021 Bonds”** shall mean “City of Austin, Texas, Rental Car Special Facility Revenue Bonds, Taxable Series 2021” authorized by and secured by the Indenture.

**“Series 2021 Supplemental Security Account”** shall mean the Account by that name established within the Supplemental Security Fund pursuant to the Indenture.

**“Service Yard”** means the ground-level area on the east end of the CONRAC described or depicted in the Master Lease improved as depicted for delivery of fuel and other supplies, for holding trash and recycling for pickup, and for other functions in support of CONRAC operation.

**“State”** shall mean the State of Texas.

**“Stated Maturity”** shall mean when used with respect to any Bond means the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

**“Storage Space”** shall mean the area(s) shaded and designated in an exhibit to each of the Sublease Agreements identifying the same as a portion of the Exclusive Use Premises for the applicable RAC.

**“Sublease Agreement”** means the agreement in the form attached to and made part of the Master Lease between a RAC and Master Lessee by consent of the City pursuant to which the RAC subleases space in the CONRAC and pay certain allocated costs.

**“Sublease Agreement Year”** initially shall mean the period beginning on the Opening Date and ending on the following September 30<sup>th</sup> and thereafter shall mean each successive twelve (12) month period during the Sublease Term beginning on October 1<sup>st</sup> and ending on September 30<sup>th</sup>.

**“Subleased Premises”** shall mean with respect to each RAC’s Sublease Agreement, the Exclusive Use Premises, together with the non-exclusive right of a RAC to use in common with the other RACs the Common Use Operational Areas and the Common Use Areas as set forth in the Sublease Agreement.

**“Sublease Term”** shall mean the term of each Sublease Agreement as set forth therein.

**“Sublessee”** shall have the same meaning given to the term Concessionaire.

**“Substantial Completion”** or **“Substantially Complete”** shall mean the stage in the progress of the construction of the Joint Use Facility when the work, or a designated part of the work, is sufficiently complete in accordance with the Development Agreement and Construction Contract so that the City, Master Lessee and RACs can occupy or use the Joint Use Facility for its intended use as evidenced by a certificate of Substantial Completion approved by the City and a certificate of occupancy issued by a City building inspector prior to Substantial Completion. Substantial Completion shall include, without limitation, all required permit sign-offs, regulatory inspections and structural components completed, equipment and systems installed and functional and all interior and exterior wall, ceiling and floor finish materials installed excluding only the completion of the Punch-List Items, Initial Tenant Improvements and modifications of or enhancements to way-finding signage.

**“Substantial Occupancy Date”** shall mean the date on which the Master Lessee turns over to each RAC its Exclusive Use Premises for purposes of installing the Initial Tenant Improvements and RAC Property in the Exclusive Use Premises and preparing to open for business in the CONRAC on the Opening Date which shall be no later than the date of Substantial Completion.

**“Supplemental Indenture”** shall mean one or more supplemental indentures or amended and restated indentures executed and delivered by the City and the Trustee and effective in accordance with the Indenture with respect to the issuance of Additional Bonds or Completion Bonds.

**“Supplemental Security”** shall mean (i) any funds received by or obligations payable to the City, other than Revenues, and (ii) any credit facility or other credit enhancement, which, in each case, the City elects to designate as additional security for the Series 2021 Bonds or any specified series of Additional Bonds or Completion Bonds pursuant to the Indenture.

**“Supplemental Security Fund”** shall mean the Fund by that name established pursuant to the Indenture.

**“Tenant Design Standards”** shall mean the standards, established by the City from time to time, to specify the aesthetic qualities and the design, construction and materials requirements for tenants of the Airport and its facilities, they may be amended, modified and revised from time to time.

**“Terminal”** shall mean the interconnected facilities at the Airport, along with all user movement areas, public areas and baggage claim areas therein and interconnecting facilities and all future expansions thereto.

**“Termination Damages”** shall have the meaning set forth in the Master Lease and in each Sublease Agreement.

**“Transaction”** means a distinct act of business between a RAC and a customer under which the RAC generates Gross Receipts by rental of a Rental Car as authorized under its Concession Agreement. Each taking of possession of a Rental Car from a RAC under an ongoing contract for multiple rentals is deemed a distinct act of business for purposes of this definition, however, an exchange of vehicles under a single rental contract is not deemed to create a new transaction.



**“Trust Estate”** shall have the meaning set forth in the Granting Clauses of the Indenture.

**“Trustee”** shall mean Deutsche Bank National Trust Company, or any successor trustee hereafter appointed in the manner provided in the Indenture.

**“TSA”** shall mean the United States Transportation Security Administration, and any successor agency, office or department thereof.

**“Utilities Costs”** shall mean all fees, charges, costs, assessments and expenses incurred in connection with the permitting or operation of the CONRAC or the CONRAC Site for electricity, communications, gas, water, sewer, storm water (including participation in the Regional Storm Water Management Program, garbage and recycling services and usage.

**“Vendor Parking Area”** shall mean the vendor parking yard areas located on the CONRAC Site immediately East of and adjacent to the Joint Use Facility described or depicted in the Master Lease and to be utilized by the RACs for purposes of vendor parking.

**“Warranty Period”** shall mean the period of time commencing on the date of Substantial Completion and expiring one (1) year thereafter.

## APPENDIX C

### EXCERPTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following are selected provisions of the Indenture. See definition of Indenture, APPENDIX B. These excerpts are qualified by reference to the other portions of the Indenture referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Indenture in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Indenture, a copy of which may be obtained from the City's Financial Advisor. Section and Article references contained in the following excerpts are to the Sections and Articles contained in the Indenture. The provisions of the Indenture may be amended or supplemented in accordance with the terms thereof.

\* \* \* \* \*

Section 2.13. Supplemental Security. Except as otherwise provided or permitted herein, the Trust Estate securing all Bonds shall be shared on a parity with all other Bonds on an equal and ratable basis. The City may, however, in its discretion, designate and provide Supplemental Security for the Series 2021 Bonds or any specified series of Additional Bonds or Completion Bonds, but shall have no obligation to provide such Supplemental Security to other Bonds. Any such Supplemental Security may be deposited into one or more Funds or Accounts created hereunder or under a Supplemental Indenture. The City reserves the right to establish one or more Funds or Accounts for the purpose of holding, investing and disbursing Supplemental Security. Notwithstanding the foregoing, no Supplemental Security shall be provided for a series of Bonds, the interest on which is excludable from gross income for federal income tax purposes, unless there shall have been first delivered to the Trustee an opinion of Bond Counsel to the effect that the exclusion from gross income of interest on any Bonds for federal income tax purposes will not be adversely affected thereby. The City hereby designates the amount specified in Section 5.15(i) as Supplemental Security for the Series 2021 Bonds.

\* \* \* \* \*

## ARTICLE V

### FUNDS AND INVESTMENTS

Section 5.1. Establishment of Funds and Accounts.

(a) The City hereby establishes with the Trustee the following Funds:

- (i) Revenue Fund;
- (ii) Administrative Costs Fund;
- (iii) Debt Service Fund;
- (iv) Debt Service Reserve Fund;
- (v) Debt Service Coverage Fund;
- (vi) CFC Surplus Fund;
- (vii) Construction Fund;
- (viii) Costs of Issuance Fund;
- (ix) Repair and Replacement Fund;
- (x) RAC O&M and Rent Reserve Fund; and
- (xi) Supplemental Security Fund.

(b) All Funds and Accounts shall be established, maintained and accounted for as hereinafter provided. The Construction Fund, the Costs of Issuance Fund and the Series 2013 Supplemental Security Account shall be closed after all amounts deposited thereto have been expended and thereafter need not be maintained. Subject to the terms and provisions of this Indenture, all Funds shall constitute trust funds which shall be held by the Trustee for the benefit of the Owners of Bonds and be considered as part of the Trust Estate.

(c) The City and the Trustee reserve the right to establish, from time to time, additional Funds, Accounts within the Funds and subaccounts within the Accounts.

\* \* \* \* \*

Section 5.3. Administrative Costs Fund. Moneys credited to the Administrative Costs Fund shall only be used by the Trustee to pay Administrative Costs. The Trustee shall disburse amounts in the Administrative Costs Fund to pay or reimburse the City for Administrative Costs within three (3) Business Days following receipt of and in accordance with a letter of instructions executed by an Authorized Representative.

Section 5.4. Debt Service Fund. Moneys credited to the Debt Service Fund shall only be used by the Trustee to pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on the Bonds coming due during each Bond Year. Moneys transferred to the Debt Service Fund from the Supplemental Security Fund representing Supplemental Security for a specified series of Bonds shall be held in the Debt Service Fund, or in an account therein, and used solely to pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on such specified series of Bonds.

\* \* \* \* \*

Section 5.8. Construction Fund.

None of the proceeds of the Series 2021 Bonds shall be deposited to the credit of the Construction Fund. Upon the issuance of Additional Bonds, the City may establish within the Construction Fund such Accounts as it determines necessary to administer the use of proceeds of Additional Bonds for the purposes set forth in the Supplemental Indenture authorizing such issuance of Additional Bonds. From the proceeds of each series of Additional Bonds or Completion Bonds there shall be deposited to the Bond Proceeds Account of the Construction Fund such amounts as shall be provided in the indenture or Supplemental Indenture relating to such Additional Bonds or Completion Bonds. Such amounts may be applied to pay or reimburse Costs of the Project and to pay any other capital costs of the Project as provided in the ordinance of the City authorizing such series of Bonds. The Trustee shall disburse amounts from the Construction Fund within three (3) Business Days following its receipt of and in accordance with a Construction Fund Disbursement Request in the form set forth in Exhibit B hereto executed by an Authorized Representative.

Section 5.9. Costs of Issuance Fund. From the proceeds of the Series 2021 Bonds, there shall be deposited to the Costs of Issuance Fund such amounts as are specified in Section 6.1. From the proceeds of each series of Additional Bonds or Completion Bonds, there shall be deposited to the Costs of Issuance Fund such amounts as shall be provided in the indenture or Supplemental Indenture relating to such series of Bonds or in a letter of instructions from the City to the Trustee. Such amounts shall be disbursed by the Trustee to pay Costs of Issuance within three (3) Business Days following its receipt of and in accordance with a letter of instructions executed by an Authorized Representative. After paying all Costs of Issuance for which a series of Bonds have been issued, as certified by an Authorized Representative in writing to the Trustee, any surplus amounts remaining in the Costs of Issuance Fund shall be deposited to the Bond Proceeds Account of the Construction Fund.

Section 5.10. Repair and Replacement Fund.

(a) The Trustee shall transfer moneys to the Repair and Replacement Fund in the amount set forth in Section 5.15. Thereafter, additional transfers to the Repair and Replacement Fund shall be made as directed pursuant to a CFC Surplus Fund Disbursement Request in the form of Exhibit C hereto executed by an Authorized Representative and delivered to the Trustee from time to time in accordance with Section 5.7.

Moneys credited to the Repair and Replacement Fund may be disbursed for the following purposes:

- (i) payment of the costs of Major Maintenance;
- (ii) to pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on the Bonds on the payment date therefor if there is not sufficient money available in the Debt Service Fund, the Debt Service Reserve Fund and the Debt Service Coverage Fund for such purpose;
- (iii) to restore any deficiency in the Debt Service Fund, the Debt Service Reserve Fund or the Debt Service Coverage Fund;
- (iv) to make final payment for the retirement or defeasance of a series of Bonds; and
- (v) for the purposes provided in subsection (b) below.

With respect to the purposes described in clauses (i), (iv) and (v) above, the Trustee shall disburse amounts in the Repair and Replacement Fund within three (3) Business Days following its receipt of and in accordance with a Repair and Replacement Fund Disbursement Request in the form set forth in Exhibit D hereto executed by an Authorized Representative. No disbursement request shall be required for the Trustee to apply money in the Repair and Replacement Fund for the purposes described in clauses (ii) or (iii) above.

(b) If, at the end of any Fiscal Year following the Opening Date, all budgeted costs for Major Maintenance to be paid from the Repair and Replacement Fund for such year have been paid in full, then any amount then remaining on deposit in the Repair and Replacement Fund may be used at the discretion of the City, pursuant to a Repair and Replacement Fund Disbursement Request submitted to the Trustee, to (i) purchase, defease or retire Bonds; provided, that the Debt Service Reserve Fund and the Debt Service Coverage Fund are fully funded; (ii) expand, repair or improve the Joint Use Facility or the CONRAC Site; and (iii) expand, repair or improve, or pay any other costs of rental car facilities, including any costs associated with the relocation of rental car facilities. Notwithstanding, the foregoing, the City shall not request a disbursement from the Repair and Replacement Fund pursuant to this subsection (b) for the purposes described in clause (i) of the previous sentence if such disbursement would cause the amount on deposit in the Repair and Replacement Fund after such disbursement, together with amounts, if any, budgeted or projected to be budgeted to be deposited therein during the next five years, to be insufficient to provide for the disbursements budgeted or projected to be budgeted to be made therefrom during the next five years.

Section 5.11. RAC O&M and Rent Reserve Fund. The Trustee shall transfer moneys to the RAC O&M and Rent Reserve Fund as directed pursuant to a CFC Surplus Fund Disbursement Request in the form of Exhibit C hereto executed by an Authorized Representative and delivered to the Trustee from time to time in accordance with Section 5.7. Moneys credited to the RAC O&M and Rent Reserve Fund shall be disbursed by the Trustee to pay the costs identified in a RAC O&M and Rent Reserve Fund Disbursement Request in the form set forth in Exhibit E hereto executed by an Authorized Representative. The City shall submit a RAC O&M and Rent Reserve Fund Disbursement Request to the Trustee for the disbursement of moneys from the RAC O&M and Rent Reserve Fund for the costs, at the times, in the amounts and in the manner set forth in Section 6.11 of the Master Lease. The Trustee shall disburse amounts in the RAC O&M and Rent Reserve Fund within three (3) Business Days following its receipt of and in accordance with a RAC O&M and Rent Reserve Fund Disbursement Request in the form set forth in Exhibit E hereto executed by an Authorized Representative. If the City submits a RAC O&M and Rent Reserve Fund Disbursement Request to the Trustee directing the transfer of all moneys from the RAC O&M and Rent Reserve Fund to the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund in accordance with the terms of Section 6.11 of the Master Lease, then following such transfer the RAC O&M and Rent Reserve Fund shall be closed and thereafter need not be maintained.

\* \* \* \* \*

Section 5.13. Investment of Funds; Transfer of Investment Income.

(a) Moneys in all Funds and Accounts shall, at the written direction of an Authorized Representative, be invested in the manner provided by Texas law and the City's investment policy in Permitted Investments.

(b) Moneys in such Funds and Accounts may be subject to further investment restrictions imposed from time to time by ordinances of the City or Supplemental Indentures authorizing the issuance of Additional Bonds or Completion Bonds.

(c) All such investments shall be valued at market value no less frequently than once per Bond Year and as necessary in connection with the setting of the Customer Facility Charge by the City.

(d) If and to the extent necessary, such investments or participations therein shall be promptly sold to prevent any default.

(e) All interest and income derived from deposits and investments credited to the following Funds shall be applied upon receipt as follows:

<u>Source of Interest or Income</u>	<u>Fund or Account to which such Interest or Income should be Credited</u>
Administrative Cost Fund	To the Revenue Fund
Revenue Fund	Remains in Revenue Fund
Debt Service Fund	Remains in Debt Service Fund
Debt Service Reserve Fund	Remains in the Debt Service Reserve Fund until the Debt Service Reserve Requirement is satisfied; then to the Bond Proceeds Account of the Construction Fund until the Opening Date; and thereafter to the Revenue Fund
Debt Service Coverage Fund	Remains in the Debt Service Coverage Fund until the Debt Service Coverage Fund Requirement is satisfied; then to the Prior CFCs Account of the Construction Fund until the Opening Date; and thereafter to the Revenue Fund
CFC Surplus Fund	Remains in the respective account of the CFC Surplus Fund
Construction Fund	Remains in the respective account of the Construction Fund
Costs of Issuance Fund	Remains in the Costs of Issuance Fund
Repair and Replacement Fund	Remains in the Repair and Replacement Fund
RAC O&M and Rent Reserve Fund	Remains in the RAC O&M and Rent Reserve Fund
Supplemental Security Fund	Remains in the respective account of the Supplemental Security Fund

(f) In order to comply with the directions of the City, the Trustee may sell or may present for redemption or may otherwise cause the liquidation prior to their maturities of any obligations in which funds have been invested, and the Trustee shall not be liable for any loss or penalty of any nature resulting therefrom. In order to avoid loss in the event of any need for funds, the City may instruct the Trustee, in lieu of a liquidation or redemption of investments in the Fund or account needing funds, to exchange such investments for investments in another Fund or account that may be liquidated at no, or at a reduced, loss.

(g) To ensure that cash on hand is invested, if the Trustee is required to make investments as a result of not receiving written directions from the City, the Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments.

(h) The Trustee may make any and all investments through its own bond or securities department or the bond or securities department of any affiliate of the Trustee.

(i) The Trustee may conclusively rely on the investment directions of the City as to both the suitability and legality of directed investments.

Section 5.14. Security for Uninvested Funds. So long as any Bonds remain Outstanding, all uninvested

moneys shall be secured as provided by Texas law.

\* \* \* \* \*

## ARTICLE VII

### PARTICULAR COVENANTS OF THE CITY

Section 7.1. Payment of Debt Service; Limited Obligations. The City will duly and punctually pay the principal of, redemption premium, if any, any sinking fund requirement and interest on the Bonds in accordance with the terms of the Bonds and this Indenture; provided, however, the Bonds and the other obligations of the City provided for herein shall be limited obligations of the City and shall be secured by and payable by the City solely out of the Trust Estate. All Bonds shall be in all respects on a parity with and of equal dignity with one another, subject to the terms and provisions hereof. The Owners of the Bonds shall never have the right to demand payment of either the principal of, interest on, or any redemption premium on the Bonds out of any funds raised or to be raised by taxation or out of the general revenues of the Airport System or the City, including, without limitation, the Net Revenues pledged to payment of the Revenue Bonds.

Section 7.2. Rate Covenant.

(a) The City will, pursuant to the Concession Agreements, require the Concessionaires to charge, collect and remit to the Trustee, as assignee of the City's interest therein, the Customer Facility Charge. The initial amount of the Customer Facility Charge (which shall be subject to adjustment pursuant to Sections 7.2(c) or (d) below) and the date on which the Concessionaires shall be required to charge and collect the Customer Facility Charge shall be set forth in the Concession Agreements.

(b) The amount of the Customer Facility Charge shall remain in effect until the end of the Bond Year during which such Customer Facility Charge was commenced unless adjusted pursuant to Section 7.2(d) below. No less than ninety (90) days prior to the end of each Bond Year, the Airport Consultant shall prepare and present to the City a report which shall make a recommendation as to the amount of the Customer Facility Charge for the ensuing Bond Year. In making such recommendation, the Airport Consultant shall consider, among other factors: (i) the historical and projected origination and destination traffic at the Airport; (ii) historical and projected rental car transaction days at the Airport; (iii) the Annual Debt Service Requirements; (iv) the budgeted Administrative Costs and the actual Administrative Costs; (v) the amounts required to be deposited to the Funds and any existing or projected deficiencies therein; and (vi) such other factors deemed relevant by the Airport Consultant and the City; provided, however, that in making its recommendation of the amount of the Customer Facility Charge, the Airport Consultant shall not assume any Revenues from Contingent Fees unless the Airport Consultant finds that, as a result of factors set forth in its report, the Customer Facility Charge cannot be set at an amount sufficient to produce Revenues reasonably anticipated to satisfy the requirement of clauses (A), (B) and (C) of Section 7.2(c) below.

(c) Subject to the provisions of Section 7.2(d) below, the City, at least sixty (60) days prior to the end of each Bond Year, will establish and give notice to each of the Concessionaires of the amount of the Customer Facility Charge for the ensuing Bond Year. The amount of such Customer Facility Charge shall be set by the City, taking into account the recommendation of the Airport Consultant, as the amount reasonably anticipated to produce Revenues at least equal to the sum of (A) the Administrative Costs for such Bond Year; (B) 1.25 times the Annual Debt Service Requirements for such Bond Year; and (C) amounts sufficient to restore any deficiencies in the Debt Service Reserve Fund and the Debt Service Coverage Fund.

(d) Upon the occurrence of an unscheduled draw on the Debt Service Reserve Fund, and at such other times permitted by the terms of the Agreements, the City shall cause the Airport Consultant to prepare an interim report recommending an adjustment to the Customer Facility Charge to produce Revenues necessary to restore the amounts required to be deposited to the Funds for such Bond Year pursuant to Sections 5.2(b)(i), (ii), (iii) and (iv). Upon receipt of such report the City, as soon as reasonably practicable, shall adjust, if necessary, the Customer Facility Charge for the remainder of such Bond Year to an amount reasonably anticipated to produce Revenues in the amount set forth in Section 7.2(c) above. The City shall notify the Concessionaires of such adjustment and the date as of which such adjusted Customer Facility Charge shall be charged and collected by the Concessionaires in accordance with the Agreements.

Section 7.3. Covenants regarding Contingent Fees and Facility Rentals.

(a) The City will, pursuant to the Concession Agreements, require the Concessionaires to pay to the Trustee, as assignee of the City's interest therein, the Contingent Fees, if any.

(b) In the event that the Concessionaires pay Contingent Fees, the amount thereof shall be determined by the City in accordance with the procedures for determination of the amount of Customer Facility Charge as set forth in Section 7.2, in order to produce Revenues in the amount set forth in Section 7.2(c).

Section 7.4. Enforcement of Agreements. The City covenants to take all actions required on its part to keep the Agreements in effect in accordance with their terms and will take all reasonable actions to enforce compliance by the Concessionaires with the Agreements, including specifically seeking specific performance by each of the Concessionaires of their respective obligations to charge, collect and pay the Customer Facility Charges to the Trustee, to pay the Contingent Fees, if any, to the Trustee pursuant to the terms of the Agreements.

Section 7.5. Additional Covenants.

The City covenants that until the Bonds are no longer Outstanding, the City will maintain concession agreements in effect between the City and rental car concession operators containing provisions relating to customer facility charges and additional fees substantially identical to those provisions relating to Customer Facility Charges and Contingent Fees, respectively, as contained in the Concession Agreements. Any such customer facility charges and additional fees shall constitute Customer Facility charges and Contingent Fees, respectively, for all purposes of this Indenture.

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**ARTICLE IX**

**ACCOUNTS AND RECORDS**

Section 9.1. Separate Records. The Trustee (i) shall keep proper books of records and accounts, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to (A) the payment by the Concessionaires of the Customer Facility Charges and any Contingent Fees, and (B) all of the Funds and Accounts established by Article V hereof and (ii) shall provide the City with monthly reports of all transactions and fund balances.

Section 9.2. Reports of Trustee. Within forty-five (45) days after the end of each Fiscal Year, the Trustee shall furnish to the City a copy of a report by the Trustee covering such Fiscal Year, showing the following information:

- (i) a detailed statement concerning the receipt and disposition of all payments of Customer Facility Charges and Contingent Fees;
- (ii) a detailed statement concerning the disposition of the amounts in the Construction Fund (until the Construction Fund shall have been fully disposed of); and

- (iii) an asset statement or balance sheet of all Funds and Accounts established by Article V hereof as of the end of said Fiscal Year.

Section 9.3. Inspection. The City shall have the right at all reasonable times to inspect all records, accounts, and data of the Trustee relating to the Bonds, and to obtain copies of the same at the expense of the Person requesting the copies.

Section 9.4. Registration Books. So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain Registration Books for the registration and transfer of Bonds upon the terms and subject to the conditions contained herein.

## ARTICLE X

### ENFORCEMENT OF RIGHTS IN CASE OF DEFAULT

Section 10.1. Trustee is Agent. The Trustee is hereby irrevocably appointed the special agent and representative of the Owners and vested with full power to act on their behalf to effect and enforce the Agreements and this Indenture, for their benefit as provided herein and subject to the rights of a majority of Owners of the Bonds to direct the Trustee as provided herein. Anything contained in this Indenture to the contrary notwithstanding, each Owner of the Bonds shall have a right of action to enforce the payment of the principal of, redemption premium, if any, and interest on any Bond owned thereby on or after the same shall have become due at the place, from the sources, and in the manner expressed in Article V hereof.

Section 10.2. Restriction on Owners' Action. Except as otherwise provided in this Article, all rights of action with respect to this Indenture shall be exercised only by the Trustee and no Owner of Bonds shall have any right to institute any suit, action, or proceeding at law or equity for the appointment of a receiver or for any other remedy hereunder or by reason hereof unless and until, in addition to the fulfillment of all other conditions precedent specified in this Indenture, the Trustee shall have received the written request of Owners of not less than a majority in principal amount of the Bonds then Outstanding to institute such suit, action, or proceeding and shall have been offered indemnity or security satisfactory to it and shall have refused, or for thirty (30) days thereafter neglected, to institute such suit, action, or proceeding; and it is hereby declared that the making of such request and the furnishing of such indemnity or security shall be in each case conditions precedent to the execution and enforcement by any Owner of the powers and remedies given to the Trustee hereunder and to the institution and maintenance by any Owner of any action or cause of action for the appointment of a receiver or for any other remedy hereunder.

Section 10.3. Events of Default. Any one or more of the following events shall constitute and hereinafter shall be called "Events of Default":

- (i) Failure to pay within two (2) Business Days of when due, at maturity or upon redemption, the principal of, or redemption premium, if any, on any Bond;
- (ii) Failure to pay within two (2) Business Days of when due the interest on any Bond; or
- (iii) A default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City in this Indenture and the continuance thereof for a period of sixty (60) days after written notice thereof is given to the City by the Trustee, provided, however, that no Event of Default shall be deemed to have occurred if the City is diligently proceeding to cure or correct such default.

Section 10.4. Action by Trustee. Upon the happening of any Event of Default, the Trustee may, in its discretion, or, upon the written request of Owners of not less than a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to the satisfaction of the Trustee, shall take such appropriate action by judicial proceedings or otherwise to cure the Event of Default and/or to require the City or the Concessionaires to carry out its or their covenants and obligations hereunder and with respect to the Agreements, including, but without limitation, the filing of actions for specific performance and mandamus proceedings in any court of competent jurisdiction, against the City and/or a Concessionaire, and to obtain judgments against a Concessionaire for any Customer Facility Charges and Contingent Fees due but unpaid pursuant to the Agreements, as applicable, or for any other amounts due hereunder, under



the Bonds or under the Agreements and interest on overdue payments of the principal of, redemption premium, if any, and interest on the Bonds, as further provided herein.

Section 10.5. Remedies Nonexclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds, or now and hereafter existing at law or in equity or by statute. It is expressly provided, however, that neither the Trustee nor any other Person, acting for their own account by or on behalf of the Trustee or the Owners of the Bonds, shall have any legal or equitable rights of access, possession, sale, or use of the Project or the premises on which the same are situated, possessed, leased, used or held, or to any proceeds, revenues, income or rents, except for the Revenues, for the purpose of collecting or satisfying any claim against a Concessionaire for amounts due and payable by a Concessionaire under its Agreement or this Indenture. No delay or omission to exercise any right or power accruing upon the happening of any Event of Default continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and so often as may be deemed expedient.

Section 10.6. Disposition of Money. All money collected by the Trustee pursuant to the exercise of the remedies and powers in this Article X, together with all other sums which then may be held by the Trustee under any provision of this Indenture as security for the Bonds, shall be applied as follows:

FIRST: to the payment of the compensation due and owing the Trustee under Section 11.8 hereof and under the Agreements, if any, and the costs and expenses of the proceedings whereunder such money was collected, including a reasonable compensation to the Trustee, its agents, attorneys, and all other necessary or proper expenses, liabilities, and advances incurred or made by the Trustee under this Indenture relating to such collection.

SECOND: to the payment of interest on the Bonds then due and owing.

THIRD: to the payment of principal of and redemption premium, if any, on the Bonds which have become due pursuant to their terms as permitted or required by this Indenture (which includes the default provisions hereof) as provided thereby and interest thereon at the rate borne by the Bonds from the date of redemption or maturity to date of payment (to the extent permitted by law).

FOURTH: any surplus to the City.

If in making distribution pursuant to the order above stated, the amount available for distribution in a particular classification is insufficient to pay in full all of the items in such classification, the amount available for distribution to items in such classification shall be prorated among such items in the proportion that the amount of each item bears to the total of all such items.

Section 10.7. Intervention by Trustee. In any judicial proceeding in which the City is a party and which, in the reasonable opinion of the Trustee and its counsel, has a substantial material bearing on the interests of the Owners, the Trustee, if permitted by the court having jurisdiction over such proceeding, may, in its discretion, or, upon the written request of Owners of not less than a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to the satisfaction of the Trustee, shall intervene on behalf of the Owners to assert the rights of the Owners.

Section 10.8. Possession of Bonds Unnecessary. All rights of action or other rights under this Indenture or otherwise may be enforced by the Trustee without the possession of any of the Bonds, or the production thereof on the trial or other proceedings relative thereto.

Section 10.9. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the City, any Concessionaire, or property of the City, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as herein expressed and irrespective of whether the Trustee shall have made any demand on the Concessionaires for payment of amounts due and owing under the Agreements) shall be entitled and empowered, to intervene in such proceeding or otherwise:

- (i) to file and prove a claim for the amounts due and owing under the Agreements and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and other Owners allowed in such judicial proceeding; and
- (ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents, and counsel, and any other amounts due the Trustee under this Indenture but only in the order of priorities established by Section 5.2.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claims of any Owner in any such proceeding.

Section 10.10. Owner's Directions. It is expressly provided, however, that Owners of a majority in principal amount of the Bonds then Outstanding, or a committee representing, pursuant to a written appointment filed with the Trustee, Owners of a majority in principal amount of the Bonds then Outstanding, shall have the right, at any time, by an instrument or instruments, in writing, execute and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken by the Trustee in connection with the enforcement of the Trustee's rights and remedies under an Agreement or the Owners' or the Trustee's rights and remedies under this Indenture, provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, and provided that the Trustee shall be indemnified to its satisfaction.

Section 10.11. Trustee's Notice of Default. The Trustee shall not be required to take notice nor be deemed to have notice of any Event of Default specified in this Indenture, except for those Events of Default specified in subparagraphs (i) and (ii) of Section 10.3 above, unless specifically notified in writing of such Event of Default by the City, or Owners of not less than a majority in principal amount of the Bonds then Outstanding. At such time as the Trustee has or is deemed to have notice of any Event of Default specified in this Indenture, the Trustee shall notify within a reasonable period of time the Owners of such Event of Default. Notice shall be given in the same manner as is required with respect to giving notice of redemption pursuant to Section 3.5(a).

Section 10.12. Undertaking for Costs. All parties to this Indenture agree, and each Owner, by his acceptance thereof, shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by an Owner, or group of Owners, holding more than 10% in principal amount of Outstanding Bonds, or to any suit instituted by any Owner for the enforcement of the payment of the principal of (or redemption premium, if any) or interest on any Bond on or after the maturity thereof (or, in the case of redemption, on or after the date specified for the redemption thereon).

Section 10.13. Waiver of Defaults. The Owners of a majority in principal amount Outstanding of the Bonds by notice to the Trustee, and after providing indemnification satisfactory to the Trustee, may waive an existing Event of Default and its consequences except a default in the payment of principal of and/or interest on any Bond. No waiver of any Event of Default under this Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

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## ARTICLE XII

## SUCCESSOR TRUSTEE

Section 12.1. Resignation. The Trustee at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the City and to the Owners as shown on the Registration Books, and such resignation shall take effect immediately upon the appointment of a successor Trustee as herein provided.

Section 12.2. Removal. The Trustee may be removed by the City at any time by an instrument in writing delivered to the Trustee.

Section 12.3. Appointment of Successor. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the City. Every such successor Trustee shall be a trust company or bank in good standing, located in the United States of America, duly authorized to exercise trust powers and subject to examination by federal or state authority and having a capital and surplus of not less than Seventy-Five Million Dollars (\$75,000,000). In the event that no appointment of a successor Trustee shall be made by the City pursuant to the foregoing provisions of this Article within sixty (60) days after a vacancy in the office of Trustee shall have occurred, the City shall have the right to appoint a successor Trustee within the next thirty (30) days; thereafter, if no successor Trustee has been appointed, any Owner or any retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it shall deem proper, prescribe or appoint a successor Trustee. Within thirty (30) days of the resignation or removal of a Trustee and the appointment of a successor, such successor Trustee shall cause a written notice of such occurrence to be mailed, postage prepaid, to each Owner of Bonds, at its address appearing in the Registration Books. No removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

Section 12.4. Qualification of Successor. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and the City, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, rights, powers, trusts, duties, and obligations hereunder of its predecessor, but such predecessor shall nevertheless, on the written request of the City, execute and deliver instruments, including, without limitation any statement of assignment permitted to be filed by the Texas Uniform Commercial Code, transferring to such successor Trustee all the estates, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and money held by it to its successor; provided, however, that before any such delivery is required or made, all reasonable, customary, and legally accrued fees, advances, and expenses of such predecessor Trustee shall be paid in full. Should any assignment, or instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such Trustee the estates, rights, powers, and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such assignments, and instruments in writing shall, on request, be executed, acknowledged, and delivered by the City.

Section 12.5. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee, or any successor to it in the trusts created by this Indenture, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Trustee or any successor to it shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee shall be the successor Trustee under this Indenture without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

## ARTICLE XIII

### RELEASE OF INDENTURE

Section 13.1. Satisfaction of Indebtedness and Release of Indenture. If the City shall pay, or cause to be paid to the Owner of any Bond secured hereby the principal of, redemption premium, if any, and interest due and payable, and thereafter to become due and payable, upon such Bond, or any portion of such Bond in a principal amount equal to the minimum denomination then authorized under this Indenture or any integral multiple thereof, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under this Indenture. If the City shall pay or cause to be paid to the Owners of all the Bonds secured hereby the principal of, redemption premium, if any, and interest due and payable, and thereafter to become due and payable, thereon, and shall pay or cause to be paid all other sums payable hereunder by the City, and all accrued fees and expenses of the Trustee, then, and in that case, and at the written direction of the City, the right, title and interest of the Trustee in and to the Trust Estate shall thereupon cease, terminate and become void and this Indenture and the lien hereby created shall be discharged and satisfied, and, in such event, the Trustee shall assign, transfer and turn over to the City the Trust Estate, including, without limitation, any funds then held by the Trustee hereunder; provided, however, that the City, by written direction to the Trustee, may elect to continue the Trust Estate and its administration by the Trustee for the collection and deposit of Customer Facility Charges in accordance with the terms of this Indenture and for disbursement of such funds at the direction of the City in accordance with the terms of this Indenture.

Section 13.2. Payment, Advance Funding, and Defeasance. All or any portion of Outstanding Bonds, or portions of Outstanding Bonds in principal amounts equal to the minimum denomination, then authorized under this Indenture or any integral multiple thereof, shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 13.1 of this Article XIII when:

- (i) in the event said Bonds or portions thereof have been selected for redemption, the Trustee shall have given, or the City shall have given to the Trustee in a form satisfactory to it, irrevocable instructions to give notice of redemption of such Bonds or portions thereof in accordance with the provisions of this Indenture;
- (ii) there shall have been irrevocably deposited with the Trustee as trust funds either moneys in an amount which shall be sufficient, or Government Obligations (A) which shall not contain provisions permitting the redemption thereof at the option of the issuer thereof, (B) which mature no later than the earlier of (1) the date fixed for the redemption of the Bonds or (2) the maturity date of the Bonds, and (C) the principal of and the interest on which, when due, and without any regard to reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee, shall be sufficient, as verified as to sufficiency by an independent third party, to pay when due, the principal of, redemption premium, if any, and interest due and to become due on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be; and
- (iii) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding sixty (60) days, the City shall have given the Trustee in a form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given, a notice to the Owners of said Bonds or portions thereof that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds or portions thereof are deemed to have been paid in accordance with this Article XIII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and redemption premium, if any, and interest on said Bonds or portions thereof.

In addition, upon the defeasance of the Bonds, the Bonds shall no longer be subject to redemption pursuant to the terms hereof (other than any redemption as described in Section 3.3, which shall survive discharge of this Indenture and the termination of the Trust Estate); provided, however, in connection with defeasance of any Bonds in the manner prescribed by this Article XIII the City may reserve the right to call any such Bonds for redemption pursuant to Section 3.2 hereof to the extent permitted and in the manner required by State law.

Section 13.3. Reinvestment. Neither the Government Obligations nor moneys deposited with the Trustee

pursuant to this Article XIII nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on said Bonds or portions thereof, provided, that, any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be invested in Government Obligations of the type and tenor described in clause (ii) of Section 13.2 and interest earned from such reinvestment shall be paid over to the City, as received by the Trustee, free and clear of any trust, lien or pledge. The foregoing notwithstanding, the agreement pursuant to which such cash and/or Government Obligations are held by the Trustee may provide for the ability to sell or otherwise dispose of all or part of the Government Obligations and the reinvestment of the proceeds thereof, together with all or any part of any cash held thereunder, in Government Obligations, provided that prior to any such sale or disposition the Trustee receives a report of an independent certified public accountant verifying that after such reinvestment the principal amount of substituted securities, together with the interest thereon and any other available cash held by the Trustee, will be sufficient to pay the principal of, and redemption premium, if any, and interest on, the Bonds which have not previously been paid.

Section 13.4. Use of Moneys and Government Obligations Set Aside. Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article XIII, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Article XIII for the payment of Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds, the redemption premium, if any, and interest thereon with respect to which such money or Government Obligations have been so set aside in trust.

Section 13.5. No Amendment. Notwithstanding anything elsewhere in this Indenture contained, if money or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article XIII for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article XIII shall be made without the consent of each Owner affected thereby.

## ARTICLE XIV

### AMENDMENTS

Section 14.1. Amendments without Owner Consent. Without the consent of the Owners, the Trustee and the City may amend this Indenture and may enter into any indentures supplemental to this Indenture for any one or more of the following purposes:

- (i) to cure any ambiguity, formal defect, omission or inconsistent provision herein;
- (ii) to grant to the Trustee for the benefit of the Owners any additional revenues, properties, collateral or security (including Supplemental Security), or any additional rights, remedies, powers or authority that may lawfully be granted to the Owners of the Bonds or the Trustee;
- (iii) to add to the covenants and agreements of the parties hereto other covenants, and agreements of, or conditions or restrictions upon, such parties;
- (iv) to evidence any succession otherwise permitted hereunder to any parties hereto and the assumption by such successor of the covenants and agreements of its predecessor hereunder;
- (v) to modify this Indenture to amend the definitions of "Project" (provided, in any case, that the Project relate to the Joint Use Facility, the CONRAC Site, other rental car facilities or costs associated with the relocation of rental car facilities) and "Permitted Investments" (provided, in any case, that such investments are permitted under State law and are authorized by the City's investment policy as eligible investments thereunder);
- (vi) to add, delete or modify any provision required to obtain or maintain a rating on the Bonds;
- (vii) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale

under the securities laws of the United States of America or any of the states of the United States of America, and to add to this Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

- (viii) to make any changes or modifications hereof or amendments, additions or deletions hereto which may be required to permit the Bonds to be registered pursuant to, or to facilitate the use of, a book-entry system;
- (ix) to make any other change herein which does not, in the opinion of the City, adversely affect the interest of the Owners;
- (x) to issue Additional Bonds or Completion Bonds in accordance with the terms and provisions hereof;
- (xi) to provide for the execution and delivery of a Debt Service Reserve Fund Surety Policy or a Debt Service Coverage Fund Surety Policy and to add other provisions relating thereto; and
- (xii) amendments to make changes to Article XV of this Indenture in accordance with Section 15.3 hereof.

The Trustee may, but shall not (except to the extent required in the case of a supplemental indenture entered into under clause (vii) above) be obligated to, enter into any such supplemental indenture or amendment which imposes additional duties upon the Trustee or limits the rights or immunities of the Trustee under this Indenture or otherwise.

Prior to consenting or entering into any amendments or supplements to this Indenture, the Trustee shall be entitled to request and receive an opinion of Bond Counsel stating that such amendment or supplement is authorized or permitted by this Section 14.1. In making the determination in clause (ix) above, the Trustee may rely upon the opinion of any legal counsel selected by it with respect to the legal affect such amendment or supplement will have on the Owners and upon the opinions or other advice of financial experts with respect to the financial affect the amendment or supplement will have on the Owners.

Section 14.2. Consent of Majority of Owners. With respect to any amendment or supplement to this Indenture not described in Section 14.1 above or Section 14.3 below, the City and the Trustee may enter into any such amendment or supplement only with the written consent of the Owners of not less than a majority of the Bonds Outstanding hereunder at the time of such amendment or supplement (not including any Bonds then held or owned by the City).

Section 14.3. Consent of All Owners. Notwithstanding the foregoing, no supplement or amendment to this Indenture shall, without the consent of the Owner of each Outstanding Bond so affected, (i) extend the maturity date of any Bond, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof, or reduce any premium payable upon the redemption thereof, or extend or reduce the amount of any mandatory redemption requirement, or change the method of calculation of interest on the Bonds, (ii) deprive such Owner of the lien hereof on the Revenues pledged hereunder and on the Trust Estate, (iii) reduce the aggregate principal amount of Bonds the Owners of which are required to approve any such supplement to this Indenture or amendment to this Indenture, (iv) provide a privilege or priority of any Bond over any other Bond, or (v) reduce, extend or otherwise adjust the amounts to be transferred in accordance with Section 5.12.

Section 14.4. Effective Date of Amendment. The Trustee shall establish a record date for purposes of approval of any such amendment or supplement described in Section 14.2 and 14.3 of this Article, and shall cause notice of such record date and such proposed amendment to be given in the same manner as notices of redemption are given by the Trustee. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the Principal Office for inspection by all Owners. If, within 60 days (or such longer period as shall be prescribed by the City) following the mailing of such notice, the Owners of the requisite aggregate principal amount of the Bonds Outstanding at the time of the record date established for such purpose shall have consented to and approved such amendment, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or

restrain the parties to such amendment from adopting the same or from taking any action pursuant to the provisions thereof. Upon receipt of the consent of the Owners of the requisite aggregate principal amount of the Bonds Outstanding, the relevant parties may execute such amendment.

The consent of an Owner shall be evidenced by an instrument executed by such Owner, delivered to the Trustee, which instrument shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment. Any consent given by an Owner as of such record date shall be irrevocable for a period of one year from the date such consent is given, and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after one year from the date such consent was given by such Owner, or by a successor in title, by filing notice thereof with the City and the Trustee, but such revocation shall not be effective if the Owners of the requisite aggregate principal amount of the Bonds Outstanding have, prior to the attempted revocation, consented to and approved such amendment.

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## ARTICLE XVI

### MISCELLANEOUS PROVISIONS

Section 16.1. Proof of Execution. Any request, direction, consent, or other instrument required by this Indenture to be signed or executed by Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument, or of the writing appointing such agent, if made in the following manner, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument. The fact, date, and due authorization of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction, who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

Section 16.2. Proof of Ownership. The fact of ownership of the Bonds by any Owner, the amount and numbers of such Bonds, and the date of his holding same shall be conclusively proved by the appropriate entries in the Registration Books.

Section 16.3. Action Binding on Successor. Unless otherwise provided in this Indenture, any request or consent of any Owner shall bind every future Owner of the same Bond, or any Bond issued in substitution or replacement therefor, in respect of anything done by the Trustee in pursuance of such request or consent. In the event of the dissolution of the Trustee, all of the covenants, stipulations, promises, and agreements in this Indenture contained by, on behalf of, or for the benefit of the Trustee, shall bind or inure to the benefit of the successor or successors of the Trustee from time to time and any officer or board to whom or to which any power or duty affecting such covenants, stipulations, promises, and agreements shall be transferred by or in accordance with law.

Section 16.4. Nonpresentment and Unclaimed Funds. If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, all liability of the City to the Owners thereof and to the Trustee for the payment of such Bond shall forthwith cease, determine, and be completely discharged whenever funds sufficient to pay for the principal of, redemption premium, if any, and interest on such Bond shall be made available as provided in this Indenture. Such funds shall be segregated by the Trustee, without liability to the Owners for interest thereon, and held in trust for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for the satisfaction of any claim of whatever nature relating to such Bond. Any money deposited with the Trustee in trust for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for three years after such principal of, redemption premium, if any, or interest on such Bond has become due and payable shall, subject to any unclaimed property laws of the State, and upon receipt of indemnification reasonably satisfactory to the Trustee, be paid to the City. After the payment of such unclaimed moneys to the City, the Owner shall thereafter look (to the extent of any amount so repaid to the City) only to the City for the payment thereof, and all liability of the Trustee with respect to such money shall thereupon cease, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys.

Section 16.5. Destruction of Bonds. Upon the surrender to the Trustee of any Bonds acquired, redeemed,

paid at maturity or surrendered for exchange or replacement, the same shall forthwith be canceled and disposed of in accordance with the policies of the Trustee, which shall, from time to time, deliver its certificate of such disposition to the City upon request.

Section 16.6. No Third-Party Beneficiaries. Except as herein otherwise expressly provided, nothing in this Indenture express or implied is intended or shall be construed to confer upon any person, firm, or corporation other than the City, the Trustee and the Owners, any right, remedy, or claim, legal or equitable, under or by reason of this Indenture or any covenant, condition, or stipulation contained herein and all covenants, stipulations promises and agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee and the Owners.

Section 16.7. Waiver of Personal Liability. All covenants, stipulations, obligations and agreements of the City contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized and permitted by the Constitution and laws of the State. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any past, present or future official, agent or employee of the City, in his individual capacity, and any official of the City executing the Bonds shall not be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Bond, or under any judgment obtained against the City, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, under or independent of this Indenture, shall be had against any official, agent or employee, as such, past, present or future, of the City, either directly or through the City, or otherwise for the payment for or to the City or any receiver thereof, or for or to the Owner of any Bond or otherwise, of any sum that may be due and unpaid by the City upon any such Bond, and any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, officer, agent or employee as such, to respond by reason of omission on his part or otherwise, for the payment for or to the City or any receiver thereof, or for or to the Owner of any Bond or otherwise, of any sum that may remain due and unpaid upon such Bonds, is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issue of such Bonds.

\* \* \* \* \*



## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS

The following is a summary of select provisions of the Concession Agreements. At the time the Series 2013 Bonds were issued, there existed both Prior Concession Agreements and New Concession Agreements. Upon the Opening Date of the CONRAC, the Prior Concession Agreements were superseded by the New Concession Agreements, and the New Concession Agreements are referred to in this Official Statement as the Concession Agreements. As used in this Appendix D, the terms “New Concession Agreements” and “Concession Agreements”, and the terms “New Customer Facility Charge” and “Customer Facility Charge”, have the same meaning. Any references in this Official Statement to “Prior Concession Agreement”, “Prior Customer Facility Charge” and “Prior Facility Rentals” are null and void, and have no application to the Indenture. This summary is qualified by reference to the other portions of the Concession Agreements referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Concession Agreements in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Concession Agreements, copies of which may be obtained from the City’s Financial Advisor. The Concession Agreements have not been amended or supplemented since their respective dates of execution and delivery; however, they may be amended or supplemented in accordance with their terms.

#### Prior Concession Agreement.

Pursuant to the Concession Agreement, the City and Concessionaire agree that notwithstanding anything in the Prior Concession Agreement to the contrary, (i) the Prior Concession Agreement shall remain in full force and effect until, and shall terminate on, the Opening Date, unless terminated earlier in accordance with its terms; provided that, those provisions of the Prior Concession Agreement which by their express terms survive the termination of the Prior Concession Agreement shall not be terminated, and (ii) all terms and provisions of the Concession Agreement with respect to, concerning or otherwise relating to the New Customer Facility Charge shall apply to the Prior Customer Facility Charge until the Opening Date. Without limiting the generality of the foregoing, Concessionaire consents to the pledge of the Prior Customer Facility Charges and Prior Facility Rentals for the payment of the Bonds and agrees to remit the Prior Customer Facility Charges, on and after the effective date of the Concession Agreement, to the Trustee in accordance with the terms of the Concession Agreement for deposit in the Revenue Fund established under the Indenture for the Bonds. For the avoidance of doubt, Concessionaire acknowledges and agrees that the Concessionaire’s failure to collect and remit the proceeds of the Prior Customer Facility Charge when due as required by the terms of the Concession Agreement shall constitute an Event of Default under the Concession Agreement and an event of default under the Prior Concession Agreement, and the City shall be entitled to exercise any right or remedy with respect thereto under the Concession Agreement and the Prior Concession Agreement, all in accordance with their respective terms. Concessionaire, at its sole cost and expense, shall vacate the Concessionaire’s leased premises and kiosks in the Airport Terminal and on the third floor of the existing parking garage covered by its Prior Concession Agreement in broom clean and good condition and repair, obsolescence and ordinary wear and tear excepted, and remove all of its personal property therefrom. Concessionaire shall complete such vacation of its leased premises in the Airport Terminal not later than ten (10) days after the Opening Date, unless vacated earlier in accordance with the terms of the Prior Concession Agreement, and shall complete such vacation of its leased premises on the third floor of the existing parking garage not later than fourteen (14) days after the Opening Date. Concessionaire further agrees to remit to the Trustee any Prior Customer Facility Charges charged prior to the Opening Date that are not collected until after the Opening Date, notwithstanding any termination of the Prior Concession Agreement.

#### Term.

The Concession Agreement shall be effective, and binding between the parties, as of the date first signed by City and Concessionaire. The term of the Concession Agreement (the “Concession Term”), however, shall commence on the Opening Date and, unless earlier terminated pursuant to the provisions of the Concession Agreement, shall extend for an initial period of eleven (11) Concession Agreement Years.

#### Renewals.

The City in its sole discretion may agree in writing to extend the Concession Term for up to two additional five (5) year periods; provided, that the Master Lessee is not in default under the Master Lease and the Concessionaire (1) provides the

City with written notice of its request to renew nine (9) months before the expiration of the Term, and (2) is not in default under the Concession Agreement, the Sublease Agreement, or the Service Center Lease.

#### Grant of Concession.

The City awards and grants to the Concessionaire, and the Concessionaire accepts, the right and the obligation to operate a Rental Car Concession at the Airport during the Concession Term on a nonexclusive basis for the purpose of arranging rental vehicle and related services for Airport Customers where such services are furnished by or on behalf of the Concessionaire. The concession rights and privileges granted and awarded to the Concessionaire are expressly made subject to all of the terms, covenants and conditions of the Concession Agreement and the Sublease Agreement. The Concessionaire specifically acknowledges and understands that the City intends to grant Rental Car Concessions to other Persons. The award of concession rights and privileges to such other concessionaires shall not constitute a violation of the Concession Agreement, nor, in the event of the cessation or termination of such other Rental Car Concessions during the term hereof, shall the award of concession rights and privileges to a substitute or successor concessionaire constitute a violation hereof.

#### Concession Fee.

The Concessionaire shall pay to the City, for the concession rights and privileges granted, in the manner provided in the Concession Agreement, an amount for each Concession Agreement Year (the "Concession Fee") equal to the greater of the following: (a) the Minimum Annual Guaranteed Concession Fee for such Concession Agreement Year; or (b) a percentage fee (the "Percentage Fee") equal to ten percent (10%) (the "Required Percentage") of its Gross Receipts for such Concession Agreement Year.

For the first Concession Agreement Year, the Minimum Annual Guaranteed Concession Fee shall be eighty-five percent (85%) of the Concession Fee (as defined in the Prior Concession Agreement) due for the last twelve months under the Prior Concession Agreement, prorated for the number of months in the first Concession Agreement Year. For the second Concession Agreement Year, the Minimum Annual Guaranteed Concession Fee shall be eighty-five percent (85%) of the Concession Fee (as defined in the Prior Concession Agreement) due for the last twelve months under the Prior Concession Agreement. For the third Concession Agreement Year and for the eight (8) Concession Agreement Years following the third Concession Agreement Year, the Minimum Annual Guaranteed Concession Fee shall be an amount equal to eighty-five percent (85%) of the Concession Fee due for the immediately preceding full Concession Agreement Year but in no event shall it be less than the Minimum Annual Guaranteed Concession Fee set for the third Concession Agreement Year. If the Concession Agreement is renewed, for each of the Concession Agreement Years following the renewal, the Minimum Annual Guaranteed Concession Fee shall be an amount equal to eighty-five percent (85%) of the Concession Fee due for the immediately preceding full Concession Agreement Year but in no event shall it be less than the Minimum Annual Guaranteed Concession Fee set for the twelfth (12th) Concession Agreement Year. The Minimum Annual Guaranteed Concession Fee shall remain in effect until the subsequent renewal, if any, of the Concession Agreement.

The City may adjust the Required Percentage every five (5) Concession Agreement Years based on either, as selected by the City, (a) the average of the three (3) highest percentage fees paid under the then current concession contracts with rental car companies at airports in the United States with the same FAA classification as the Airport, or (b) the average of the three (3) highest percentage fees paid under the then current concession contracts with rental car companies out of the six (6) highest enplanement commercial airports in the State of Texas, as selected by the City. The City shall determine and notify Concessionaire in writing of the new Required Percentage, as well as the data used in calculating such amount, sixty (60) days prior to commencement of the Concession Agreement Year. In no event shall the Required Percentage be less than ten percent (10%) of Gross Receipts per Concession Agreement Year.

If the aggregate Concession Fee due for any Concession Agreement Year exceeds the greater of (i) the Minimum Annual Guaranteed Concession Fee applicable to such Concession Agreement Year; or (ii) a Percentage Fee equal to the Required Percentage of its Gross Receipts for such Concession Agreement Year the over-payment shall be credited to the Concessionaire's account as the City may determine; provided, however, in no event shall the Concessionaire take a credit against any subsequent Concession Fee or other payment owed to the City for any such overpayment without the prior approval of the City. The Concessionaire shall have no right to set-off or off-set any Concession Fee or other payment owed to the City under the Concession Agreement against any amounts that may be payable by the City to the Concessionaire unless such credit is issued by the City. If the aggregate Concession Fee payments made for any Concession Agreement Year is less than the greater of either (i) the Minimum Annual Guaranteed Concession Fee applicable to such

Concession Agreement Year, or (ii) the Required Percentage of Concessionaire's Gross Receipts for such Concession Agreement Year, the Concessionaire shall pay the balance due to City within thirty (30) days after receipt of invoice.

As used in the Concession Agreements, "Gross Receipts" means the total amount actually charged to customers by a Concessionaire for or in connection with rental car agreements it secures through its operations at the Airport or derives from the rental of vehicles to persons picked up at the Airport by or on behalf of the Concessionaire. "Gross Receipts" includes all monies or other consideration paid or payable to a Concessionaire for all sales made and services performed for cash or credit provided to persons picked up at the Airport, regardless of the ownership, area, fleet, or location assignment of the vehicles and without regard to (a) the manner in which, or place at which, the vehicles or other products or services are furnished to the Concessionaire's customers, (b) whether the vehicles or other products are returned to Airport or to some other location or (c) the manner in which the reservation, rental or contract was made or executed (i.e., by what mode, means or process); and regardless of whether or not customer was an airline passenger, resides locally, or used any other Airport services; and shall include monies paid or payable for any vehicles originally rented at Airport but renewed at or from another location. Under the terms of the Concession Agreement, Customer Facility Charges are not Gross Receipts.

#### Obligation to Collect and Remit New Customer Facility Charges.

In addition to the Concession Fees, the Concessionaire shall collect a New Customer Facility Charge in accordance with the terms of the Concession Agreement and remit such amounts collected to the Trustee, as the assignee of City, for deposit in the Revenue Fund in accordance with, and for the purposes specified in, the Bond Ordinance and the Indenture, including without limitation, payment of the principal of, premium, if any, and interest on the Bonds. Concessionaire shall remit the New Customer Facility Charges monthly to the Trustee on or before the 20th day of each month for the preceding calendar month of operations. New Customer Facility Charges do not constitute a Gross Receipt.

The New Customer Facility Charge shall be the amount determined by the Director for all rental car companies doing business on the Airport and occupying the CONRAC. Concessionaire shall charge and collect New Customer Facility Charges from all rental car customers, without exception. For the avoidance of doubt, and not as a limitation on the universal applicability of the preceding sentence, Concessionaire shall charge and collect New Customer Facility Charges from customers receiving complimentary or discounted car rental under the Concessionaire's bona fide marketing plans, customers whose rentals are tax exempt, regardless of whether customer was an airline passenger to or from the Airport, and regardless of whether the rental reservation or contract was made by phone, internet, in person, or in any other manner or from any other location.

#### Trust Property.

New Customer Facility Charges collected by the Concessionaire are due, payable and deemed paid to the Trustee immediately upon the collection thereof by the Concessionaire, and pending the actual remittance thereof to the Trustee, such amounts are and shall be property in which the Concessionaire holds only a possessory interest as agent of the Trustee and not an equitable interest. New Customer Facility Charges collected by the Concessionaire, whether prior to or after remittance to the Trustee are pledged for the payment of the Bonds, and the Concessionaire hereby consents to such pledge. The Concessionaire acknowledges the Trustee's security interest in the New Customer Facility Charges as the Trustee's agent under Section 9.313 of the Texas Business and Commerce Code and Chapter 1208 of the Texas Government Code. Prior to remittance to the Trustee, New Customer Facility Charge revenue collected by the Concessionaire shall be held in trust by the Concessionaire as agent for the benefit of the Trustee. All New Customer Facility Charge revenue collected and held by the Concessionaire shall be considered the property of the Trustee. The Trustee shall provide notice of receipt of New Customer Facility Charges to the City in accordance with the terms of the Indenture.

#### Initial Amount of New Customer Facility Charge.

The initial New Customer Facility Charge effective as of the Effective Date is Five Dollars and Ninety-Five Cents (\$5.95) for each day, or partial day, of each rental and shall be levied on the rental at the Airport of any rental car. Each twenty-four (24) hour period or fraction thereof within the rental period shall constitute a separate day for which the New Customer Facility Charge must be levied and collected.

#### Customer Facility Charge Adjustment.

The New Customer Facility Charge shall be reviewed at least annually and may be adjusted periodically by the Director, in his sole discretion, for any reason, including, without limitation, to (i) meet all covenants or requirements with respect to the Bonds on a current and ongoing basis and (ii) ensure that projected revenue from the New Customer Facility Charge, together with projected revenue from Contingent Fee, as described below, is at least equal to the amount required to meet the applicable revenue covenants under the Indenture. The Director has the right, but not the obligation, to consider a New Customer Facility Charge level sufficient to fund the CFC Annual Disbursement Account of the CFC Surplus Fund. The Director shall give Concessionaire sixty (60) days' written notice prior to implementing a change in the New Customer Facility Charge.

The City shall engage an independent consultant selected by the City to evaluate and recommend to the City whether to adjust the New Customer Facility Charge annually, whether upwards or downwards, such that the New Customer Facility Charge level will be sufficient so that the projected New Customer Facility Charge revenues will meet the applicable revenue covenants under the Indenture. The independent consultant's analysis will also include a proposed New Customer Facility Charge rate that will be sufficient to fund the CFC Annual Disbursement Account of the CFC Surplus Fund. The City shall communicate with the Concessionaire the independent consultant's findings and allow the Concessionaire to provide any additional information prior to the City making a final determination on adjusting the New Customer Facility Charge. Fees for the independent consultant shall be paid from New Customer Facility Charge revenues.

Distributions from CFC Surplus Fund.

- (a) Subject to paragraphs (b) through (g) below, the amounts, if any, credited to the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund shall be used to pay the following in such order of priority:
  - (i) For the period beginning on the Effective Date of Concession Agreements and ending on September 30, 2013, and for each Fiscal Year thereafter until the Opening Date, to the City a total amount of \$913,000 each Fiscal Year, with such amount to be prorated for any partial Fiscal Year in the manner determined by the City;
  - (ii) Upon the Opening Date, to the RAC O&M and Rent Reserve Fund an amount up to \$2,100,000;
  - (iii) Within six (6) months from the Opening Date, to the Master Lessee up to \$6,000,000 to be used by the Master Lessee to reimburse the Sublessees for Initial Tenant Improvements paid for by the Sublessees prior to the date of reimbursement as long as, after making such payment, sufficient funds remain in the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund to pay the amount reasonably estimated by the City to be necessary to pay all amounts to be paid under paragraph (a)(iv) below (excluding any amounts to be paid under paragraph (a)(iv)(G) below) for such Fiscal Year and to provide for a minimum of \$1,000,000 to remain in the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund after giving effect to the estimated payments to be made under paragraph (a)(iv), as described below;
  - (iv) Beginning on the Opening Date and ending in the Fiscal Year ending September 30, 2018, the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund shall be used to pay the following in such order of priority:
    - (A) Annually, to reimburse the Concessionaires for any Contingent Fees paid prior to the date of reimbursement;
    - (B) Annually, to the City a total of \$470,000, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index, with such amount for the Fiscal Year in which the Opening Date occurs to be prorated in the manner determined by the City;
    - (C) Annually, to each of the City and the Master Lessee, respectively, on a one-for-one (1:1 or equally pro-rata) basis, an amount up to \$350,000, with such amount to be increased two percent (2%) annually each Fiscal Year (with such increase to begin with the second full Fiscal Year following the Opening Date) and with such amount for the Fiscal Year in which the Opening Date occurs to be prorated in

the manner determined by the City, for the following purposes:

- (1) to the City to reimburse the City for operation and maintenance costs of the Commercial Parking Facility and related improvements paid by the City prior to the date of reimbursement; and
  - (2) to the Master Lessee to reimburse the Master Lessee for O&M Costs paid by the Master Lessee prior to the date of reimbursement.
- (D) Annually, to the RAC O&M and Rent Reserve Fund, as needed to restore the balance in such fund to \$2,100,000;
- (E) Annually, to the Master Lessee the amount necessary to reimburse the Master Lessee for any remaining O&M Costs approved by the City and paid by the Master Lessee prior to the date of reimbursement and not previously reimbursed by New Customer Facility Charge funds or reimbursed or paid from the Repair and Replacement Fund;
- (F) Annually, to the Master Lessee an amount up to \$900,000 to reimburse the Master Lessee for Base Rent paid prior to the date of reimbursement, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index; and
- (G) To the Master Lessee the remaining balance, if any, to be used by the Master Lessee to reimburse the Sublessees for Initial Tenant Improvements paid for by the Sublessees, not previously reimbursed by New Customer Facility Charge funds, and not exceeding a total reimbursement of \$6,000,000 total for Initial Tenant Improvements, so long as a minimum of \$1,000,000 remains in the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund, after giving effect to the payments made under this paragraph (G).
- (v) Beginning in the Fiscal Year ending September 30, 2019, and for each Fiscal Year thereafter until the Bonds are no longer outstanding, the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund shall be used to pay the following in the following order of priority:
- (A) Annually, \$750,000 to the Repair and Replacement Fund, with such amount to be adjusted every year as determined by the City in its sole and absolute discretion;
  - (B) Annually, to reimburse the Concessionaires for any Contingent Fees paid prior to the date of reimbursement;
  - (C) Annually, to the City a total of \$470,000, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index;
  - (D) Annually, to each of the City and the Master Lessee, respectively, on a one-for-one (1:1 or equally pro-rata) basis, an amount up to the amount set forth in paragraph (a)(iv) above (after giving effect to each annual increase as specified therein), with such amount to be increased two percent (2%) annually each Fiscal Year, for the following purposes:
    - (1) to the City to reimburse the City for operation and maintenance costs of the Commercial Parking Facility and related improvements paid by the City prior to the date of reimbursement; and
    - (2) to the Master Lessee to reimburse the Master Lessee for O&M Costs paid by the Master Lessee prior to the date of reimbursement.
  - (E) Annually, to the RAC O&M and Rent Reserve Fund, as needed to restore the balance in such fund to \$2,100,000;

- (F) Annually, to the Master Lessee the amount necessary to reimburse the Master Lessee for any remaining O&M Costs approved by the City and paid by the Master Lessee prior to the date of reimbursement and not previously reimbursed by New Customer Facility Charge funds or reimbursed or paid from the Repair and Replacement Fund;
  - (G) Annually, to the Master Lessee an amount up to \$900,000 to reimburse the Master Lessee for Base Rent paid prior to the date of reimbursement, with such amount to be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date thereafter to reflect any increase in the actual annual cumulative percentage changes in the Consumer Price Index; and
  - (H) To the Master Lessee the remaining balance, if any, to be used by the Master Lessee to reimburse the Sublessees for Initial Tenant Improvements paid for by the Sublessees, not previously reimbursed by New Customer Facility Charge funds, and not exceeding a total reimbursement of \$6,000,000 total for Initial Tenant Improvements, so long as a minimum of \$1,000,000 remains in the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund, after giving effect to the payments made under this paragraph (H).
- (b) All disbursements to be made from the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund pursuant to paragraph (a) above shall be made annually after the end of each subject Fiscal Year by the Trustee through the City's submission of disbursement requests to the Trustee on or before November 15 following the end of each such Fiscal Year in accordance with the terms of the Indenture; provided, that the City shall submit disbursement requests to the Trustee (i) no later than the fifteenth (15th) day following the Opening Date for the disbursement to be made pursuant to paragraph (a)(ii) above, and (ii) no later than the last day of the seventh (7th) month following the Opening Date for the disbursements to be made pursuant to paragraph (a)(iii) above.
  - (c) All disbursements to be made pursuant to paragraph (a)(iii) above shall be made only for the costs specified in such paragraph that have been incurred and paid by the Sublessees on or before the last day of the sixth (6th) month following the Opening Date.
  - (d) All disbursements to be made pursuant to paragraphs (a)(iv) and (a)(v) above to the City, Master Lessee, Concessionaire or Sublessees as a reimbursement of costs incurred by any such Person shall be made only for such costs specified therein that have been incurred by each such Person during the subject Fiscal Year and paid by each such Person for the period beginning on the first day of such Fiscal Year and ending on October 31 of the immediately succeeding Fiscal Year; provided, that in the event any such costs are not reimbursed on account of insufficient moneys being available therefor in the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund, such unreimbursed costs shall be eligible for reimbursement in accordance with the terms of paragraph (e) below. The City may require the Master Lessee, Concessionaire and Sublessees to submit appropriate supporting documentation to the City in order for the City to determine the eligibility of such costs to be paid from the CFC Surplus Fund.
  - (e) In the event any disbursements to be made pursuant to paragraph (a) above may not be made in full on account of insufficient moneys being available therefor in the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund, the unpaid portion of any such specified or requested disbursement (i) shall be payable by the Trustee from the CFC Surplus Residual Account of the CFC Surplus Fund, to the extent funds are available therein, through the City's submission of disbursement requests to the Trustee on or before November 15 following the end of the applicable Fiscal Year in accordance with the terms of the Indenture, and (ii) if sufficient moneys are not available in the CFC Surplus Residual Account of the CFC Surplus Fund to pay such unpaid portion, are eligible to be paid in connection with the respective annual disbursement request submitted by the City to the Trustee for any subsequent Fiscal Year, in each case, subject in all respects to the priority for such disbursements set forth in paragraph (a) above.
  - (f) On or before the last day of each November, beginning November 2013, the City shall submit an annual disbursement request to the Trustee, in accordance with the terms of the Indenture, directing the Trustee to transfer, from the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund to the CFC Surplus Residual Account of the CFC Surplus Fund, the amount on deposit in the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund, as of November 15 of such year, that exceeds the amount specified in the disbursement request submitted by the City to the Trustee to be disbursed by the Trustee from the CFC Surplus Annual Disbursement Account of the CFC Surplus Fund for such year, if any. Concessionaire agrees that, in addition to the purposes of the CFC Surplus

Residual Account of the CFC Surplus Fund specified in paragraph (e) above, moneys credited to the CFC Surplus Residual Account of the CFC Surplus Fund may be used at the discretion of the City to (i) pay the principal of, redemption premium, if any, and any sinking fund requirement and interest on the Bonds on the payment date therefor, (ii) restore any deficiency in the Debt Service Fund, the Debt Service Reserve Fund, the Debt Service Coverage Fund or the Repair and Replacement Fund, (iii) purchase, defease, or retire Bonds; provided, that the Debt Service Reserve Fund and the Debt Service Coverage Fund are fully funded; (iv) make final payments for the retirement or defeasance of Bonds; (v) expand, repair or improve the Joint Use Facility or the CONRAC Site, and (vi) expand, repair or improve, or pay any other costs of, rental car facilities, including any costs associated with the relocation of rental car facilities.

- (g) If at any time the Master Lease is terminated and the City enters into leases or other agreements directly with the Concessionaires with respect to the use of the Subleased Premises, the City and the Concessionaires agree that (i) all payments or disbursements to be made from the CFC Surplus Fund to the Master Lessee pursuant to paragraphs (a)(iv) and (a)(v) above shall be made instead to each Concessionaire in its capacity as lessee in accordance with the terms of the lease between the City and the respective Concessionaire, and (ii) the transfers to be made from the CFC Surplus Fund to the RAC O&M and Rent Reserve Fund pursuant to paragraphs (a)(iv)(D) and (a)(v)(E) above shall be disregarded and of no force or effect.

#### Contingent Fee.

If, in any Concession Agreement Year, the projected amount collected through New Customer Facility Charges is expected to be insufficient to meet the applicable revenue covenants under the Indenture, the Concessionaire agrees to pay an additional fee at the times and in the same manner New Customer Facility Charge fees are to be paid as required by the terms of the Concession Agreement, in an amount determined by the City in its sole discretion (after allocating the amount of the additional fee among all Rental Car Concessionaires based upon their Pro Rata Share that shall be sufficient to provide funds in an amount at least equal to the difference between the projected New Customer Facility Charge collections for such year, and the amount necessary to meet the applicable covenants under the Indenture, which additional fee is the "Contingent Fee." In addition, if all or any part of the New Customer Facility Charge fee fails to survive a challenge in a court of competent jurisdiction, then the stricken portion(s) of the New Customer Facility Charge will be replaced, as appropriate, with a Contingent Fee in an amount determined by the City in its sole discretion that is at least equal to the amount that would otherwise be provided by the New Customer Facility Charge and sufficient to meet the applicable covenants under the Indenture. In the event all or any part of the New Customer Facility Charge fails to survive a challenge in a court of competent jurisdiction, all references to the New Customer Facility Charge in the Concession Agreement shall be interpreted to mean both the New Customer Facility Charge and the Contingent Fee, or the Contingent Fee, as applicable.

#### Security Deposit.

Upon the Opening Date, the Concessionaire shall deposit with the City the sum equal to three months' of Concession Fees and New Customer Facility Charges paid by Concessionaire to City under the Prior Concession Agreement, calculated based upon the three-month period next preceding the Opening Date, to be held by the City as security for Concessionaire's full, faithful, and timely performance of its obligations under the Concession Agreement (the "Security Deposit"). The Security Deposit shall be in the form of cash or an irrevocable letter of credit. The letter of credit must be in a form, and drawn on a bank, acceptable to the City, and must remain in effect throughout the term of the Concession Agreement and for a period of ninety (90) days thereafter. If a letter of credit expires in accordance with its terms prior to such time, the Concessionaire must provide a replacement letter of credit to the City at least thirty (30) days before its expiration date.

As the fees and charges adjust during the term of the Concession Agreement, the City shall periodically review the adequacy of the Security Deposit, and may, by written notice to the Concessionaire, increase the required amount of the Security Deposit. Such notice shall include a calculation of the revised Security Deposit, which shall not exceed three months' total estimated Concession Fees due and payable by the Concessionaire under the Concession Agreement. The Concessionaire shall within twenty (20) Business Days of receipt of such written notice from the City increasing the Security Deposit, deposit the additional amount with the City by cash, certified check, or supplemental letter of credit.

The City shall have the right, but not the obligation, to apply all or any part of the Security Deposit to cure any default of the Concessionaire under the Concession Agreement, including nonpayment of Concession Fees, New Customer Facility

Charges, or any other amounts due from the Concessionaire under the Concession Agreement. In such event, the Concessionaire must deposit with the City an amount equal to the amount so applied by the City within twenty (20) business days of written notice from the City of the nature and amount of the application.

Events of Default.

The term "Event of Default" shall mean the occurrence of any of the following events:

- (a) The vacating or abandonment of the portion of the CONRAC subleased by the Concessionaire pursuant to the Sublease Agreement for a period of forty-eight (48) consecutive hours;
- (b) The failure by the Concessionaire to enter into a valid and binding Sublease Agreement for space within the CONRAC on substantially the same terms as contained in the Master Lease pursuant to rules, regulations, procedures and requirements established by the City;
- (c) The failure by the Concessionaire to collect and remit the proceeds of the New Customer Facility Charge when due under the terms of the Concession Agreement;
- (d) The failure by the Concessionaire to make any payment of Concession Fees or other amount required by the New Concession Agreement or the Sublease Agreement when due (other than as provided in clause (c) above) and such failure continues for ten (10) days after a Notice of Default is deemed to be received by the Concessionaire;
- (e) The failure by the Concessionaire to observe or perform the covenants, conditions and agreements to be observed or performed by the Concessionaire with respect to insurance and indemnity as provided in the Concession Agreement and such failure continues for ten (10) days after a Notice of Default is deemed to be received by the Concessionaire;
- (f) The failure by the Concessionaire to observe or perform the covenants, conditions and agreements to be observed or performed by the Concessionaire with respect to environmental protection as provided in the Concession Agreement;
- (g) The failure by the Concessionaire to observe or perform any covenant, condition or agreement to be observed or performed by the Concessionaire in the Concession Agreement (except as otherwise provided in the Concession Agreement) and such failure continues for thirty (30) days after a Notice of Default is deemed to be received by the Concessionaire;
- (h) The discovery by the City that any financial or background statement provided to the City by the Concessionaire or any successor, grantee or assign of the Concessionaire was materially false;
- (i) The filing by or against the Concessionaire of a petition in bankruptcy, the Concessionaire's being adjudged bankrupt or insolvent by any court, a receiver of the property of the Concessionaire being appointed in any proceeding brought by or against the Concessionaire, the Concessionaire's making an assignment for the benefit of creditors or any proceeding being commenced to foreclose any mortgage or other lien on the Concessionaire's interest in the Leased Premises or on any personal property kept or maintained on the Subleased Premises by the Concessionaire;
- (j) The failure by the Concessionaire to abide by all applicable laws, ordinances, rules, and regulations of the United States, State of Texas, or the City, and if such failure should continue for a period of thirty (30) days after receipt by the Concessionaire of written notice of such failure; and
- (k) The occurrence of an "Event of Default" under Concessionaire's Sublease Agreement.

The failure of the Concessionaire to submit its annual audited statement within one hundred fifty (150) days after the end of the Concession Agreement Year shall be a material event of default under the terms of the Concession Agreement.



### Remedies.

In addition to, and not in lieu or to the exclusion of, any other remedies provided in the Concession Agreement or to any other remedies available to the City at law or in equity, the City shall have the following remedies upon the occurrence of an Event of Default under the Concession Agreement: the right to terminate the Concession Agreement and all of the Concessionaire's rights by giving at least ten (10) calendar days written notice to the Concessionaire; upon termination, the Sublease Agreement will also be in default and the Master Lessee may re-enter the Subleased Premises and remove all persons and property of the Concessionaire from the CONRAC; the City may, but is not obligated to, re-let the Leased Premises; and the City may pursue any other remedy which may be provided by law or in equity, whether or not stated in the Concession Agreement.

In addition to any Concession Termination Damages for which the Concessionaire is liable, the Concessionaire's liability for all Concession Fees and all other amounts otherwise payable by the Concessionaire under the Concession Agreement, or other charges which, but for termination of the Concession Agreement, would have become due over the remainder of the Concession Terms will not be extinguished and the Concessionaire agrees that the City will be entitled, upon termination for default, to collect additional damages, as described in the Concession Agreement.

In addition, the City may terminate the Concession Agreement upon the termination of the Master Lease or upon the termination of the Sublease Agreement, in each case, pursuant to an event described in the Master Lease and the Sublease Agreement, respectively. The Concession Agreement also contains terms which permit the Concessionaire to terminate the Concession Agreement upon the occurrence of certain events described therein.

### Insurance and Indemnification.

The Concession Agreement obligates the Concessionaire to obtain and keep in force, at its sole cost and expense, during the Concession Term various types of insurance, in the amounts specified and in the forms required, under the Concession Agreement, including the following: workers' compensation and employers liability insurance; commercial general liability insurance; and business automobile liability insurance. The Concessionaire and its subcontractors shall not commence operations until the required insurance and Certificates of Insurance are received and reviewed by the City indicating required coverage.

The Concessionaire agrees to defend, indemnify, and hold harmless the City and its elected and non-elected officials, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Parties") from and against all costs, expenses (including reasonable attorneys' fees, expenses of investigation and litigation, and court costs), liabilities, damages, claims, suits, judgments, actions and causes of actions whatsoever resulting from or concerning the Concession Agreement or the conduct of the Concessionaire's business at the Airport, to the extent arising directly or indirectly, out of (a) any breach of the Concession Agreement by the Concessionaire, its agents, employees or contractors, (b) any false representation or warranty made by the Concessionaire under the Concession Agreement, (c) any negligent act or omission or willful misconduct of the Concessionaire, or its agents, employees or contractors, and (d) to the extent covered by insurance required to be maintained by the Concessionaire under the Concession Agreement, any alleged, established, or admitted act or omission of the Indemnified Parties, including all claims caused by the negligence or strict liability of the Indemnified Parties, but, to the extent allowed by Texas law, excluding claims to the extent caused by the gross negligence or willful misconduct of the Indemnified Parties as determined by a court of competent jurisdiction, provided that the execution of the Concession Agreement will not be deemed a negligent act.

The Concessionaire's indemnification obligations to the City will survive the expiration or earlier termination of the Concession Term.

### ACDBE Participation.

The Concession Agreement is a revenue-producing contract awarded to the Concessionaire and will result in the provision of goods and services to passengers, patrons and tenants at the Airport. Federal law and regulations impose ACDBE goals upon the performance of the Concession Agreement by the Concessionaire, and the City encourages the Concessionaire voluntarily to strive to include significant involvement with ACDBE business enterprises in operations under the Concession Agreement. The City has established a ACDBE participation goal for the Concessionaires, as specified in the Concession Agreements.

### Additional Concession Agreement Provisions.

The Concession Agreement also contains provisions relating to (a) the ability of the Concessionaire to assign or sublease the Leased Premises, (b) standards of operation for the Concessionaire, (c) alternations or improvements to the Leased Premises by the Concessionaire, and (d) the liability of the Concessionaire for all taxes and assessments applicable to or resulting from the Concessionaire's operations.

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## **APPENDIX E**

### **SUMMARY OF CERTAIN PROVISIONS OF THE MASTER LEASE AND SUBLEASE AGREEMENTS**

The following is a summary of select provisions of the Master Lease and the Sublease Agreements. Proceeds from the sale of the Series 2013 Bonds were used to construct the Joint Use Facility, which became operational on [REDACTED], 2015. This summary is qualified by reference to the other portions of the Master Lease and the Sublease Agreements referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Master Lease and the Sublease Agreements in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Master Lease and the Sublease Agreements, copies of which may be obtained from the City's Financial Advisor. The Master Lease and the Sublease Agreements have not been amended or supplemented since their date of execution and delivery; however, they may be amended or supplemented in accordance with their respective terms.

#### **MASTER LEASE**

##### Nature of Master Lease.

The Master Lease provides for the lease by the City of the CONRAC Site to the Master Lessee for the purpose of exercising the exclusive right and obligation to develop and construct the Joint Use Facility by the Master Lessee to be paid from proceeds of the Bonds and other funds specified in the Indenture. From and after Substantial Completion and continuing through the Lease Term, the Master Lease provides for the lease by the City of the CONRAC to the Master Lessee for the purpose of the operation and management of the CONRAC to carry out the exclusive right and obligation to house customer service and quick turnaround operations including ready return stalls and the storage of vehicles through Sublease Agreements with the Concessionaires that are parties to the Sublease Agreements and that are thereby required to occupy, use and operate the Subleased Premises in the CONRAC under the Sublease Agreements.

##### Ownership and Title to CONRAC Site and Joint Use Facility.

At all times during the Lease Term including the construction of the Joint Use Facility, the City shall own and retain fee title to the CONRAC Site and the Joint Use Facility. Commencing on Substantial Completion and continuing through the Lease Term, the Leased Premises will consist of: (a) the CONRAC; (b) a non-exclusive appurtenant road located south of surface Parking Lots B and C and north of Parking Lot A necessary for vehicular ingress and egress to and from the CONRAC; (c) a non-exclusive walkway over and across the existing Terminal parking garage located south of the CONRAC running from the Terminal to the CONRAC necessary for pedestrian access to and from the CONRAC; and (d) a non-exclusive right of access with the City's prior approval to an area located immediately adjacent to the outside walls of the Joint Use Facility and extending fifteen (15) feet therefrom solely for the purpose of performing the Master Lessee's maintenance obligations under the Master Lease.

##### Construction.

Before the Master Lessee undertakes, causes or permits any clearing, excavation, filling, demolition, construction, improvement or other work on the CONRAC Site or delivery of materials or equipment to the CONRAC Site, the Master Lessee shall: (a) enter into the Development Agreement with the Developer; (b) enter into or cause the Developer to enter into the Construction Contract; (c) obtain City Site Development and Building Permits required for the scope of work to be undertaken; and (d) otherwise comply with the requirements of City Codes and Standards and the Master Lease, including requirements for the submission and approval of the plans and specifications of the Joint Use Facility.

Prior to the Commencement of Construction, the Master Lessee shall cause the Design-Builder to secure Payment and Performance Bonds in the minimum of 100% of the lump sum price specified in the Construction Contract and naming the City and the Trustee as additional obligees.

The Master Lessee shall construct, equip and install, or cause to be constructed, equipped and installed, the Joint Use Facility on the CONRAC Site in accordance with the plans and specifications, schedule and budget approved by the City, the City Codes and Standards, the City Building Permit Requirements, the Master Lease, the Development Agreement and the Construction Contract, free and clear of all liens and encumbrances, at no cost to the City.

If the Master Lessee fails to complete the construction of the Joint Use Facility by the Deadline for Substantial Completion, or to submit documentation that the construction has been completed as required by the Master Lease, the City may, in

addition to the exercise of its remedies as provided in the Master Lease or remedies otherwise available to the City at law or in equity, draw upon the Security or other security posted by the Master Lessee, execute the forfeiture of the payment and performance bonds, pursue specific performance of the Master Lessee's obligations under the Master Lease, and/or terminate the Master Lease.

#### Rentals.

Commencing on the Opening Date, the Master Lessee shall pay to the City the Base Rent for the CONRAC for each Lease Agreement Year or portion thereof during the Lease Term. For the Lease Agreement Year commencing on the Opening Date and continuing for the next successive four (4) Lease Agreement Years, the Base Rent shall be \$900,000 per Lease Agreement Year. The Base Rent shall be adjusted on the fifth (5th) anniversary of the Opening Date and on each successive fifth (5th) anniversary of the Opening Date during the Lease Term to reflect any increase in the Consumer Price Index.

The Base Rent due for a Lease Agreement Year shall be paid to the City in advance in monthly installments on the first (1st) day of each and every month during the Lease Term, without any prior demand, and without any abatement, deduction or set-off except as permitted under the terms of the Master Lease.

#### Sublease Agreements.

Throughout the Lease Term, the Master Lessee shall enter into a Sublease Agreement with each Concessionaire contemporaneously with the execution of a Concession Agreement between the City and the applicable Concessionaire in the form approved by the City in writing. The Master Lessee may not refuse to enter into a Sublease Agreement with any Concessionaire which is a party to a Concession Agreement in good standing with the City. No subleasing other than to a Concessionaire not in default under the Concessionaire's Concession Agreement is permitted. The Master Lessee may not terminate a Concessionaire's Sublease Agreement while the Concessionaire's Concession Agreement remains in effect without the prior written consent of the City.

Each Sublease Agreement shall terminate on the earlier of: (a) the same date that the corresponding Concession Agreement expires or terminates; (b) the date the Master Lease terminates unless the City affirms the same as a direct lease in accordance with the terms of the Master Lease; or (c) the date the Sublease Agreement is terminated pursuant to any other provision of the Sublease Agreement. The Master Lessee shall take action to evict any Concessionaire that fails to vacate the Subleased Premises promptly after its Sublease Agreement expires, terminates or is canceled.

A portion of the CONRAC is specifically designated to provide lease space for up to two (2) New Entrants. Any and all New Entrants added during a particular ten (10) year Lease Term shall share the New Entrant space through the end of that ten (10) year Lease Term, regardless of the number of years remaining in that period of the Lease Term.

If a Concessionaire fails to pay its Contingent Fees, the City shall take action under the Concession Agreement to enforce the obligation to collect and remit the Contingent Fees, and the Concessionaire shall be in default of its Sublease Agreement. If the City notifies and documents to the Master Lessee in writing that a Concessionaire has failed to pay its Contingent Fees, the Master Lessee shall likewise enforce the Sublease Agreement, including termination of the Concessionaire's Sublease Agreement if not cured.

#### Operations and Management.

At all times during the Lease Term, the Master Lessee shall retain a qualified and experienced Facility Manager through a Facility Management Agreement in a form approved by the City in writing, to manage the daily operations of the Leased Premises and shall cause the Facility Manager: (a) to manage the daily operations of the Leased Premises in accordance with City Codes and Standards, the Legal Requirements, the Master Lease and the Facility Management Agreement; (b) to employ and retain a sufficient number of qualified personnel to fulfill its obligations under the Facility Management Agreement; (c) to operate, repair and maintain the Leased Premises including the Fuel Facilities and QTA Facility; and (d) to be the point of contact for City for all matters concerning the Leased Premises, assure that a qualified person is available twenty-four (24) hours a day for such purposes and provide to City written notice on the first (1st) day of each month the names and contact information of such persons.

The Master Lessee through the Facility Manager shall be entirely responsible (a) for the proper operation, maintenance, repair and use of the Fuel Facilities and the payment of all costs and expenses incurred in connection with the operation,

maintenance, repair and use of the Fuel Facilities, and (b) for any spill response, the immediate or other removal, investigation, remediation, restoration and other corrective actions, or site closure associated with a Release of any Hazardous Material from the Fuel Facilities. Immediately upon becoming aware that a Release of any Hazardous Material from the Fuel Facilities has occurred, the Master Lessee shall advise the Facility Manager and the City of such Release in accordance with the City's Spill Response Plan and with Applicable Laws. In addition, immediately upon becoming aware that a Release of any Hazardous Material from the Fuel Facilities has occurred, the Facility Manager shall advise the Master Lessee and the City of such Release in accordance with the City's Spill Response Plan and with Applicable Laws. The City shall have no liability for, or responsibility for the payment of, any costs, expenses or liabilities incurred in connection with the operation, maintenance, repair and use of the Fuel Facilities or any fees, costs, expenses or reimbursements due to the Facility Manager.

#### Damage and Destruction; Condemnation.

In the event that the Leased Premises or the portion of the Airport of which the Leased Premises are a part are completely destroyed by fire or other casualty, or damaged to such an extent that the damage cannot be repaired within thirty (30) days of the occurrence, the City shall have the option to terminate the Master Lease by notice to the Master Lessee within thirty (30) days after the occurrence of any such damage, and such termination shall be effective as of any date not more than sixty (60) days after the occurrence. If the City shall elect to continue the Master Lease in effect, the Master Lessee shall commence and prosecute with due diligence any work necessary to restore or repair the Leased Premises with costs of the work to be provided by insurance proceeds received by either the Master Lessee or the City in connection with the loss or damage, together with funds in the Repair and Replacement Fund and the CFC Surplus Fund. If the City fails to notify the Master Lessee of its election to terminate the Master Lease, the City shall be deemed to have elected to continue the Master Lease and the Master Lessee shall commence and prosecute with due diligence any work necessary to restore or repair the Leased Premises.

If at any time during the Lease Term the entire Leased Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain, the Master Lease shall terminate on the date of such taking. If less than all of the Leased Premises shall be so taken and in the Master Lessee's reasonable opinion the remaining portion of the Leased Premises is insufficient for the conduct of the Master Lessee's business, the Master Lessee may terminate the Master Lease by delivering written notice to the City within sixty (60) days after the date the Master Lessee received notice of the taking. If the Master Lessee exercises its option to terminate, the Master Lease shall end on the date specified in the Master Lessee's notice and the Rent shall be apportioned and paid to the date of such taking.

#### Events of Default.

The term "Event of Default" shall mean the occurrence of any of the following events:

- (a) The occurrence of the discovery by the City that any financial or background statement provided to the City by the Master Lessee or any successor, grantee or assign of the Master Lessee was materially false;
- (b) The occurrence of the Master Lessee vacating or abandoning the Leased Premises for a period of forty-eight (48) consecutive hours, the failure by the Master Lessee to make any payment of Rent or other amounts required by the Master Lease when due, or the occurrence of the failure of the Master Lessee to provide insurance or indemnity under the terms of the Master Lease, and the continuation of such failure for a period of ten (10) days after a Notice of Default is deemed received by the Master Lessee in accordance with the terms of the Master Lease;
- (c) The occurrence of events, other than those described in clauses (a) and (b) above, that results in a violation of covenants and that continues for a period of thirty (30) days after a Notice of Default is deemed received by the Master Lessee in accordance with the terms of the Master Lease, or if such failure cannot be reasonably cured within such thirty (30) day period, the Master Lessee fails to commence to cure such failure within such thirty (30) day period and/or thereafter fails to prosecute such cure diligently and continuously to completion within sixty (60) days the Notice of Default is deemed to be received by the Master Lessee in accordance with the terms of the Master Lease; or
- (d) The City delivers a Notice of Default to the Master Lessee regarding an event of default relating to the failure by the Master Lessee to make any payment of Rent or other amounts required by the Master Lease when due, the failure by the Master Lessee to provide insurance or indemnity under the terms of the Master Lease, or the failure of the Master Lessee to perform the covenants, conditions and agreements to be observed or performed by the Master Lessee relating to environmental laws and other environmental obligations on more than two (2) occasions during any Lease Agreement

Year, the subsequent breach of the same term, provision or covenant shall, at the City's option, be an incurable Event of Default.

#### Remedies.

In addition to, and not in lieu or to the exclusion of, any other remedies provided in the Master Lease or to any other remedies available to the City at law or in equity, the City shall have the following remedies upon the occurrence of an Event of Default: the right to terminate the Master Lease and all of the Master Lessee's rights by giving at least ten (10) days written notice to the Master Lessee; upon termination, the City may re-enter the Leased Premises and remove all persons and property of the Master Lessee from the Leased Premises; the City may, but is not obligated to, re-let the Leased Premises; and the City may pursue any other remedy which may be provided by law or in equity, whether stated in the Master Lease. In the event that the Master Lease is terminated as a result of an Event of Default, the City, at its option, may terminate any of the Sublease Agreements or affirm the same as a direct lease between the City and the applicable Concessionaires except, as otherwise provided in the Master Lease.

In addition to any Termination Damages for which the Master Lessee is liable, the Master Lessee's liability for all Rent and all other amounts otherwise payable by the Master Lessee under the Master Lease, or other charges which, but for termination of the Master Lease, would have become due over the remainder of the Lease Term will not be extinguished and the Master Lessee agrees that the City will be entitled, upon termination for default, to collect additional damages, as described in the Master Lease.

#### Master Lessee's Right to Terminate.

In addition to any other termination option expressly provided to Master Lessee in the Master Lease, Master Lessee may terminate the Master Lease upon not less than six (6) months written notice to the City when the Market Share serving Airport Customers by off-Airport Concessionaires exceeds the Market Share of Concessionaires with Sublease Agreements at the CONRAC. In the event of Master Lessee's termination of the Master Lease pursuant to the terms of this paragraph, the City, in its sole and absolute discretion, may terminate or direct the Master Lessee to terminate any or all of the Sublease Agreements or subject to the terms of the Master Lease, affirm any or all as direct leases between the City and the applicable RAC.

#### Insurance and Indemnification.

The Master Lease obligates the Master Lessee to obtain and keep in force, at its sole cost and expense, during the Lease Term various types of insurance, in the amounts specified and in the forms required, under the Master Lease, including the following: workers' compensation and employers liability insurance; commercial general liability insurance; business automobile liability insurance and all risk property insurance. The Master Lessee and its subcontractors shall not commence operations until the required insurance and Certificates of Insurance are received and reviewed by the City indicating required coverage.

The Master Lessee agrees to defend, fully indemnify, and hold harmless the City and its elected and non-elected officials, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Parties") from and against all costs, expenses (including reasonable attorneys' fees, expenses of investigation and litigation, and court costs), liabilities, damages, claims, suits, judgments, actions and causes of actions whatsoever resulting from or concerning the Master Lease or the conduct of the Master Lessee's business at the Airport, to the extent arising directly or indirectly, out of (a) any breach of the Master Lease by the Master Lessee, its agents, employees or contractors, (b) any false representation or warranty made by the Master Lessee under the Master Lease, (c) any negligent act or omission or willful misconduct of the Master Lessee, and (d) the negligent acts and omissions, whether alleged, established or admitted, of the Indemnified Parties subject to certain limitations set forth in the Master Lease.

The Master Lessee's indemnification obligations to the City will survive the expiration or earlier termination of the Lease Term.

#### ACDBE Participation.

Except as otherwise determined by the FAA, the Master Lease is a revenue-producing contract awarded to the Master Lessee and will result in the provision of goods and services to passengers, patrons and tenants at the Airport. Federal law and regulations impose ACDBE goals upon the performance of the Master Lease by the Master Lessee, and the City

encourages the Master Lessee voluntarily to strive to include significant involvement with ACDBE business enterprises under the Master Lease. The City has established an ACDBE participation goal for the Master Lease as specified in the Master Lease.

## **SUBLEASE AGREEMENTS**

### **Rent and Other Financial Obligations.**

The Concessionaire shall, commencing on the Opening Date, pay to the Master Lessee, or to the Facility Manager as the Master Lessee may direct, its Pro Rata Share of Base Rent for each Sublease Agreement Year or portion thereof during the Sublease Term. The Pro Rata Share of Base Rent due for a Sublease Agreement Year shall be paid to the Master Lessee in equal monthly installments in advance on the first (1st) day of each and every month during the Sublease Term, without any prior demand, and without any abatement, deduction or set-off whatsoever.

Prior to the Substantial Occupancy Date and prior to the commencement of each Sublease Agreement Year thereafter, and at any other time the Master Lessee deems adjustment to be necessary, the Facility Manager shall submit to the Master Lessee and each Concessionaire an itemized Budget detailing expected O&M Costs, including a reasonable contingency, for the coming Sublease Agreement Year and projected O&M Costs for the next five (5) Sublease Agreement Years. Each Concessionaire shall, commencing on the Substantial Occupancy Date and continuing thereafter through the Sublease Term, pay to the Facility Manager one-twelfth (1/12) thereof (or for the first Sublease Agreement Year, an equal monthly amount) monthly in advance on the first (1st) day of each and every month during the Sublease Term, at such place as the Facility Manager may designate, without any prior demand, and without any abatement, deduction or set-off whatsoever. Within one hundred twenty (120) days after the end of each Sublease Agreement Year, the Facility Manager shall provide to each Concessionaire an O&M Reconciliation Report showing the total actual O&M Costs for the prior Sublease Agreement Year (or for the first Sublease Agreement Year, from the Substantial Occupancy Date to the end of the first Sublease Agreement Year), the Concessionaire's Pro Rata Share thereof for such Sublease Agreement Year, the O&M Reserve Requirement required for the then-current Sublease Agreement Year in which such O&M Reconciliation Report is issued, and the then-current balance of the O&M Reserve Requirement.

Prior to the Substantial Occupancy Date and continuing thereafter throughout the Sublease Term, the Concessionaire shall cause the O&M Reserve Requirement to be maintained with the Master Lessee, and the Master Lessee shall be entitled to use the O&M Reserve Requirement for the payment of the Concessionaire's Pro Rata Share of O&M Costs during an Sublease Agreement Year to the extent that the Concessionaire's monthly payments of its Pro Rata Share of estimated O&M Costs are less than the amount required during such Sublease Agreement Year. Together with the payment of the Concessionaire's Pro Rata Share of O&M Costs that is due on the Substantial Occupancy Date, the Concessionaire shall deposit with the Master Lessee the O&M Reserve Requirement in the required amount for the first Sublease Agreement Year.

### **Security.**

Each Concessionaire shall, on or before the Substantial Occupancy Date, obtain and deliver to the Master Lessee cash in the amount equal Concessionaire's Pro Rata Share (determined as of the Substantial Occupancy Date) of the Security Amount, and subject to adjustment each Mater Lease Agreement Year.

### **Use of Subleased Premises.**

Subject to and in accordance with all present and future Legal Requirements and City Codes and Standards, the Concessionaire shall use the Subleased Premises solely for the purpose of operating a non-exclusive Rental Car Concession and for no other purpose or use unless the Concessionaire obtains the prior written consent of the Master Lessee and the City. The City may grant or withhold its consent in its sole and absolute discretion. The Concessionaire shall not, under any circumstances, use the Subleased Premises for performing vehicle maintenance or repair, excepting only car washing, cleaning and refueling, changing light bulbs, fuses, wiper blades, changing or repairing leaking or flat tires and similarly quick turn-around activities in the QTA Space.

### **Surrender and Holding Over.**

Upon expiration or earlier termination of the Sublease Term, the Concessionaire shall promptly quit and surrender the Subleased Premises in good condition and repair, normal wear and tear excepted, and deliver to the Master Lessee all keys

that it may have to any part of the Subleased Premises.

Any holding over with the consent of the Master Lessee after expiration or earlier termination of the Sublease Term shall be construed to be a tenancy from month-to-month upon the same terms and conditions provided in the Sublease Agreement. Any holding over without the consent of the Master Lessee after expiration or earlier termination of the Sublease Term shall be construed to be tenancy at sufferance upon the same terms and conditions provided in the Sublease Agreement, except that the Pro Rata Share of Base Rent shall be due and payable to the Master Lessee on the first (1st) day of each month that the Concessionaire holds over in the amount of one-twelfth (1/12th) of the Pro Rata Share of Base Rent and of O&M Costs due during the Sublease Agreement Year immediately prior to the expiration, cancellation, or termination of the Sublease Term.

#### Events of Default.

The term "Event of Default" shall mean the occurrence of any of the following events:

- (a) The occurrence of the discovery by the Master Lessee or the City that any financial or background statement provided to the Master Lessee or the City by the Concessionaire or any successor, grantee or assign of the Concessionaire was materially false;
- (b) The Concessionaire vacating or abandoning the Subleased Premises for a period of forty-eight (48) consecutive hours, the failure by the Concessionaire to enter a Concession Agreement, the occurrence of an Event of Default under the Concession Agreement or the failure of the Concessionaire to observe and perform the covenants, conditions and agreements under the Concession Agreement, the occurrence of the failure by the Concessionaire to make any payment of the Pro Rata Share of Base Rent, the Pro Rata Share of O&M Costs or other amounts required by the Sublease Agreement when due, or the occurrence of the Concessionaire to provide insurance or indemnity under the terms of the Sublease Agreement, and the continuation of such failure for a period of ten (10) days after a Notice of Default is deemed received by the Concessionaire in accordance with the terms of the Sublease Agreement;
- (c) The occurrence of events other than those described in clauses (a) and (b) above, that results in a violation of covenants and that continues for a period of thirty (30) days after a Notice of Default is deemed received by the Concessionaire in accordance with the terms of the Sublease Agreement, or if such failure cannot be reasonably cured within such thirty (30) day period, the Concessionaire fails to commence to cure such failure within such thirty (30) day period and/or thereafter fails to prosecute such cure diligently and continuously to completion within sixty (60) days the Notice of Default is deemed to be received by the Concessionaire in accordance with the terms of the Sublease Agreement; or
- (d) The Master Lessee delivers a Notice of Default to the Concessionaire regarding any of the events of default on more than two (2) occasions during any Sublease Agreement Year, the subsequent breach of the same term, provision or covenant shall, at the Master Lessee's option with the approval of the City, be an incurable Event of Default. The occurrence of an event of default described in clause (a) above shall, at the Master Lessee's option with the approval of the City, be an incurable Event of Default.

#### Remedies.

In addition to, and not in lieu or to the exclusion of, any other remedies provided in the Sublease Agreement or to any other remedies available to the Master Lessee at law or in equity, the Master Lessee shall have the following remedies upon the occurrence of an Event of Default, provided that the Master Lessee first provides the City ten (10) days prior written notice to pursue any such remedies: the right to terminate the Sublease Agreement and all of the Concessionaire's rights by giving at least ten (10) days written notice to the Concessionaire; upon termination, the Master Lessee may re-enter the Subleased Premises and remove all persons and property of the Concessionaire from the Subleased Premises; the Master Lessee shall re-let the Subleased Premises in accordance with the terms of the Master Lease; and the Master Lessee may pursue any other remedy which may be provided by law or in equity, whether stated in the Sublease Agreement. In the event that the Master Lease is terminated as a result of an Event of Default, the City, at its option, may terminate any of the Sublease Agreements or affirm the same as a direct lease between the City and the applicable Concessionaires except as otherwise provided in the Master Lease.

In addition to any Termination Damages for which the Concessionaire is liable, the Concessionaire's liability for all unpaid Pro Rata Share of Base Rent and O&M Costs and all other amounts otherwise payable by the Concessionaire under the



Sublease Agreement, or other charges which, but for termination of the Sublease Agreement, would have become due over the remainder of the Sublease Term will not be extinguished and the Concessionaire agrees that the Master Lessee will be entitled, upon termination for default, to collect additional damages, as described in the Sublease Agreement.

#### Insurance and Indemnification.

A Sublease Agreement obligates the Concessionaire to obtain and keep in force, at its sole cost and expense, during the Sublease Term various types of insurance, in the amounts specified and in the forms required, under the Sublease Agreement, including the following: workers' compensation and employers liability insurance; commercial general liability insurance; business automobile liability insurance and all risks property insurance. The Concessionaire and its subcontractors shall not commence operations until the required insurance and Certificates of Insurance are received and reviewed by the City and Master Lessee indicating required coverage.

The Concessionaire agrees to defend, fully indemnify, and hold harmless the City and its elected and non-elected officials, employees, agents, representatives, successors and assigns and Master Lessee and its employees, agents, representatives and assigns (collectively, the "Indemnified Parties") from and against all costs, expenses (including reasonable attorneys' fees, expenses of investigation and litigation, and court costs), liabilities, damages, claims, suits, judgments, actions and causes of actions whatsoever resulting from or concerning the Sublease Agreement or the conduct of the Concessionaire's business at the Airport, to the extent arising directly or indirectly, out of (a) any breach of the Sublease Agreement by the Concessionaire, its agents, employees or contractors, (b) any false representation or warranty made by the Concessionaire under the Sublease Agreement, (c) any negligent act or omission or willful misconduct of the Concessionaire, and (d) the negligent acts and omissions, whether alleged, established or admitted, of the Indemnified Parties.

The Concessionaire's indemnification obligations to the City will survive the expiration or earlier termination of the Sublease Term. The Sublease Agreements also obligate the Master Lessee to indemnify the Concessionaires on the terms specified therein.

#### ACDBE Participation.

The Concessionaire shall comply with all requirements of the City's ACDBE Program strictly in accordance with the terms of the Concession Agreement.

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## APPENDIX F

### FORM OF BOND COUNSEL'S OPINION

*An opinion in substantially the following form will be delivered by  
McCall, Parkhurst & Horton L.L.P., Bond Counsel,  
upon the delivery of the Bonds,  
assuming no material changes in facts or law.*

WE HAVE REPRESENTED THE CITY OF AUSTIN, TEXAS (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

CITY OF AUSTIN, TEXAS, RENTAL CAR SPECIAL FACILITY REVENUE  
REFUNDING BONDS, TAXABLE SERIES 2021, in the aggregate principal amount of  
\$\_\_\_\_\_.

The Bonds mature, bear interest, are subject to redemption prior to maturity, and may be transferred and exchanged as set out in the Bonds and in that certain Trust Indenture, dated as of February 1, 2021 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

THE BONDS ARE BEING ISSUED pursuant to an ordinance adopted by the Issuer on January 28, 2021 (the "Bond Ordinance") and the Indenture. The Bonds are being issued for the purpose of providing funds to (i) refund all of the outstanding City of Austin, Texas Rental Car Special Facility Revenue Bonds, Taxable Series 2021; (ii) to make a deposit to reserve funds created under the Indenture; and (iii) to pay certain costs of issuance for the Bonds.

THE INDENTURE PERMITS the issuance of Additional Bonds and Completion Bonds, subject to the restrictions contained in the Indenture, secured by liens on the Trust Estate that are on a parity with the lien securing the Bonds.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Bonds, including certified copies of certain proceedings of the Issuer, and customary certificates, opinions and other documents executed by officers, agents and representatives of the Issuer, the Trustee and others. We have also examined executed Bond No. T-1.

FOR PURPOSES OF THIS OPINION, we have assumed without independent verification (i) the genuineness of certificates, records and other documents (collectively, "documents") and the accuracy and completeness of the statements of fact contained therein; (ii) the due authorization, execution and delivery of the documents described above by the parties thereto other than the Issuer; (iii) that all documents submitted to us as originals are accurate and complete; and (iv) that all documents submitted to us as copies are true and correct copies of the originals thereof.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

1. The Issuer is a validly existing home-rule city under the constitution and laws of the State of Texas, and has the right and power to authorize, execute and deliver the Indenture.

The Issuer has duly and lawfully authorized, executed and delivered the Indenture. The Indenture is in full force and effect, is valid and binding upon the Issuer, and no other official action by the Issuer for the authorization, execution and delivery of the Indenture is required. Pursuant to the Indenture, all of the Issuer's right, title and interest in and to the Trust Estate, subject to the application thereof to the purposes and on the conditions permitted in the Indenture, have been validly and effectively assigned and, upon receipt thereof by the Trustee, pledged as security for the payment of the principal of, redemption price of and interest on the Bonds.

2. The Issuer has duly and validly authorized the issuance, execution and delivery of the Bonds in accordance with the Indenture. The Bonds constitute legal, valid and binding special limited obligations of the Issuer as provided in the Indenture and are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Indenture.

3. The Bonds constitute special limited obligations of the Issuer and are payable from and secured solely by a first lien on, pledge of and security interest in the Trust Estate and not from any other revenues, funds or assets of the Issuer. None of the State of Texas nor any other agency or political subdivision of the State of Texas, other than the Issuer, is obligated to pay the principal of or interest on the Bonds. The Bonds are payable solely from the Trust Estate.

THE ENFORCEABILITY OF CERTAIN PROVISIONS OF THE BONDS, the Bond Ordinance and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, the availability of equitable remedies under the Bonds, the Bond Ordinance and the Indenture may be limited by general principles of equity that permit the exercise of judicial discretion. The Bonds are payable solely from and are secured solely by a lien on and pledge of the Trust Estate and do not constitute a general obligation indebtedness of the Issuer. Owners of the Bonds shall never have the right to demand payment of the principal of or interest on the Bonds out of any funds raised or to be raised by taxation or out of the general revenues of the Airport System or the Issuer, or out of the revenues pledged to payment of the Issuer's Revenue Bonds.

IN PROVIDING THE OPINIONS SET FORTH ABOVE, we have relied on representations of the Issuer with respect to matters solely within the knowledge of the Issuer, which we have not independently verified.

THE BONDS ARE NOT obligations described in section 103 of the Internal Revenue Code of 1986.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

THE OPINIONS SET FORTH ABOVE are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the availability and sufficiency of the Revenues or the Trust Estate. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,