



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

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

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

## 53 ***ARTICLE TWO***

### 54 ***DEFINITIONS***

55  
56 Section 2.01 **DEFINITIONS.** Unless otherwise expressly provided or unless the  
57 context otherwise requires, the terms defined in this Section for all purposes of this  
58 Ordinance, and any ordinance amending or supplementing this Ordinance, have the  
59 meanings stated below:

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

62 “Administrative Expense Fund” means the fund by that name established in Section  
63 5.04(d) of this Ordinance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

180 the regulations promulgated under the Code, exceed the least of: (a) 10% of the stated  
181 principal amount of each issue of which the Revenue Bonds or Additional Revenue Bonds  
182 are a part; (b) the maximum annual principal and interest requirements of the issue; or (c)  
183 125% of the average annual principal and interest requirements of the issue, unless there is  
184 received an opinion of nationally recognized bond counsel to the effect that the additional  
185 amount will not cause the Revenue Bonds and any Additional Revenue Bonds to be  
186 “arbitrage bonds” within the meaning of section 148 of the Code and the related regulations  
187 promulgated from time to time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

308 “MSRB” means the Municipal Securities Rulemaking Board.

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

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

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

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

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

333 (a) any allowance for depreciation;

334 (b) costs of capital improvements;

335 (c) reserves for major capital improvements, Airport System operations,  
336 maintenance or repair;

337 (d) any allowance for redemption of, or payment of interest or premium on,  
338 Revenue Bonds and Subordinate Obligations;

339 (e) any liabilities incurred in acquiring or improving properties of the Airport  
340 System;

341 (f) expenses of lessees under Special Facilities Leases and operation and  
342 maintenance expenses pertaining to Special Facilities to the extent they are required to be  
343 paid by such lessees pursuant to the terms of the Special Facilities Leases;

344 (g) any charges or obligations incurred in connection with any lawful Airport  
345 System purpose, including the lease, acquisition, operation or maintenance of any facility  
346 or property benefiting the Airport System, provided that the payment of such charges or  
347 obligations is expressly agreed by the payee to be payable solely from proceeds of the  
348 Capital Fund;

349 (h) liabilities based upon the City's negligence or other ground not based on  
350 contract; and

351 (i) so long as Federal Payments are excluded from Gross Revenues, an amount  
352 of expenses that would otherwise constitute Operation and Maintenance Expenses for such  
353 period equal to the Federal Payments for such period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

472 “Revenue Bond Ordinances” means the Series 2013 Bond Ordinance, the Series  
473 2014 Bond Ordinance, the Series 2017A Bond Ordinance, the Series 2017B Bond  
474 Ordinance, the Series 2019 Bond Ordinance, the Series 2019A Bond Ordinance, the Series  
475 2019B Bond Ordinance, this Ordinance and any ordinances pursuant to which Additional  
476 Revenue Bonds are issued.

477 “Revenue Bonds” means the Currently Outstanding Revenue Bonds, the Bonds, and  
478 each series of bonds, notes or other obligations, other than Credit Agreement Obligations,  
479 which the City has reserved the right to issue or incur from time to time pursuant to Section  
480 6.01, payable from and secured by a first lien on and pledge of Net Revenues.

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

482 “Rule” means SEC Rule 15c2-12.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

605 **ARTICLE THREE**

606 **TERMS OF THE BONDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

838 ***ARTICLE FIVE***

839 ***SECURITY AND SOURCE OF PAYMENT***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1026 any Debt Service Reserve Fund Surety Bond repayment obligations arise, monthly  
1027 transfers to the Debt Service Reserve Fund shall be resumed and continued in amounts  
1028 required to restore the Debt Service Reserve Fund to this amount and to pay reimbursement  
1029 obligations within an 18 month period.

1030 (c) The City shall use the Debt Service Reserve Fund to pay Debt Service on the  
1031 Revenue Bonds and the Credit Agreement Obligations at any time the amount available in  
1032 the Debt Service Fund is insufficient for this purpose, and to make any payments required  
1033 to satisfy repayment obligations to issuers of Debt Service Reserve Fund Surety Bonds.  
1034 The City may use the Debt Service Reserve Fund to make the final payments for the  
1035 retirement or defeasance of Revenue Bonds, related Credit Agreement Obligations, and  
1036 Administrative Expenses.

1037 **Section 5.08 FUNDS AND ACCOUNTS FOR SUBORDINATE**  
1038 **OBLIGATIONS.** On or before the last Business Day of each month, after making all  
1039 required transfers to the Debt Service Fund, the Debt Service Reserve Fund and the  
1040 Administrative Expense Fund the City shall transfer into the funds and accounts as the City  
1041 may establish pursuant to an ordinance authorizing the issuance or incurrence of  
1042 Subordinate Obligations, the amounts required pursuant to the ordinance authorizing the  
1043 issuance or incurrence of Subordinate Obligations to provide for the payment, or to provide  
1044 reserves for the payment, of the Subordinate Obligations.

1045 **Section 5.09 ADMINISTRATIVE EXPENSE FUND.** On or before the last  
1046 Business Day of each month, after making all required transfers to the Debt Service Fund,  
1047 the City shall transfer to the Administrative Expense Fund an amount equal to the  
1048 Administrative Expenses expected to be paid to the Persons entitled to payment in the next  
1049 succeeding month. Amounts on deposit in the Administrative Expense Fund shall be  
1050 applied solely to the payment of Administrative Expenses.

1051 **Section 5.10 GENERAL OBLIGATION AIRPORT BONDS.** On or before the  
1052 last Business Day of each month, so long as any General Obligation Airport Bond remains  
1053 outstanding, after making all required transfers to the Debt Service Fund, the Debt Service  
1054 Reserve Fund, the Administrative Expense Fund and any other fund and account  
1055 established by ordinance authorizing the issuance of Revenue Bonds and Subordinate  
1056 Obligations, the City shall transfer from the Revenue Fund, to the extent there are funds  
1057 available, the amounts necessary to provide for the payment, when due, of principal of and  
1058 interest on General Obligation Airport Bonds.

1059 **Section 5.11 OPERATION AND MAINTENANCE RESERVE FUND.** The  
1060 City shall fund and maintain a balance of money and investments in the Operation and  
1061 Maintenance Reserve Fund at least equal to two months current Operation and  
1062 Maintenance Expenses, which amount shall annually be re-determined by the Aviation  
1063 Director at the time the recommended budget for the Airport System is submitted pursuant  
1064 to Section 5.02 of this Ordinance, based upon either the Aviation Director's recommended

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

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

1107 of Subordinate Obligations and General Obligation Airport Bonds to the extent of any  
1108 deficiency.

1109           Section 5.13 **CAPITAL FUND.** After the City makes all payments and transfers  
1110 required by this Ordinance, at least annually it shall also transfer all amounts remaining in  
1111 the Revenue Fund to the Capital Fund; provided, however, that no transfers shall be made  
1112 to the Capital Fund unless the Debt Service Reserve Fund contains the Debt Service  
1113 Reserve Fund Requirement and all Administrative Expenses have been paid. Amounts  
1114 credited to the Capital Improvement Account may be used only for lawful purposes relating  
1115 to the Airport System, including without limitation, to pay for any capital expenditures or  
1116 to pay costs of replacing any depreciable property or equipment of the Airport System, to  
1117 make any major or extraordinary repairs, replacements or renewals of the Airport System,  
1118 to acquire land or any interest in such land, to pay costs necessary or incident to the closing  
1119 or disposition of any facility of the Airport System and, at the City's discretion, to be  
1120 designated as Other Available Funds to be transferred to the Revenue Fund.

1121           Section 5.14 **DEFICIENCIES IN FUNDS OR ACCOUNTS.** If in any month  
1122 the City does not transfer into any Fund or Account maintained pursuant to Sections 5.06  
1123 through 5.12, inclusive, the full amounts required by this Ordinance, the City shall set apart  
1124 amounts equivalent to the deficiency and shall transfer those amounts to the deficient Fund  
1125 or Account from the first available and unallocated moneys in the Revenue Fund, and this  
1126 transfer shall be in addition to the amounts otherwise required to be transferred to the Fund  
1127 or Account during any succeeding month or months.

1128           Section 5.15 **CONSTRUCTION FUND.** (a) From the proceeds of each series of  
1129 Revenue Bonds (other than the proceeds of Refunding Revenue Bonds) there shall be  
1130 deposited into the Capitalized Interest Account (if any) established in the Construction  
1131 Fund for that series the amount of capitalized interest required by the ordinance authorizing  
1132 issuance of the series of Revenue Bonds. The amounts may be applied to pay interest on  
1133 the series of Revenue Bonds as provided in the authorizing ordinance.

1134           (b) From the proceeds of each series of Revenue Bonds (other than the proceeds  
1135 of Refunding Revenue Bonds) there shall be deposited into the applicable Project Account  
1136 established in the Construction Fund the amounts as shall be provided in the ordinance  
1137 authorizing the series of Revenue Bonds. The amounts may be applied to pay costs of  
1138 acquiring, establishing, improving, enlarging, extending, and repairing the Airport System  
1139 or any project to become part of the Airport System, to reimburse advances made by the  
1140 City for these costs, to pay costs of issuance of Revenue Bonds and to pay any other capital  
1141 costs of the Airport System as provided in the ordinance authorizing the series of Revenue  
1142 Bonds.

1143           (c) There shall be established within the Construction Fund two accounts, the  
1144 Series 2022 Project Account and the Capitalized Interest Account. Moneys in the Series  
1145 2022 Project Account shall be used to pay costs of the improvements to the Airport

1146 consistent with the purposes for which the Bonds are issued. Moneys in the Capitalized  
1147 Interest Account shall be held for the purpose of paying interest on the Bonds during the  
1148 construction of the improvements financed with the proceeds of the Bonds and for one year  
1149 after construction of those improvements is completed, and shall be transferred from time  
1150 to time to the Debt Service Fund in the manner provided in Section 5.06(a) of this  
1151 Ordinance.

1152 Section 5.16 **MUELLER AIRPORT DISPOSITION FUND.** The Robert  
1153 Mueller Municipal Airport was closed for aviation purposes and the Mueller Airport  
1154 Property was transferred out of the Airport System and is no longer part of the Airport  
1155 System. In connection with the transfer of the Mueller Airport Property, the City deposited  
1156 certain funds into the Mueller Disposition Fund. These funds, together with any other  
1157 amounts deposited into the Mueller Disposition Fund, may be used for the payment or  
1158 reimbursement of all costs and expenses incurred by the City necessary or incident to the  
1159 closing of Robert Mueller Municipal Airport to aviation purposes and the disposition of  
1160 the Mueller Airport Property. Any amounts remaining will be transferred to the City's  
1161 aviation department.

1162 Section 5.17 **INVESTMENT; TRANSFER OF INVESTMENT INCOME.**  
1163 (a) Money in all Funds and Accounts shall, at the option of the City, be invested in the  
1164 manner provided by Texas law; provided, that all deposits and investments shall be made  
1165 in a manner that the money required to be expended from any Fund will be available at the  
1166 proper time or times. Moneys in the Funds and Accounts may be subjected to further  
1167 investment restrictions imposed from time to time by ordinance authorizing the issuance  
1168 of Revenue Bonds and Subordinate Obligations. All such investments shall be valued no  
1169 less frequently than once per Fiscal Year at market value, except that: (i) any direct  
1170 obligations of the United States of America - State and Local Government Series shall be  
1171 continuously valued at their par value or principal face amount; and (ii) any investments  
1172 which are subject to a Qualified Put may continuously be valued at the amount at which  
1173 they can be put or sold under the terms of such Qualified Put. For purposes of maximizing  
1174 investment returns, money in the Funds may be invested, together with money in other  
1175 Funds or with other money of the City, in common investments or in a common pool of  
1176 such investments maintained by the City at an official depository of the City or in any fund  
1177 or investment vehicle permitted by Texas law, which shall not be deemed to be a loss of  
1178 the segregation of the money or Funds provided that safekeeping receipts, certificates of  
1179 participation or other documents clearly evidencing the investment or investment pool in  
1180 which the money is invested and the share purchased with such money or owned by the  
1181 Fund are held by or on behalf of each Fund. If and to the extent necessary, the investments  
1182 or participations shall be promptly sold to prevent any default.

1183 (b) All interest and income derived from deposits and investments credited to any  
1184 of the following Funds and Accounts shall be applied as follows, except as provided in  
1185 subsection (c) below:

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

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

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

1201 *ARTICLE SIX*

1202 *ADDITIONAL BONDS*

1203

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

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

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

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

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

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

1233 are equal to at least 125% of the Debt Service Requirements on all Outstanding Revenue  
1234 Bonds scheduled to occur during each respective Fiscal Year after taking into consideration  
1235 the additional Debt Service Requirements for the Additional Revenue Bonds to be issued.  
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1237 (d) Alternate Coverage for Additional Revenue Bonds. In lieu of the certification  
1238 described in (c) above, the City's Chief Financial Officer may provide a certificate showing  
1239 that, for either the City's most recent complete Fiscal Year or for any consecutive 12 out  
1240 of the most recent 18 months, the Net Revenues, together with Other Available Funds, of  
1241 the Airport System were equal to at least 125% of the maximum Debt Service  
1242 Requirements on all Revenue Bonds scheduled to occur in the then current or any future  
1243 Fiscal Year after taking into consideration the issuance of the Additional Revenue Bonds  
1244 proposed to be issued.

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

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

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

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

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

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

1275 Revenue Bonds for the intended purpose (except as permitted in the applicable ordinance  
1276 authorizing the Revenue Bonds) and setting forth the aggregate cost of the Airport Project  
1277 which, in the opinion of the consulting engineer, has been or will be incurred; and

1278 (b) a certificate of the Aviation Director: (i) stating that all amounts allocated to  
1279 pay costs of the Airport Project from the proceeds of the most recent series of Revenue  
1280 Bonds issued in connection with the Airport Project for which the Completion Bonds are  
1281 being issued were used or are still available to be used to pay costs of the Airport Project;  
1282 (ii) containing a calculation of the amount by which the aggregate cost of that Airport  
1283 Project (furnished in the consulting engineer’s certificate described above) exceeds the sum  
1284 of the costs of the Airport Project paid to such date plus the moneys available at such date  
1285 within any construction fund or other like account applicable to the Airport Project plus  
1286 any other moneys which the Aviation Director, in his discretion, has determined are  
1287 available to pay such costs in any other fund; and (iii) certifying that, in the opinion of the  
1288 Aviation Director, the issuance of the Completion Bonds is necessary to provide funds for  
1289 the completion of the Airport Project.

1290 For purposes of this Section, the term “Airport Project” means the Airport or any  
1291 other Airport System facility or project which shall be defined as an Airport Project in any  
1292 ordinance authorizing the issuance of Additional Revenue Bonds, for the purpose of  
1293 financing the Airport Project. Any such ordinance may contain further provisions as the  
1294 City shall deem appropriate with regard to the use, completion, modification or  
1295 abandonment of the Airport Project.

1296 Section 6.03 **SUBORDINATE OBLIGATIONS.** The City reserves the right to  
1297 issue or incur, for any lawful Airport System purpose, Subordinate Obligations and credit  
1298 agreement obligations related to the Subordinate Obligations, secured in whole or in part  
1299 by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues  
1300 securing payment of the Revenue Bonds. Although referred to in this Ordinance as  
1301 “Subordinate Obligations,” the Subordinate Obligations may bear any name or designation  
1302 provided by ordinance authorizing their issuance or incurrence. The Subordinate  
1303 Obligations may be further secured by any other source of payment lawfully available.  
1304 Unless expressly provided to the contrary in this Ordinance, no default with respect to a  
1305 Subordinate Obligation shall constitute a default under this Ordinance.

1306 Section 6.04 **SPECIAL FACILITIES BONDS.** The City reserves the right to  
1307 issue from time to time, in one or more series, Special Facilities Bonds as provided in this  
1308 Ordinance to finance and refinance the cost of any Special Facilities, including all required  
1309 reserves, all related costs of issuance and other reasonably related amounts, provided that  
1310 Special Facilities Bonds shall be payable solely from payments by lessees under Special  
1311 Facilities Leases or other security not provided by the City. In no event shall Gross  
1312 Revenues or any other amounts held in any other fund or account maintained by the City  
1313 as security for the Revenue Bonds or for the construction, operation, maintenance, or repair  
1314 of the Airport System be pledged to the payment of Special Facilities Bonds. Unless

1315 expressly provided to the contrary in this Ordinance, no default with respect to a Special  
1316 Facilities Bond shall constitute a default under this Ordinance.

1317 Section 6.05 **CREDIT AGREEMENTS.** To the fullest extent permitted by  
1318 applicable law, the City expressly reserves the right to enter into Credit Agreements in  
1319 connection with any series of Revenue Bonds and to pledge to and secure the payment of  
1320 related Credit Agreement Obligations from Net Revenues and the various funds and  
1321 accounts established or referred to in this Ordinance to the extent permitted by this  
1322 Ordinance, and any of the City's other ordinances authorizing the issuance of Additional  
1323 Revenue Bonds and to enter into credit agreements in connection with any series of  
1324 Subordinate Obligations.

## 1325 *ARTICLE SEVEN*

### 1326 *COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS*

1328 Section 7.01 **PUNCTUAL PAYMENT OF BONDS.** The City covenants that it  
1329 will punctually pay, or cause to be paid, the Debt Service on all Revenue Bonds and Credit  
1330 Agreement Obligations, according to their terms, and to pay all Administrative Expenses  
1331 to the Persons entitled to payment when due, and will faithfully do and perform, and at all  
1332 times fully observe, any and all covenants, undertakings, stipulations and provisions  
1333 contained in this Ordinance and in any other ordinance authorizing the issuance of Revenue  
1334 Bonds.

1335 Section 7.02 **MAINTENANCE OF AIRPORT SYSTEM.** Except as provided in  
1336 Section 7.04, the City covenants that it will at all times maintain and operate the Airport  
1337 System, or within the limits of its authority cause the Airport System to be maintained and  
1338 operated, in good and serviceable condition.

1339 Section 7.03 **LIMITATION ON CITY CHARGES FOR OPERATION AND**  
1340 **MAINTENANCE EXPENSES.** The City covenants that it will not charge the Airport  
1341 System any amounts for overhead expenses relating to the administration, operation, and  
1342 maintenance of the Airport System except to the extent that the amounts charged are  
1343 reasonably allocable to the Airport System based upon a stated policy of allocation,  
1344 reasonably applied to the Airport System. All charges imposed by the City upon the Airport  
1345 System shall be consistent with all applicable federal laws, regulations, and other  
1346 requirements applicable to the Airport System or imposed upon the Airport System in  
1347 connection with the acceptance by the Airport System of any federal grants or aid.

1348 Section 7.04 **SALE OR ENCUMBRANCE OF AIRPORT SYSTEM.** Except  
1349 for the use of the Airport System or services pertaining to the Airport System in the normal  
1350 course of business, the City covenants that neither all nor a substantial part of the Airport  
1351 System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise  
1352 disposed of until all Revenue Bonds, Credit Agreement Obligations and Administrative

1353 Expenses have been paid in full, or unless provision for payment has been made, and the  
1354 City shall not dispose of its title to the Airport System or to any useful part of the Airport  
1355 System, including, without limitation, any property necessary to the operation and use of  
1356 the Airport System, except for the execution of leases, licenses, easements, or other  
1357 agreements in connection with the operation of the Airport System by the City, or in  
1358 connection with any Special Facilities, except for any pledges of and liens on revenues  
1359 derived from the operation and use of all or any part of the Airport System, or any Special  
1360 Facilities, for the payment of Revenue Bonds, Credit Agreement Obligations,  
1361 Administrative Expenses, Special Facilities Bonds, and any other obligations pertaining to  
1362 the Airport System, and except as otherwise provided in the next two paragraphs.

1363 The City may sell, exchange, lease, or otherwise dispose of, or exclude from the  
1364 Airport System, any property constituting a part of the Airport System which the Aviation  
1365 Director certifies: (i) to be no longer useful in the construction or operation of the Airport  
1366 System; (ii) to be no longer necessary for the efficient operation of the Airport System; or  
1367 (iii) to have been replaced by other property of at least equal value. The net proceeds of the  
1368 sale or disposition of any Airport System property (or the fair market value of any property  
1369 so excluded) pursuant to this paragraph shall be used for the purpose of replacing properties  
1370 at the Airport System, shall be paid into the Capital Fund - Capital Improvement Account  
1371 or shall be applied to retire or pay principal of or interest on Revenue Bonds.

1372 Nothing in this Ordinance prevents any transfer of all or a substantial part of the  
1373 Airport System to another body corporate and politic (including, but not necessarily limited  
1374 to, a joint action agency or an airport authority) which assumes the City's obligations under  
1375 this Ordinance and in any ordinance authorizing the issuance of Revenue Bonds, in whole  
1376 or in part, if: (i) in the written opinion of the Airport Consultant, the ability to meet the rate  
1377 covenant and other covenants under this Ordinance and in any ordinance authorizing the  
1378 issuance of Revenue Bonds, are not materially and adversely affected; and (ii) in the written  
1379 opinion of nationally recognized bond counsel, the transfer and assumption will not cause  
1380 the interest on any Revenue Bonds that were issued as "tax-exempt bonds" within the  
1381 meaning of the regulations promulgated under the Code to be includable in gross income  
1382 of the Owners of the Revenue Bonds for federal income tax purposes. Following the  
1383 transfer and assumption, all references to the City, City officials, City ordinances, City  
1384 budgetary procedures and any other officials, actions, powers or characteristics of the City  
1385 will be references to the transferee entity and comparable officials, actions, powers or  
1386 characteristics of the entity. In the event of any transfer and assumption, nothing in this  
1387 Ordinance shall prevent the retention by the City of any facility of the Airport System if,  
1388 in the written opinion of the Airport Consultant, the retention will not materially and  
1389 adversely affect nor unreasonably restrict the transferee entity's ability to comply with the  
1390 requirements of the rate covenant and the other covenants of this Ordinance and any other  
1391 Revenue Bond Ordinance.

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

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

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

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

1432 of the Debt Service on any of the Revenue Bonds or Credit Agreement Obligations or a  
1433 default in the performance of any duty or covenant provided by law or in this Ordinance,  
1434 the Owner or Owners of any of the Revenue Bonds, and the holders of any Credit  
1435 Agreement Obligations and the Persons to whom Administrative Expenses are owed may  
1436 pursue all legal remedies afforded by the Constitution and laws of the State of Texas to  
1437 compel the City to remedy such default and to prevent further default or defaults. Without  
1438 in any way limiting the generality of the foregoing, it is expressly provided that any Owner  
1439 of any of the Revenue Bonds or holder of Credit Agreement Obligations or Person to whom  
1440 Administrative Expenses are owed, may at law or in equity, by suit, action, mandamus, or  
1441 other proceedings, enforce and compel performance of all duties required to be performed  
1442 by the City under this Ordinance, including the making of reasonably required rates and  
1443 charges for the use and services of the Airport System, the deposit of the Gross Revenues  
1444 into the special funds provided in this Ordinance, and the application of such Gross  
1445 Revenues in the manner required in this Ordinance.

1446 Notwithstanding the provisions of the foregoing paragraph: (i) acceleration as a  
1447 remedy is expressly denied; (ii) no grace period for a default in the performance of any  
1448 duty or covenant shall exceed 30 days, nor shall any grace period be extended for more  
1449 than 60 days; and (iii) no grace period is permitted with respect to a default in the payment  
1450 of Debt Service or the payment of Administrative Expenses when due.

1451 Section 7.09 **DISCHARGE BY DEPOSIT.** The City may discharge its obligation  
1452 to the Owners of any or all of the Bonds to pay Debt Service, or any portion of the Debt  
1453 Service, by depositing with the Paying Agent/Registrar cash in an amount equal to the Debt  
1454 Service of the Bonds to the date of maturity or redemption, or any portion of the Bonds to  
1455 be discharged, or by depositing either with the Paying Agent/Registrar or with any national  
1456 banking association with capital and surplus in excess of \$100,000,000, pursuant to an  
1457 escrow or trust agreement, cash and/or Defeasance Obligations in principal amounts and  
1458 maturities and bearing interest at rates sufficient to provide for the timely payment of Debt  
1459 Service on the Bonds to the date of maturity or redemption or any portion thereof to be  
1460 discharged. Upon such deposit, the Bonds, or any portion thereof, shall no longer be  
1461 regarded to be Outstanding or unpaid. In case any Bonds are to be redeemed on any date  
1462 prior to their maturity, the City shall give to the Paying Agent/Registrar irrevocable  
1463 instructions to give notice of redemption of Bonds to be so redeemed in the manner  
1464 required in this Ordinance. Any determination not to redeem Bonds that is made in  
1465 conjunction with the payment arrangements described above shall not be irrevocable,  
1466 provided that: (1) in the proceedings providing for the payment arrangements, the City  
1467 expressly reserves the right to call the Bonds for redemption; (2) the City gives notice of  
1468 the reservation of that right to the owners of the Bonds immediately following the making  
1469 of the payment arrangements; and (3) the City directs that notice of the reservation be  
1470 included in any redemption notices that it authorizes.

1471 Section 7.10 **LEGAL HOLIDAYS.** If any date on which a payment of Debt  
1472 Service is due is not a Business Day, then such payment need not be made on such date but  
1473 may be made on the next succeeding Business Day with the same force and effect as if  
1474 made on the date of scheduled payment of Debt Service.

1475 ***ARTICLE EIGHT***

1476 ***CONCERNING THE PAYING AGENT/REGISTRAR***

1477  
1478 Section 8.01 **APPOINTMENT OF INITIAL PAYING AGENT/REGISTRAR.**  
1479 U.S. Bank Trust Company, National Association, is appointed to serve as the initial Paying  
1480 Agent/Registrar for the Bonds.

1481 Section 8.02 **QUALIFICATIONS.** Each Paying Agent/Registrar shall be a  
1482 commercial bank or a trust company organized under the laws of the State of Texas or the  
1483 United States of America, or any other entity duly qualified and legally authorized to serve  
1484 as and perform the duties and services of paying agent and registrar for the Bonds.

1485 Section 8.03 **MAINTAINING PAYING AGENT/REGISTRAR.** (a) At all  
1486 times while any Bond is Outstanding, the City will maintain a Paying Agent/Registrar that  
1487 is qualified under Section 8.02. An Authorized Officer is authorized and directed to  
1488 execute an agreement with the Paying Agent/Registrar specifying the duties and  
1489 responsibilities of the City and the Paying Agent/Registrar in substantially the form of  
1490 paying agent agreements previously executed in connection with the issuance of public  
1491 securities by the City.

1492 (b) If the Paying Agent/Registrar resigns or otherwise ceases to serve in this  
1493 capacity, the City will promptly appoint a replacement.

1494 Section 8.04 **TERMINATION.** The City may terminate the appointment of any  
1495 Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated  
1496 written notice, at least 15 days before termination, of such termination.

1497 Section 8.05 **NOTICE OF CHANGE TO OWNERS.** Promptly upon each  
1498 change in the entity serving as Paying Agent/Registrar, the City will cause notice of the  
1499 change to be sent to each Owner by first class United States mail, postage prepaid, at the  
1500 address in the Register, stating the effective date of the change and the name and mailing  
1501 address of the replacement Paying Agent/Registrar.

1502 Section 8.06 **AGREEMENT TO PERFORM DUTIES AND FUNCTIONS.** By  
1503 accepting the appointment as Paying Agent/Registrar and executing the Paying  
1504 Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the  
1505 provisions of this Ordinance and that it will perform the prescribed duties and functions of  
1506 Paying Agent/Registrar. The Paying Agent/Registrar Agreement presented with this  
1507 Ordinance is approved and the Authorized Officers are directed to execute and deliver the

1508 Paying Agent/Registrar Agreement with any changes as may be approved by the  
1509 Authorized Officer.

1510 Section 8.07 **DELIVERY OF RECORDS TO SUCCESSOR.** If a Paying  
1511 Agent/Registrar is replaced, the Paying Agent/Registrar, promptly upon the appointment  
1512 of the successor, will deliver the Register (or a copy) and all other pertinent books and  
1513 records relating to the Bonds to the successor Paying Agent/Registrar.

1514 Section 8.08 **TRUST FUNDS.** All money transferred to the Paying  
1515 Agent/Registrar under this Ordinance (except sums representing Paying Agent/Registrar's  
1516 fees) shall be held in trust for the benefit of the City, shall be the property of the City, and  
1517 shall be disbursed in accordance with this Ordinance.

1518 Section 8.09 **BONDS PRESENTED.** Subject to the provisions of Section 8.10,  
1519 all matured Bonds presented to the Paying Agent/Registrar for payment shall be paid  
1520 without the necessity of further instructions from the City. The Bonds shall be cancelled  
1521 as provided in this Ordinance.

1522 Section 8.10 **UNCLAIMED FUNDS HELD BY THE PAYING**  
1523 **AGENT/REGISTRAR.** Funds held by the Paying Agent/Registrar which represent  
1524 principal of and interest on the Bonds remaining unclaimed by the Owner after the  
1525 expiration of three years from the date the funds have become due and payable shall be  
1526 reported and disposed of by the Paying Agent/Registrar in accordance with the provisions  
1527 of Texas law including, to the extent applicable, Title 6 of the Texas Property Code.

1528 The Paying Agent/Registrar shall have no liability to the Owners of the Bonds by  
1529 virtue of actions taken in compliance with this Section.

1530 ***ARTICLE NINE***

1531  
1532 ***ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE***

1533 Section 9.01 **ALTERATION OF RIGHTS AND DUTIES.** The rights, duties,  
1534 and obligations of the City and the Owners of the Bonds and the holders of Credit  
1535 Agreement Obligations related to the Bonds, and Persons to whom Administrative  
1536 Expenses are owed, are subject in all respects to all applicable federal and state laws  
1537 including, without limitation, the provisions of federal law regarding the composition of  
1538 indebtedness of political subdivisions, as the same now exist or as may be amended in the  
1539 future.

1540 Section 9.02 **AMENDMENT OF ORDINANCE WITHOUT CONSENT.** The  
1541 City may, without the consent of or notice to any of the Owners of the Bonds, amend this  
1542 Ordinance for any one or more of the following purposes:

1543 (a) to cure any ambiguity, defect, omission or inconsistent provision in the  
1544 Revenue Bond Ordinances or in the Revenue Bonds; or to comply with any applicable  
1545 provision of law or regulation of Federal agencies; to obtain a rating on the Revenue Bonds  
1546 from any rating agency; or to obtain the approving opinion of the Attorney General of  
1547 Texas as required by law; provided, however, that such action shall not adversely affect  
1548 the interests of the Owners of the Revenue Bonds;

1549 (b) to change the terms or provisions of this Ordinance to the extent necessary to  
1550 prevent the interest on the Revenue Bonds from being includable within the gross income  
1551 of the Owners for federal income tax purposes;

1552 (c) to grant to or confer upon the Owners of the Revenue Bonds any additional  
1553 rights, remedies, powers or authority that may lawfully be granted to or conferred upon the  
1554 Owners of the Revenue Bonds;

1555 (d) to add to the covenants and agreements of the City contained in the Revenue  
1556 Bond Ordinances other covenants and agreements of, or conditions or restrictions upon,  
1557 the City or to surrender or eliminate any right or power reserved to or conferred upon the  
1558 City in this Ordinance;

1559 (e) to amend any provisions of this Ordinance relating to the issuance of Revenue  
1560 Bonds and Subordinate Obligations, or the incurrence of and security for reimbursement  
1561 obligations in connection with the issuance of Revenue Bonds and Subordinate  
1562 Obligations, so long as to do so does not cause any reduction in any rating assigned to the  
1563 Outstanding Revenue Bonds by any nationally recognized rating agency then rating any  
1564 series of Revenue Bonds;

1565 (f) to subject to the lien and pledge of the Revenue Bond Ordinances additional  
1566 Net Revenues which may include revenues, properties or other collateral; and

1567 (g) to amend the provisions of Article Twelve to the extent permitted in Article  
1568 Twelve.

1569 **Section 9.03 AMENDMENTS OF ORDINANCE REQUIRING CONSENT.**  
1570 The City may at any time adopt one or more ordinances amending, modifying, adding to  
1571 or eliminating any of the provisions of this Ordinance but, if the amendment is not of the  
1572 character described in Section 9.02, only with the consent given in accordance with Section  
1573 9.04 of the Owner or Owners of not less than a majority of the aggregate unpaid principal  
1574 amount of the Revenue Bonds then Outstanding and affected by the amendment,  
1575 modification, addition, or elimination; provided, however, that nothing in this Section shall  
1576 permit (a) an extension of the maturity of the principal of or interest on any Revenue Bond  
1577 issued under this Ordinance, or (b) a reduction in the principal amount of any Revenue  
1578 Bond or the rate of interest on any Revenue Bond, or (c) a privilege or priority of any  
1579 Revenue Bond or Revenue Bonds over any other Revenue Bond or Revenue Bonds, or (d)

1580 a reduction in the percentage of aggregate principal amount of the Revenue Bonds required  
1581 for consent to the amendment.

1582 Section 9.04 **CONSENT OF OWNERS.** Any consent required by Section 9.03  
1583 by any Owner must be in writing, may be in any number of concurrent writings of similar  
1584 tenor, and may be signed by the Owner or its duly authorized attorney. Proof of the  
1585 execution of any consent or of the writing appointing any attorney and of the ownership of  
1586 Revenue Bonds, if made in the following manner, shall be sufficient for any of the purposes  
1587 of the Revenue Bond Ordinances, and shall be conclusive in favor of the City with regard  
1588 to any action taken, suffered or omitted to be taken by the City under the instrument,  
1589 namely:

1590 (a) The fact and date of the execution by any person of any writing may be proved  
1591 by the certificate of any officer in any jurisdiction who by law has power to take  
1592 acknowledgments within that jurisdiction that the person signing the writing acknowledged  
1593 its execution before him or her, or by affidavit of any witness to the execution;

1594 (b) The fact of the ownership by any person of any Revenue Bond and the date  
1595 of the ownership may be proved by a certificate executed by an appropriate officer of the  
1596 Paying Agent/Registrar, stating that on that date the Revenue Bond was registered in the  
1597 name of that party in the Register.

1598 In lieu of the foregoing the City may accept any other proof as it finds appropriate.

1599 Consents required pursuant to Section 9.03 shall be valid only if given following the  
1600 giving of notice by or on behalf of the City requesting the consent and setting forth the  
1601 substance of the amendment of this Ordinance in respect of which such consent is sought  
1602 and stating that copies thereof are available at the office of the City Clerk for inspection.  
1603 Such notice shall be given by certified mail to each Registered Owner of the Revenue  
1604 Bonds affected at the address shown on the Register.

1605 Copies of all amendments and supplements to this Ordinance or to any Related  
1606 Document shall be sent to Standard & Poor's and Moody's at least 10 days before its  
1607 effective date.

1608 Section 9.05 **REVOCATION OF CONSENT.** Any consent by any Owner of a  
1609 Revenue Bond pursuant to the provisions of this Article shall be irrevocable for a period  
1610 of 18 months from the date of mailing of the notice provided for in this Article, and shall  
1611 be conclusive and binding upon all future Owners of the same Revenue Bond and any  
1612 Revenue Bond delivered on transfer thereof or in exchange for or replacement of the  
1613 Revenue Bond during this period. The consent may be revoked at any time after 18 months  
1614 from the date of the first mailing of the notice by the Owner who gave the consent or by a  
1615 successor in title, by filing notice with the Paying Agent/Registrar, but the revocation shall  
1616 not be effective if the Owners of a majority in aggregate principal amount of the Revenue

1617 Bonds Outstanding as in this Ordinance defined have, prior to the attempted revocation,  
1618 consented to and approved the amendment.

1619 Section 9.06 **CONSENT TO CERTAIN AMENDMENTS GIVEN**  
1620 **THROUGH OWNERSHIP OF BONDS.** (a) By acceptance of the Bonds, each Owner  
1621 of a Bond: (i) irrevocably and specifically consents to and approves the amendments  
1622 described in subsection (b) below; (ii) irrevocably appoints the Aviation Director as its true  
1623 and lawful attorney-in-fact for the limited purpose of executing the written instrument  
1624 required by Section 9.04 of this Ordinance to evidence the Owner’s specific consent to and  
1625 approval of the amendments described in subsection (b) below; and (iii) confirms all  
1626 actions taken by the Aviation Director as attorney-in-fact for the Owner, it being  
1627 specifically provided that the Aviation Director need not consult with, or provide notice to,  
1628 an Owner in connection with the actions taken by the Aviation Director under this Section.  
1629 The power of attorney granted to the Aviation Director shall be limited to effecting the  
1630 amendments described in subsection (b) below and is irrevocable for so long as any Bond  
1631 remains Outstanding.

1632 (b) The amendments are: amend the definition of “Debt Service Reserve Fund  
1633 Surety Bond” in Section 2.01 of this Ordinance and the Revenue Bond Ordinances to read  
1634 as follows:

1635  
1636 “Debt Service Reserve Fund Surety Bond” means any surety bond, letter of  
1637 credit, line of credit or insurance policy issued to the City for the benefit of  
1638 the Owners of the Revenue Bonds to satisfy any part of the Debt Service  
1639 Reserve Fund Requirement as provided in Section 5.07 of this Ordinance;  
1640 provided that, at the time of delivery to the City, either the long-term  
1641 unsecured debt of the issuer of the Debt Service Reserve Fund Surety Bond  
1642 or the obligations insured, secured or guaranteed by such issuer are rated  
1643 “Aa3” or higher by Moody’s or “AA-” or higher by Standard & Poor’s.

1644 (c) The amendments described in subsection (b) above will become effective  
1645 once the City determines that the consent of not less than a majority of the aggregate unpaid  
1646 principal amount of the Revenue Bonds then Outstanding is received.

## 1647 **ARTICLE TEN**

### 1648 1649 **SALE OF THE BONDS; APPROVAL OF BOND PURCHASE AGREEMENT;** 1650 **APPLICATION OF PROCEEDS OF THE BONDS**

1651 Section 10.01 **SALE OF THE BONDS; BOND PURCHASE AGREEMENT.**  
1652 As authorized by Chapter 1371, the Authorized Officer is authorized to act on behalf of the  
1653 City upon determining that the conditions set forth below can be satisfied, in selling and  
1654 delivering the Bonds and carrying out the other procedures specified in this Ordinance,  
1655 including determining the price at which each of the Bonds will be sold, the form and

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

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

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

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

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

1690 (13) Notices; and

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

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

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

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

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

1727 Public Accounts of the State of Texas (or a deputy designated in writing to act for him)  
1728 shall be requested to sign manually the Comptroller's Registration Certificate set forth in  
1729 the FORM OF BONDS and the seal of the Comptroller of Public Accounts of the State of  
1730 Texas shall be impressed or printed or lithographed on the Initial Bonds. The Bonds will  
1731 be delivered to the Underwriters in accordance with the terms of the Bond Purchase  
1732 Agreement.

1733 Section 10.03 **APPLICATION OF PROCEEDS OF THE BONDS.** On the  
1734 closing date for the Bonds, proceeds from the sale of the Bonds shall be applied as set forth  
1735 in the letter of instructions executed by the City, as follows:

1736 (a) A portion of the proceeds from the sale of the Bonds shall be deposited to the  
1737 credit of the Series 2022 Project Account within the Construction Fund and used to pay  
1738 costs of improvements to the Airport consistent with the purposes for which the Bonds are  
1739 issued; and

1740 (b) A portion of the proceeds from the sale of the Bonds shall be deposited to the  
1741 credit of the Capitalized Interest Account in an amount determined in accordance with  
1742 Section 3.10 of this Ordinance; and

1743 (c) A portion of the proceeds from the sale of the Bonds either shall be  
1744 (i) deposited to the credit of the Debt Service Reserve Fund in an amount determined in  
1745 accordance with Section 3.11 of this Ordinance, or (ii) used to purchase a Debt Service  
1746 Reserve Fund Surety Bond to fund the Debt Service Reserve Fund Requirement; and

1747 (d) The balance of the proceeds of the Bonds shall be applied to pay all costs of  
1748 issuance of the Bonds, and, to the extent not so used, shall be deposited into the Debt  
1749 Service Fund.

1750 Section 10.04 **USE OF PASSENGER FACILITY CHARGES.** Consistent with  
1751 the definitions of Debt Service Requirements and Gross Revenues, the City acknowledges  
1752 and agrees that debt service with respect to the Revenue Bonds paid from passenger facility  
1753 charges is not included in the calculation of Debt Service Requirements. The City  
1754 covenants and agrees, for the benefit of the Owners of the Revenue Bonds, that during each  
1755 Fiscal Year the City will set aside from any passenger facility charges imposed by the City  
1756 on enplaned passengers the lesser of (i) such passenger facility charges imposed and  
1757 collected by the City or (ii) \$4.50 derived from each passenger facility charge so imposed  
1758 and collected by the City for the payment of debt service on the Revenue Bonds in the  
1759 following Fiscal Year, unless the City receives a report from an Airport Consultant  
1760 showing that an alternative use of all or a portion of the passenger facility charges will not  
1761 reduce the forecast coverage of Debt Service Requirements with respect to the Revenue  
1762 Bonds by forecast Net Revenues during the following Fiscal Year (or such longer forecast  
1763 period as may be covered in the Airport Consultant's Report) to less than 125%.

1764 *ARTICLE ELEVEN*

1765 *FEDERAL INCOME TAX COVENANTS*

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

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

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

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

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

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

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

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

1801 respect to any building and the equipment therefor equal or exceed 15 percent of the cost  
1802 of acquiring such building financed with the Net Proceeds of the Bonds (with respect to  
1803 structures other than buildings, this clause shall be applied by substituting 100 percent for  
1804 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures”  
1805 has the meaning set forth in section 147(d)(3) of the Code.

1806 (g) The Issuance Costs financed with the Proceeds of the Bonds will not exceed  
1807 2 percent of the Proceeds of the Bonds.

1808 (h) The City will not take any action, or knowingly omit to take any action that  
1809 causes the Bonds to fail to meet any requirement of the Code regarding the use of Gross  
1810 Proceeds after the issue date of the Bonds unless an appropriate remedial action is  
1811 permitted by section 1.142-2 of the Regulations, the City has taken such remedial action  
1812 and there has been delivered a Favorable Opinion of Bond Counsel.

1813 Section 11.03 **LIMITATION ON MATURITY.** The City covenants and agrees  
1814 that the average maturity of the Bonds, taking into account the issue price of the various  
1815 maturities of the Bonds, will not exceed 120 percent of the reasonably expected economic  
1816 life of the AMT Projects, taking into account the respective cost of each component of the  
1817 AMT Projects. For purposes of the preceding sentence, the reasonably expected economic  
1818 life of each component of the AMT Projects is determined as of the later of (i) the date on  
1819 which the Bonds are issued or (ii) the respective dates on which each component of the  
1820 AMT Projects is expected to be placed in service. In addition, land is not to be taken into  
1821 account in determining the reasonably expected economic life of the AMT Projects. The  
1822 City will not make any changes to the facilities that would, at the time made, decrease the  
1823 average reasonably expected economic life of the AMT Projects, unless the City receives  
1824 a Favorable Opinion of Bond Counsel.

1825 Section 11.04 **PUBLIC APPROVAL.** For purposes of complying with section  
1826 147(f) of the Code, the City held a public hearing providing a reasonable opportunity for  
1827 interested individuals to express their views on the Bonds and the location and nature of  
1828 the AMT Projects. A public notice designed to inform residents of the City regarding the  
1829 issuance of the Bonds and providing information relevant to the hearing was published no  
1830 less than 7 days prior to the hearing by electronic posting on the City’s primary public  
1831 website in an area of the website used to inform its residents about events affecting the  
1832 residents. All actions taken by the City, its officers and its employees with respect to the  
1833 electronic posting of the notice of such public hearing and the conducting of such public  
1834 hearing are ratified and approved. The Mayor is authorized to execute a certificate with  
1835 respect to such hearing of the kind required by such section 147(f) of the Code with respect  
1836 to the Bonds and the AMT Projects.

1837 Section 11.05 **NO FEDERAL GUARANTEE.** The City covenants not to take any  
1838 action, or knowingly omit to take any action, that, if taken or omitted, would cause the

1839 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code,  
1840 except as permitted by section 149(b)(3) of the Code.

1841 Section 11.06 **NO HEDGE BONDS.** The City covenants that it will not take any  
1842 action or omit to take any action that, if taken or omitted, respectively, would cause the  
1843 Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

1844 Section 11.07 **NO-ARBITRAGE BONDS.** The City covenants that it will make  
1845 such use of the Proceeds of the Bonds (including investment income) and regulate the  
1846 investment of such Proceeds of the Bonds so that the Bonds will not be “arbitrage bonds”  
1847 within the meaning of section 148(a) of the Code.

1848 Section 11.08 **ARBITRAGE REBATE.** The City covenants that, if the City does  
1849 not qualify for an exception to the requirements of section 148(f) of the Code, the City will  
1850 comply with the requirement that certain amounts earned by the City on the investment of  
1851 the Gross Proceeds of the Bonds, be rebated to the United States.

1852 Section 11.09 **INFORMATION REPORTING.** The City covenants to file or  
1853 cause to be filed with the Secretary of the Treasury an information statement concerning  
1854 the Bonds in accordance with section 149(e) of the Code.

1855 Section 11.10 **RECORD RETENTION.** The City covenants to retain all material  
1856 records relating to the expenditure of the proceeds (including investment income) of the  
1857 Bonds and the use of the property financed, directly or indirectly, by such proceeds until  
1858 three years after the last Bond is redeemed or paid at maturity (or such other period as  
1859 provided by subsequent guidance issued by the Department of the Treasury) in a manner  
1860 that ensures their complete access throughout such retention period.

1861 Section 11.11 **REGISTRATION.** The Bonds will be issued in registered form.

1862 Section 11.12 **FAVORABLE OPINION OF BOND COUNSEL.**  
1863 Notwithstanding the foregoing, the City will not be required to comply with any of the  
1864 federal tax covenants set forth above if the City has received an opinion of nationally  
1865 recognized bond counsel that such noncompliance will not adversely affect the  
1866 excludability of interest on the Bonds from gross income for federal income tax purposes.

1867 Section 11.13 **OFFICIAL INTENT.** For purposes of section 1.150-2(d) of the  
1868 Regulations, to the extent that an official intent to reimburse has not previously been  
1869 adopted by the City, this Ordinance serves as the City’s official declaration of intent to use  
1870 Proceeds of the Bonds issued in the maximum amount authorized by this Ordinance to  
1871 reimburse itself for certain expenditures paid in connection with the projects set forth in  
1872 this Ordinance. Any such reimbursement will only be made (i) for an original expenditure  
1873 paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after  
1874 the later of (A) the date the original expenditure is paid or (B) the date on which the project

1875 to which such expenditure relates is placed in service or abandoned, but in no event more  
1876 than three years after the original expenditure is paid.

1877 Section 11.14 **CONTINUING OBLIGATION.** Notwithstanding any other  
1878 provision of this Ordinance, the obligations of the City under the covenants and provisions  
1879 of this Article Eleven will survive the defeasance and discharge of the Bonds for as long  
1880 as such matters are relevant to the excludability of interest on the Bonds from gross income  
1881 for federal income tax purposes.

1882 ***ARTICLE TWELVE***

1883 ***CONTINUING DISCLOSURE***

1884  
1885 Section 12.01 **ANNUAL REPORTS.** The City shall provide annually to the  
1886 MSRB, within six months after the end of each Fiscal Year ending in or after 2022,  
1887 financial information and operating data with respect to the City of the general type  
1888 included in the final Official Statement authorized by Section 10.01 of this Ordinance,  
1889 being the information described in Section 12.04. Any financial statements provided shall  
1890 be prepared in accordance with the accounting principles described in Section 12.04, or  
1891 other accounting principles as the City may be required to employ from time to time  
1892 pursuant to state law or regulation, and audited, if the City commissions an audit of the  
1893 statements and the audit is completed within twelve months after the end of each Fiscal  
1894 Year ending in or after 2022. If audited financial statements of the City are not available  
1895 by the end of the 12 month period, the City will provide notice that the audited financial  
1896 statements are not available, and will provide unaudited financial statements by the end of  
1897 the 12 month period and audited financial statements for the applicable Fiscal Year when  
1898 and if the audited financial statements become available.

1899 If the City changes its Fiscal Year, it will notify the MSRB of the change (and of the  
1900 date of the new Fiscal Year end) before the next date the City would be required to provide  
1901 financial information and operating data pursuant to this Article. The financial information  
1902 and operating data to be provided pursuant to this Article may be set forth in full in one or  
1903 more documents or may be included by specific reference to any document (including an  
1904 official statement or other offering document), if it is available to the public on the MSRB's  
1905 internet website or filed with the SEC. Filings shall be made electronically, in the format  
1906 and accompanied by identifying information as prescribed by the MSRB.

1907 Section 12.02 **DISCLOSURE EVENT NOTICES.** The City shall provide to the  
1908 MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in  
1909 excess of ten Business Days after the occurrence of the event, notice of any of the following  
1910 events with respect to the Bonds:

- 1911 1. Principal and interest payment delinquencies;

- 1912 2. Non-payment related defaults, if material;
- 1913 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
- 1914 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
- 1915 5. Substitution of credit or liquidity providers, or their failure to perform;
- 1916 6. Adverse tax opinions, the issuance by the Internal Revenue Service of  
1917 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-  
1918 TEB) or other material notices or determinations with respect to the tax status of the Bonds,  
1919 or other material events affecting the tax status of the Bonds;
- 1920 7. Modifications to rights of holders of the Bonds, if material;
- 1921 8. Bond calls, if material, and tender offers;
- 1922 9. Defeasances;
- 1923 10. Release, substitution, or sale of property securing repayment of the Bonds, if  
1924 material;
- 1925 11. Rating changes;
- 1926 12. Bankruptcy, insolvency, receivership or similar event of the City;
- 1927 13. The consummation of a merger, consolidation, or acquisition involving the  
1928 City or the sale of all or substantially all of the assets of the City, other than in the ordinary  
1929 course of business, the entry into a definitive agreement to undertake such an action or the  
1930 termination of a definitive agreement relating to any such actions, other than pursuant to  
1931 its terms, if material;
- 1932 14. Appointment of a successor Paying Agent/Registrar or change in the name of  
1933 the Paying Agent/Registrar, if material;
- 1934 15. Incurrence of a Financial Obligation of the City, if material, or agreement to  
1935 covenants, events of default, remedies, priority rights, or other similar terms of a Financial  
1936 Obligation of the City, any of which affect security holders, if material; and
- 1937 16. Default, event of acceleration, termination event, modification of terms, or  
1938 other similar events under the terms of a Financial Obligation of the City, any of which  
1939 reflect financial difficulties.

1940 For these purposes, (A) any event described in the immediately preceding clause 12  
1941 in this Section is considered to occur when any of the following occur: the appointment of  
1942 a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S.

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

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

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

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

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

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

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

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

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

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

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

2019 Section 12.04 **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.**  
2020 (a) Annual Financial Information and Operating Data. The financial information and  
2021 operating data with respect to the City to be provided annually pursuant to Section 12.01  
2022 of this Ordinance are (i) the portions of the financial statements of the City appended to the  
2023 final Official Statement authorized by Section 10.01 of this Ordinance as Appendix B, but  
2024 for the most recently concluded Fiscal Year, and (ii) all quantitative financial information  
2025 and operating data with respect to the City of the general type included in the main text of  
2026 the final Official Statement authorized by Section 10.01 of this Ordinance within the  
2027 numbered Tables 1 through 9 only. As used in this Article, the term “unaudited financial  
2028 statements” means the financial statements and tables that are referenced in the section  
2029 entitled “CONTINUING DISCLOSURE OF INFORMATION – Annual Reports” in the  
2030 final Official Statement authorized by Section 10.01 of this Ordinance.

2031 (b) Accounting Principles. The accounting principles referred to in Section 12.01  
2032 are the accounting principles described in the notes to the financial statements referred to  
2033 clause (a)(i) above, as the principles may be changed from time to time to comply with  
2034 State law or regulation.

## 2035 ***ARTICLE THIRTEEN***

### 2036 ***MISCELLANEOUS***

2037  
2038 Section 13.01 **FURTHER PROCEDURES.** The Mayor, the City Manager, the  
2039 Aviation Director, the Chief Financial Officer, the City Treasurer and the City Clerk, and  
2040 other appropriate officials of the City, are authorized and directed to do any and all things  
2041 necessary and/or convenient to carry out the terms of this Ordinance, including but not  
2042 limited to, applying amounts held in the funds and accounts established pursuant to the  
2043 terms of this Ordinance and the other Revenue Bond Ordinances, and any other lawfully  
2044 available funds of the City or Airport System, to carry out the terms of this Ordinance.  
2045 Council authorizes the City Clerk to designate a person or persons to carry out her duties  
2046 under this Ordinance should the City Clerk be absent and unable to fulfill all or part of her  
2047 duties under this Ordinance.

2048 Section 13.02 **COMPLIANCE WITH SECTION 2252.908, GOVERNMENT**  
2049 **CODE.** The Chief Financial Officer shall confirm that, to the extent required by Section  
2050 2252.908, Texas Government Code, each contracting party in connection with the issuance  
2051 of Bonds has made disclosure filings to the Texas Ethics Commission in accordance with  
2052 Section 2252.908, Texas Government Code. Within 30 days of receipt of the disclosure  
2053 filings from the contracting party, the City will submit a copy of the disclosure filings with  
2054 the Texas Ethics Commission.

2055 Section 13.03 **SEVERABILITY.** If any article, section, paragraph, clause or  
2056 provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the

2057 invalidity or unenforceability of the article, section, paragraph, clause or provision shall  
2058 not affect any of the remaining provisions of this Ordinance.

2059 Section 13.04 **EFFECTIVE IMMEDIATELY.** Notwithstanding the provisions of  
2060 the City Charter, this Ordinance is effective immediately upon its adoption at this meeting  
2061 pursuant to Section 1201.028, Texas Government Code.

2062 Section 13.05 **REPEALER.** All orders, resolutions and ordinances, or parts  
2063 inconsistent with this Ordinance are repealed to the extent of such inconsistency.

2064 PASSED AND APPROVED this 7th day of April, 2022.

2065  
2066  
2067 \_\_\_\_\_  
2068 Steve Adler, Mayor

2069  
2070  
2071 ATTEST:

2072  
2073  
2074 \_\_\_\_\_ (SEAL)  
2075 Myrna Rios, City Clerk

2076  
2077  
2078 APPROVED:  
2079  
2080  
2081 \_\_\_\_\_  
2082 Anne L. Morgan, City Attorney

2083

**EXHIBIT A  
FORM OF BONDS**

REGISTERED  
No. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

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

MATURITY DATE   INTEREST RATE   DELIVERY DATE   CUSIP

November 15, \_\_\_\_                      \_\_\_\_%,                      \_\_\_\_\_, 2022

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

\_\_\_\_\_ DOLLARS

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

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

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

Payment Transfer Office”), of U.S. Bank Trust Company, National Association, as Paying Agent/Registrar, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment Transfer Office of such successor. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the last Business Day of the month next preceding such Interest Payment Date (a “Record Date”) by check, dated as of such Interest Payment Date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid, on each such Interest Payment Date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity or upon redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Debt Service Fund the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Bonds, when due.

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

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City or in the city in which the Designated Payment Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof, dated \_\_\_\_\_, 2022 issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the Ordinance. This Bond is one of the Revenue Bonds authorized by the Ordinance and is subject to the terms and provisions thereof. The Ordinance and its terms and provisions are incorporated herein for all purposes. To the extent of any conflict between the terms and provisions of the Ordinance and this Bond, the terms and provisions of the Ordinance shall govern and control.

The Bonds are issued by the City for the purposes of financing improvements to the Airport, to fund a reserve fund and capitalized interest for the Bonds, and to pay the City's costs incurred in connection with the issuance of the Bonds.

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

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

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

The Bonds maturing on and after November 15, \_\_\_\_ may be redeemed prior to their stated maturities, at the option of the City, in whole or in part in principal

amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity by lot by the Paying Agent/Registrar), on November 15, \_\_\_ or on any date thereafter, at the redemption price of par plus accrued interest thereon to the redemption date.

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

Sinking Fund Installments

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

---

\*Final Maturity

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

The principal amount of the Term Bonds of a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may

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

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

Not less than thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the registration books maintained by the Paying Agent/Registrar and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

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

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

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

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

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

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as

applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by notice to the contrary.

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

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

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

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

---

Myrna Rios, City Clerk

---

Steve Adler, Mayor

[SEAL]

Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

---

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

Dated: \_\_\_\_\_

Form of Comptroller's Registration Certificate

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

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §  
OF PUBLIC ACCOUNTS § REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS §

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this  
\_\_\_\_\_.

[SEAL]

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

Form of Assignment

ASSIGNMENT

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

\_\_\_\_\_

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

Signature Guaranteed By:

\_\_\_\_\_

Authorized Signatory

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

## Insertions for Initial Bond

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

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

“THE CITY OF AUSTIN, TEXAS (the “City”), in Travis, Williamson and Hays Counties, Texas, or value received, hereby promises to pay to Morgan Stanley & Co. LLC, or registered assigns, on November 15 in each of the years in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

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

[Information from Bond Purchase Agreement or Pricing Certificate to be inserted]

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

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

EXHIBIT B  
TABLE OF CONTENTS

ARTICLE ONE  
FINDINGS

Section 1.01	BOND AUTHORIZATION.....	1
--------------	-------------------------	---

ARTICLE TWO  
DEFINITIONS

Section 2.01	DEFINITIONS .....	2
Section 2.02	INTERPRETATIONS.....	17

ARTICLE THREE  
TERMS OF THE BONDS

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

ARTICLE FOUR  
FORM OF BONDS

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

ARTICLE FIVE  
SECURITY AND SOURCE OF PAYMENT

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

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

**ARTICLE SIX  
ADDITIONAL BONDS**

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

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

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

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

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

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

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

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

**ARTICLE TEN  
SALE OF THE BONDS; APPROVAL OF BOND PURCHASE  
AGREEMENT; APPLICATION OF PROCEEDS OF THE BONDS**

Section 10.01	SALE OF THE BONDS; BOND PURCHASE AGREEMENT .....	45
Section 10.02	APPROVAL, REGISTRATION, AND INITIAL DELIVERY .....	47
Section 10.03	APPLICATION OF PROCEEDS OF THE BONDS .....	48
Section 10.04	USE OF PASSENGER FACILITY CHARGES .....	48

ARTICLE ELEVEN  
FEDERAL INCOME TAX COVENANTS

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

ARTICLE TWELVE  
CONTINUING DISCLOSURE

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

ARTICLE THIRTEEN  
MISCELLANEOUS

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