

ORDINANCE NO.

AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2025 (AMT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$250,000,000

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

ARTICLE ONE

FINDINGS

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

(a) The City has previously issued, and there are currently outstanding, multiple series of Revenue Bonds in compliance with the respective terms of the Revenue Bond Ordinances.

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

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

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

(e) The City desires to issue the bonds authorized by this Ordinance for the purpose of refunding all or a portion of the Series 2014 Bonds in order to produce a debt service savings in an amount to be certified in the Pricing Certificate.

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

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

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

7 (i) Council finds that sufficient written notice of the date, hour, place, and subject
8 of the council meeting at which this Ordinance was adopted was posted at a place convenient
9 and readily accessible at all times to the general public at the City Hall of the City for the
10 time required by law preceding this meeting, as required by the Open Meetings Law, Chapter
11 551, Texas Government Code, and that this meeting has been open to the public as required
12 by law at all times during which this Ordinance has been discussed, considered, and formally
13 acted upon. Council further ratifies, approves and confirms the written notice and the
14 contents and posting of the meeting notice.

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

19 ***ARTICLE TWO***

20 ***DEFINITIONS***

21
22 Section 2.01 **DEFINITIONS.** Unless otherwise expressly provided or unless the
23 context otherwise requires, the terms defined in this Section for all purposes of this
24 Ordinance, and any ordinance amending or supplementing this Ordinance, have the
25 meanings stated below:

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

28 “Administrative Expense Fund” means the fund by that name established in Section
29 5.04(d) of this Ordinance.

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

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

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

8 “Airport System” means all or any interest in airport, heliport and aviation facilities,
9 now or from time to time owned, operated or controlled in whole or in part by the City,
10 including the Airport, together with all properties, facilities, and services of the Airport, and
11 all additions, extensions, replacements and improvements to the Airport, and all services
12 currently provided, or to be provided, by the City in connection with the Airport, but
13 expressly excluding (i) any heliport or heliports operated by City departments other than the
14 Aviation Department, (ii) the Austin consolidated rental car facility, initially financed by the
15 issuance of City of Austin, Texas Rental Car Special Facility Revenue Bonds, Taxable
16 Series 2013 and refinanced by the issuance of City of Austin, Texas Rental Car Special
17 Facility Revenue Refunding Bonds, Taxable Series 2021, as Special Facilities, and (iii) the
18 Mueller Airport Property.

19 “AMT Projects” means, collectively, any projects refinanced with Proceeds of the
20 Bonds.

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

22 “Authorized Officer” means the City Manager of the City, the Chief Financial Officer
23 of the City, the City Treasurer, the Director of Financial Services of the City or any Deputy
24 or Assistant City Manager authorized by the City Manager to sign documents on his or her
25 behalf.

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

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

31 “Bonds” means the City of Austin, Texas, Airport System Revenue Refunding Bonds,
32 Series 2025 (AMT), authorized by this Ordinance.

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

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

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

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

4 “Chapter 1204” means Chapter 1204, Texas Government Code.

5 “Chapter 1207” means Chapter 1207, Texas Government Code.

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

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

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

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

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

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

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

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

26 “Currently Outstanding Revenue Bonds” means the Series 2013 Bonds, the Series
27 2014 Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2019 Bonds, the
28 Series 2019A Bonds, the Series 2019B Bonds and the Series 2022 Bonds.

29 “Debt Service” means (i) with respect to a series of Revenue Bonds, an amount equal
30 to the Principal Installment, redemption premium, if any, and interest on such Revenue
31 Bonds, (ii) with respect to a Credit Agreement other than a Swap Agreement, amounts
32 payable as Credit Agreement Obligations, and (iii) with respect to a Swap Agreement,

1 regularly scheduled amounts payable by the City under a Swap Agreement, so long as the
2 counterparty is not in default (specifically excluding Termination Payments, which shall
3 constitute Subordinate Obligations).

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

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

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

13 (b) That portion of the principal amount of Revenue Bonds which would accrue
14 during such period if principal were deemed to accrue only during the 12 month period prior
15 to its scheduled payment date (either at maturity or by reason of scheduled mandatory
16 redemptions, but after taking into account all prior optional and mandatory Revenue Bond
17 redemptions), less and except any such interest or principal for the payment of which
18 provision has been made by: (i) appropriating for such purpose amounts sufficient to provide
19 for the full and timely payment of such interest or principal either from proceeds of bonds,
20 from interest earned or to be earned thereon, from Airport System funds other than Net
21 Revenues, or from any combination of such sources; and (ii) depositing such amounts
22 (except in the case of interest to be earned, which shall be deposited as received) into a
23 dedicated fund or account (including, without limitation, any capitalized interest fund or
24 account), the proceeds of which are required to be transferred as needed into the Debt
25 Service Fund, or directly to the paying agent/registrar for the Revenue Bonds.

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

33 “Debt Service Reserve Fund” means the fund designated and established in Section
34 5.04(c) of this Ordinance with respect to the Revenue Bonds.

35 “Debt Service Reserve Fund Requirement” means the amount required to be
36 maintained in the Debt Service Reserve Fund. This amount shall be computed and
37 recomputed annually as a part of the City’s budget process and upon the issuance of each

1 series of Revenue Bonds to be the arithmetic average of the Debt Service Requirements
2 scheduled to occur in the then current and each future Fiscal Year for all Revenue Bonds
3 then Outstanding including the series of Revenue Bonds then being issued. In no event,
4 however, will the amount deposited in the Debt Service Reserve Fund that is allocable to
5 the Revenue Bonds or Additional Revenue Bonds, in accordance with section 1.148-6 of the
6 regulations promulgated under the Code, exceed the least of: (a) 10% of the stated principal
7 amount of each issue of which the Revenue Bonds or Additional Revenue Bonds are a part;
8 (b) the maximum annual principal and interest requirements of the issue; or (c) 125% of the
9 average annual principal and interest requirements of the issue, unless there is received an
10 opinion of nationally recognized bond counsel to the effect that the additional amount will
11 not cause the Revenue Bonds and any Additional Revenue Bonds to be "arbitrage bonds"
12 within the meaning of section 148 of the Code and the related regulations promulgated from
13 time to time.

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

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

38 "Designated Payment/Transfer Office" means (i) with respect to the initial Paying
39 Agent/Registrar named in Section 8.01 of this Ordinance, its corporate trust office in Dallas,

1 Texas, and (ii) with respect to any successor Paying Agent/Registrar, the office of the
2 successor designated and located as may be agreed upon by the City and the successor.

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

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

9 “Escrow Agent” means U.S. Bank National Association, as escrow agent for the
10 Refunded Bonds pursuant to the Escrow Agreement.

11 “Escrow Agreement” means the Escrow Agreement between the City and the Escrow
12 Agent providing for the final payment and defeasance of the Refunded Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 “Issue Date” means, with respect to an issue of obligations, the first date on which the
22 City receives the purchase price in exchange for delivery of the evidence of indebtedness
23 representing any obligation.

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

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

32 “MSRB” means the Municipal Securities Rulemaking Board.

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

1 “Net Proceeds” has the meaning set forth in section 150(a)(3) of the Code and,
2 generally, means Proceeds of an issue reduced by amounts in a Reasonably Required
3 Reserve or Replacement Fund.

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

6 “Note Program Ordinance” means the ordinance of the City adopted by council on
7 January 30, 2025, establishing the “Note Program” and authorizing the issuance of “Program
8 Notes” from time to time in accordance with its terms, together with any amendments to this
9 ordinance adopted by council.

10 “Operation and Maintenance Expenses” means all reasonable and necessary current
11 expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport
12 System, including, without limitation, those reasonably allocated City overhead expenses
13 relating to the administration, operation and maintenance of the Airport System; insurance
14 and fidelity bond premiums; payments to pension and other funds and to any self-insurance
15 fund; any general and excise taxes or other governmental charges imposed by entities other
16 than the City; any required rebate of any portion of interest income to the federal government
17 which is payable from Gross Revenues or the Revenue Fund; costs of contractual and
18 professional services, labor, materials and supplies for current operations, including the
19 costs of direct City services rendered to the Airport System as are requested from the City
20 by the Airport System and as are reasonably necessary for the operation of the Airport
21 System; costs of issuance of Revenue Bonds and Subordinate Obligations for the Airport
22 System (except to the extent paid from the proceeds); fiduciary costs; costs of collecting and
23 refunding Gross Revenues; utility costs; any lawful refunds of any Gross Revenues; and all
24 other administrative, general and commercial expenses, but excluding:

25 (a) any allowance for depreciation;

26 (b) costs of capital improvements;

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

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

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

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

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

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

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

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

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

15 "Other Available Funds" means any amount of unencumbered funds accumulated in
16 the Capital Fund in excess of the Minimum Capital Reserve which, before the beginning of
17 any Fiscal Year, are designated by the City as Other Available Funds and transferred at the
18 beginning of such Fiscal Year to the Revenue Fund; but in no event may this amount exceed
19 25% of the Debt Service Requirements for the Revenue Bonds for such Fiscal Year for
20 purposes of Sections 5.03 and 6.01 of this Ordinance.

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

29 "Owner" or "Registered Owner", when used with respect to any Revenue Bond means
30 the person or entity in whose name the Revenue Bond is registered in the Register. Any
31 reference to a particular percentage or proportion of the Owners means the Owners at a
32 particular time of the specified percentage or proportion in aggregate principal amount of
33 all Revenue Bonds then Outstanding under this Ordinance.

34 "Paying Agent/Registrar" initially means, for the Bonds, the entity named in Section
35 8.01 and its successors in that capacity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Refunded Bonds” means those Series 2014 Bonds designated as Refunded Bonds in the Pricing Certificate.

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

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

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

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

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

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

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

17 “Representative of the Underwriters” means Siebert Williams Shank & Co., LLC,
18 designated by the Underwriters in the Bond Purchase Agreement to act as their
19 representative.

20 “Revenue Bond Ordinances” means the Series 2013 Bond Ordinance, the Series 2014
21 Bond Ordinance, the Series 2017A Bond Ordinance, the Series 2017B Bond Ordinance, the
22 Series 2019 Bond Ordinance, the Series 2019A Bond Ordinance, the Series 2019B Bond
23 Ordinance, the Series 2022 Bond Ordinance, this Ordinance and any ordinances pursuant to
24 which Additional Revenue Bonds are issued.

25 “Revenue Bonds” means the Currently Outstanding Revenue Bonds, the Bonds, and
26 each series of bonds, notes or other obligations, other than Credit Agreement Obligations,
27 which the City has reserved the right to issue or incur from time to time pursuant to Section
28 6.01, payable from and secured by a first lien on and pledge of Net Revenues.

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

30 “Rule” means SEC Rule 15c2-12.

31 “Sale Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations
32 and, generally, consist of any amounts actually or constructively received from the sale (or
33 other disposition) of any obligation, including amounts used to pay underwriters’ discount
34 or compensation and accrued interest other than pre-issuance accrued interest. Sale

1 Proceeds also include amounts derived from the sale of a right that is associated with any
2 obligation and that is described in section 1.148-4(b)(4) of the Regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 “Series 2022 Bond Ordinance” means the ordinance of the city adopted by council on
12 April 7, 2022, authorizing the issuance of the Series 2022 Bonds, and all amendments to the
13 ordinance adopted by council after April 7, 2022.

14 “Series 2022 Bonds” means the City of Austin, Texas, Airport System Revenue
15 Bonds, Series 2022 (AMT).

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

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

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

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

32 “Subordinate Obligations” means each series of bonds, notes, or other obligations,
33 including reimbursement obligations and obligations pursuant to credit agreements and
34 interest rate hedges, which the City has reserved the right to issue or incur from time to time
35 pursuant to Section 6.03 as Subordinate Obligations secured in whole or in part by liens on

1 the Net Revenues that are junior and subordinate to the lien on Net Revenues securing
2 payment of the Revenue Bonds. The “Program Notes” and “Note Program Costs” (as those
3 terms are defined in the Note Program Ordinance), and the City’s obligation to fund certain
4 reserve fund deficiencies relating to the Series 2017 Hotel Bonds from “Surplus Airport
5 System Revenues” pursuant to the Series 2017 Hotel Grant Agreement, subject in all
6 respects to the terms of the Series 2017 Hotel Grant Agreement and the Revenue Bond
7 Ordinances, constitute Subordinate Obligations.

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

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

23 “Transferred Proceeds” has the meaning set forth in section 1.148-9 of the
24 Regulations.

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

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

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

30 “Verification Agent” means Robert Thomas CPA, LLC.

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

1 the discount rate that when used in computing the present value of all payments to be
2 received on the investment produces an amount equal to all payments for the investment.

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

21 ***ARTICLE THREE***

22 ***TERMS OF THE BONDS***

23
24 Section 3.01 **AUTHORIZATION.** The Bonds shall be known and designated as
25 CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE REFUNDING BONDS,
26 SERIES 2025 (AMT). The Bonds are authorized to be issued and delivered pursuant to the
27 authority of Chapter 22, Chapter 1207 and Chapter 1371 and all other applicable law. The
28 Bonds shall be issued in an aggregate principal amount not to exceed \$250,000,000 for the
29 purpose of (i) refunding the Refunded Bonds, and (ii) paying the costs of issuance of the
30 Bonds.

31 Section 3.02 **INTEREST AND MATURITIES.** The Bonds shall be dated the date
32 set forth in the Pricing Certificate. The Bonds shall be issued in fully registered form,
33 without coupons, in Authorized Denominations, and, except for the Initial Bonds, shall be
34 numbered separately from R-1 upward. Subject to the conditions set forth in Section 10.01
35 of this Ordinance, the Bonds shall mature on the dates and shall bear interest at the rates of
36 interest until maturity or prior redemption, as set forth in the Pricing Certificate. Interest
37 shall accrue and be paid on each Bond respectively until its maturity or prior redemption,
38 from the later of the date of initial delivery to the Underwriters or the most recent Interest
39 Payment Date to which interest has been paid or provided for. Interest shall be paid on each

1 Interest Payment Date, or the Business Day immediately following an Interest Payment Date
2 if the scheduled Interest Payment Date is not a Business Day. Interest shall be calculated
3 on the basis of a 360-day year consisting of twelve 30-day months.

4 Section 3.03 **REDEMPTION PRIOR TO MATURITY.** The Bonds are subject
5 to redemption prior to maturity in the manner provided in the Pricing Certificate. The terms
6 of redemption shall be set forth in, and subject to the conditions reserved in, the FORM OF
7 BONDS. Notice of redemption of Bonds subject to redemption shall be given in the manner
8 provided in the FORM OF BONDS.

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

17 Section 3.05 **OWNERSHIP.** The City, the Paying Agent/Registrar and any other
18 Person may treat the Person in whose name any Bond is registered as the absolute owner of
19 the Bond for the purpose of making and receiving payment of the principal of and premium,
20 if any, and the interest on, the Bond and for all other purposes, whether the Bond is overdue,
21 and neither the City nor the Paying Agent/Registrar shall be bound by any notice or
22 knowledge to the contrary. All payments made to the Person deemed to be the Owner of any
23 Bond in accordance with this section shall be valid and effectual and shall discharge the
24 liability of the City and the Paying Agent/Registrar upon the Bond to the extent of the sums
25 paid.

26 Section 3.06 **TRANSFER AND EXCHANGE.** On the date of initial delivery and
27 payment for the Bonds, one or more Initial Bonds, representing the entire principal amount
28 of all Bonds, payable to the Underwriters, executed by the Mayor and City Clerk of the City,
29 approved by the Attorney General of the State of Texas, and registered and manually signed
30 by the Comptroller of Public Accounts of the State of Texas, will be delivered to the
31 Representative of the Underwriters. Upon payment for the Initial Bonds, the Paying
32 Agent/Registrar shall cancel the Initial Bonds and deliver to DTC on behalf of the
33 Underwriters one or more definitive Bonds for each year of maturity of the Bonds in the
34 aggregate principal amount of the Bonds, registered in the name of Cede & Co., as nominee
35 of DTC.

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

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

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

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

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

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

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

1 other expenses, including the fees and expenses of the Paying Agent/Registrar, to effect this
2 exchange.

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

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

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

13 (c) paid all expenses and charges, including, but not limited to, printing costs, legal
14 fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may
15 be imposed, as a result of the loss, destruction or wrongful taking of the Bond; and

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

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

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

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

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

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

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

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

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

7 The Blanket Letter of Representations currently in effect between the City and DTC
8 shall apply to the Bonds.

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

11 ***ARTICLE FOUR***

12 ***FORM OF BONDS***

13
14 Section 4.01 **FORM GENERALLY.** (a) The Bonds, including the forms of the
15 Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the
16 Certificate of the Paying Agent/Registrar, and the Assignment to appear on each Bond, (i)
17 shall be substantially in the form set forth in Exhibit A to this Ordinance, with appropriate
18 insertions, omissions, substitutions, and other variations as are permitted or required by this
19 Ordinance, the Bond Purchase Agreement or the Pricing Certificate, and (ii) may have
20 distinguishing letters, numbers, or other marks of identification and legends and
21 endorsements (including any reproduction of an opinion of counsel) as may be determined
22 by the City or by the officers executing the Bonds, as evidenced by their execution of the
23 Bonds.

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

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

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

1 ***ARTICLE FIVE***

2 ***SECURITY AND SOURCE OF PAYMENT***

3
4 Section 5.01 **PLEDGE AND SOURCE OF PAYMENT.** The City covenants and
5 agrees that Gross Revenues shall be deposited and paid into the special funds established
6 and confirmed in this Ordinance, and shall be applied in the manner set forth in this
7 Ordinance, in order to provide for the payment of all Operation and Maintenance Expenses
8 of the Airport System and to provide for the payment of Debt Service on the Revenue Bonds
9 and Credit Agreement Obligations and for the payment when due of Administrative
10 Expenses. Except as otherwise specifically provided in this Ordinance, the Revenue Bonds
11 and the Credit Agreement Obligations shall constitute special obligations of the City that
12 shall be payable from and shall be equally and ratably secured by a first lien on the Net
13 Revenues. The Administrative Expenses shall constitute special obligations of the City that
14 shall be payable from and secured by a lien on the Net Revenues subordinate only to the
15 payment of Debt Service on the Revenue Bonds. Net Revenues shall, in the manner
16 provided in this Ordinance, be set aside for and pledged to the payment of the Revenue
17 Bonds in the Debt Service Fund and the Debt Service Reserve Fund as provided in this
18 Ordinance. The City grants a lien on the Net Revenues and the Debt Service Fund and the
19 Debt Service Reserve Fund to secure the payment of Debt Service on the Revenue Bonds
20 and related Credit Agreement Obligations in accordance with their terms, and to pay
21 Administrative Expenses to the Persons entitled to payment. All Revenue Bonds and related
22 Credit Agreement Obligations shall be in all respects on a parity with and of equal dignity
23 with one another; provided, however, that a Termination Payment shall be a Subordinate
24 Obligation. Neither the Owners nor the Credit Providers shall ever have the right to demand
25 payment of Debt Service out of any funds raised or to be raised by taxation.

26 Chapter 1208 applies to the authorization and issuance of the Revenue Bonds and to
27 the pledge of and lien on the Net Revenues granted by the City under this Ordinance, and
28 the pledge of and lien on the Net Revenues are valid and effective in accordance with the
29 terms of this Ordinance and are perfected from the date of adoption of this Ordinance
30 without the filing of any document or other act. To the extent Texas law is amended at any
31 time while the Revenue Bonds are Outstanding and unpaid such that the pledge of and lien
32 on the Net Revenues granted by the City under this Ordinance are to be subject to the filing
33 requirements of Chapter 9, the City agrees to take all actions and make, or cause to be made,
34 all filings as it determines are reasonable and necessary under Texas law to comply with the
35 applicable provisions of Chapter 9.

36 Section 5.02 **ANNUAL BUDGET.** So long as any Revenue Bond or Credit
37 Agreement Obligation remains Outstanding, the Aviation Director shall, prior to the
38 commencement of each Fiscal Year, prepare and deliver to the chief budget officer of the
39 City, for submission to council, a recommended annual budget for the Airport System for
40 that Fiscal Year. The City shall adopt annual budgets for the Airport System for each Fiscal

1 Year, containing an estimate of Gross Revenues and only those budgeted expenditures as
2 will produce Net Revenues in an amount that is not less than the amount necessary to pay
3 the Debt Service and Administrative Expenses when due and make the required deposits to
4 the Debt Service Reserve Fund. After the adoption of the annual Airport System budget by
5 the City, the total expenditures for Operation and Maintenance Expenses will not exceed the
6 total expenditures authorized for the purposes described in the budget, as the budget may
7 from time to time be amended.

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

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

16 (b) an amount, together with Other Available Funds, not less than 125% of the
17 Debt Service Requirements for Revenue Bonds for the Fiscal Year plus an amount equal to
18 100% of anticipated and budgeted Administrative Expenses for the Fiscal Year.

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

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

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

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

4 (c) Airport System Revenue Bond Debt Service Reserve Fund (“Debt Service
5 Reserve Fund”);

6 (d) Airport System Revenue Bond Administrative Expense Fund (the
7 “Administrative Expense Fund”);

8 (e) Airport System Renewal and Replacement Fund (“Renewal and Replacement
9 Fund”);

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

12 (g) Airport System Construction Fund (“Construction Fund”).

13 The Revenue Fund, including the Operation and Maintenance Reserve Fund, the
14 Renewal and Replacement Fund, the Capital Fund and the Construction Fund (other than
15 any capitalized interest account in the Construction Fund) shall be maintained as separate
16 funds or accounts on the books of the City and all amounts credited to the Funds and
17 Accounts shall be maintained in an official depository bank of the City. The Debt Service
18 Fund, the Debt Service Reserve Fund and the Administrative Expense Fund shall be
19 maintained at an official depository bank of the City or in a trustee bank designated by the
20 City separate and apart from all other funds and accounts of the City. The Debt Service
21 Fund and the Debt Service Reserve Fund shall constitute trust funds which shall be held in
22 trust for the owners of the Revenue Bonds and the proceeds of which shall be pledged, as
23 herein provided, to the payment of the Revenue Bonds. The Administrative Expense Fund
24 shall constitute trust funds which shall be held in trust for the payment of Administrative
25 Expenses to the Persons entitled to those Administrative Expenses.

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

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

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

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

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

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

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

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

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

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

Section 5.06 **DEBT SERVICE FUND.** (a) To the extent moneys remain on deposit in any capitalized interest fund or account, there shall be transferred from the capitalized interest fund or account to the Debt Service Fund amounts available to pay the interest coming due on the applicable series of Revenue Bonds at the times provided in the Revenue Bond Ordinances.

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

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

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

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

22 (b) In any month in which the Debt Service Reserve Fund contains less than the
23 Debt Service Reserve Fund Requirement or in which the City is obligated to repay or
24 reimburse any issuer of a Debt Service Reserve Fund Surety Bond (in the event such Debt
25 Service Reserve Fund Surety Bond is drawn upon), then on or before the last Business Day
26 of that month, after making all required transfers to the Debt Service Fund and the
27 Administrative Expense Fund, the City shall transfer into the Debt Service Reserve Fund
28 from the Revenue Fund, in approximately equal monthly installments, amounts sufficient to
29 enable the City within an 18 month period to reestablish in the Debt Service Reserve Fund
30 the Debt Service Reserve Fund Requirement and satisfy any repayment obligations to the
31 issuer of any Debt Service Reserve Fund Surety Bond. After this amount has been
32 accumulated in the Debt Service Reserve Fund and after satisfying any repayment obligation
33 to any Debt Service Reserve Fund Surety Bond issuer and so long thereafter as the Debt
34 Service Reserve Fund contains this amount and all repayment obligations have been
35 satisfied, no further transfers shall be required to be made, and any excess amounts in the
36 Debt Service Reserve Fund shall be transferred to the Revenue Fund. But if and whenever
37 the balance in the Debt Service Reserve Fund is reduced below this amount or any Debt
38 Service Reserve Fund Surety Bond repayment obligations arise, monthly transfers to the
39 Debt Service Reserve Fund shall be resumed and continued in amounts required to restore
40 the Debt Service Reserve Fund to this amount and to pay reimbursement obligations within
41 an 18 month period.

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

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

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

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

Section 5.11 OPERATION AND MAINTENANCE RESERVE FUND. The City shall fund and maintain a balance of money and investments in the Operation and Maintenance Reserve Fund at least equal to two months current Operation and Maintenance Expenses, which amount shall annually be re-determined by the Aviation Director at the time the recommended budget for the Airport System is submitted pursuant to Section 5.02 of this Ordinance, based upon either the Aviation Director's recommended budget for Operation and Maintenance Expenses or the Aviation Director's estimate of actual Operation and Maintenance Expenses for the then current Fiscal Year. On or before the last Business Day of each month, after making all required transfers to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative Expense Fund, and any required

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

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

Section 5.13 CAPITAL FUND. After the City makes all payments and transfers required by this Ordinance, at least annually it shall also transfer all amounts remaining in

1 the Revenue Fund to the Capital Fund; provided, however, that no transfers shall be made
2 to the Capital Fund unless the Debt Service Reserve Fund contains the Debt Service Reserve
3 Fund Requirement and all Administrative Expenses have been paid. Amounts credited to
4 the Capital Improvement Account may be used only for lawful purposes relating to the
5 Airport System, including without limitation, to pay for any capital expenditures or to pay
6 costs of replacing any depreciable property or equipment of the Airport System, to make
7 any major or extraordinary repairs, replacements or renewals of the Airport System, to
8 acquire land or any interest in such land, to pay costs necessary or incident to the closing or
9 disposition of any facility of the Airport System and, at the City's discretion, to be
10 designated as Other Available Funds to be transferred to the Revenue Fund.

11 Section 5.14 **DEFICIENCIES IN FUNDS OR ACCOUNTS.** If in any month the
12 City does not transfer into any Fund or Account maintained pursuant to Sections 5.06
13 through 5.12, inclusive, the full amounts required by this Ordinance, the City shall set apart
14 amounts equivalent to the deficiency and shall transfer those amounts to the deficient Fund
15 or Account, subject to the priority set forth in Section 5.05 of this Ordinance, from the first
16 available and unallocated moneys in the Revenue Fund, and this transfer shall be in addition
17 to the amounts otherwise required to be transferred to the Fund or Account during any
18 succeeding month or months.

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

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

34 Section 5.16 **MUELLER AIRPORT DISPOSITION FUND.** The Robert Mueller
35 Municipal Airport was closed for aviation purposes and the Mueller Airport Property was
36 transferred out of the Airport System and is no longer part of the Airport System. In
37 connection with the transfer of the Mueller Airport Property, the City deposited certain funds
38 into the Mueller Disposition Fund. These funds, together with any other amounts deposited
39 into the Mueller Disposition Fund, may be used for the payment or reimbursement of all

costs and expenses incurred by the City necessary or incident to the closing of Robert Mueller Municipal Airport to aviation purposes and the disposition of the Mueller Airport Property. Any amounts remaining will be transferred to the City's aviation department.

Section 5.17 INVESTMENT; TRANSFER OF INVESTMENT INCOME.

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

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

<u>Source of Interest or Income</u>	<u>Fund or Account to which such Interest or Income should be Credited</u>
Revenue Fund	Remains in Revenue Fund
Debt Service Reserve Fund	Remains in the fund until the applicable Debt Service Reserve Fund Requirement is satisfied; thereafter to the Revenue Fund
Administrative Expense Fund	Revenue Fund
Operation and Maintenance Reserve Fund	Remains in the fund until fully funded; thereafter to the Revenue Fund

Renewal and Replacement Fund Remains in the fund until Renewal and Replacement Fund Requirement is met; thereafter to the Revenue Fund

Capital Fund - Capital Improvement Account Remains in the fund or in the appropriate fund or account therein

(c) Notwithstanding anything to the contrary, (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.

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

ARTICLE SIX

ADDITIONAL BONDS

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

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

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

1 Fund will contain the Debt Service Reserve Fund Requirement or the amount as is required
2 to be funded at that time.

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

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

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

17 are equal to at least 125% of the Debt Service Requirements on all Outstanding Revenue
18 Bonds scheduled to occur during each respective Fiscal Year after taking into consideration
19 the additional Debt Service Requirements for the Additional Revenue Bonds to be issued.
20

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

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

36 (f) Bond Ordinance Requirements. Provision is made in the Revenue Bond
37 Ordinances authorizing the Additional Revenue Bonds proposed to be issued for: (1)
38 additional payments into the Debt Service Fund sufficient to provide for any principal and

1 interest requirements resulting from the issuance of the Additional Revenue Bonds
2 including, in the event that interest on the additional series of Revenue Bonds is capitalized
3 and/or to be paid from investment earnings, a requirement for the transfer from the
4 capitalized interest fund or account and/or from the Construction Fund to the Debt Service
5 Fund of amounts fully sufficient to pay interest on such Additional Revenue Bonds during
6 the period specified in the Revenue Bond Ordinances; and (2) satisfaction of the Debt
7 Service Reserve Fund Requirement by not later than the date required by this Ordinance or
8 any other Revenue Bond Ordinance authorizing Additional Revenue Bonds.

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

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

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

18 (a) a certificate of the consulting engineer engaged by the City to design the
19 Airport Project for which the Completion Bonds are to be issued stating that the Airport
20 Project has not materially changed in scope since the issuance of the most recent series of
21 Revenue Bonds for the intended purpose (except as permitted in the applicable ordinance
22 authorizing the Revenue Bonds) and setting forth the aggregate cost of the Airport Project
23 which, in the opinion of the consulting engineer, has been or will be incurred; and

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

36 For purposes of this Section, the term "Airport Project" means the Airport or any other
37 Airport System facility or project which shall be defined as an Airport Project in any
38 ordinance authorizing the issuance of Additional Revenue Bonds, for the purpose of

1 financing the Airport Project. Any such ordinance may contain further provisions as the City
2 shall deem appropriate with regard to the use, completion, modification or abandonment of
3 the Airport Project.

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

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

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

33 ***ARTICLE SEVEN***

34 ***COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS***

35
36 Section 7.01 **PUNCTUAL PAYMENT OF BONDS.** The City covenants that it
37 will punctually pay, or cause to be paid, the Debt Service on all Revenue Bonds and Credit
38 Agreement Obligations, according to their terms, and to pay all Administrative Expenses to
39 the Persons entitled to payment when due, and will faithfully do and perform, and at all

1 times fully observe, any and all covenants, undertakings, stipulations and provisions
2 contained in this Ordinance and in any other ordinance authorizing the issuance of Revenue
3 Bonds.

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

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

17 Section 7.04 **SALE OR ENCUMBRANCE OF AIRPORT SYSTEM.** Except for
18 the use of the Airport System or services pertaining to the Airport System in the normal
19 course of business, the City covenants that neither all nor a substantial part of the Airport
20 System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise
21 disposed of until all Revenue Bonds, Credit Agreement Obligations and Administrative
22 Expenses have been paid in full, or unless provision for payment has been made, and the
23 City shall not dispose of its title to the Airport System or to any useful part of the Airport
24 System, including, without limitation, any property necessary to the operation and use of the
25 Airport System, except for the execution of leases, licenses, easements, or other agreements
26 in connection with the operation of the Airport System by the City, or in connection with
27 any Special Facilities, except for any pledges of and liens on revenues derived from the
28 operation and use of all or any part of the Airport System, or any Special Facilities, for the
29 payment of Revenue Bonds, Credit Agreement Obligations, Administrative Expenses,
30 Special Facilities Bonds, and any other obligations pertaining to the Airport System, and
31 except as otherwise provided in the next two paragraphs.

32 The City may sell, exchange, lease, or otherwise dispose of, or exclude from the
33 Airport System, any property constituting a part of the Airport System which the Aviation
34 Director certifies: (i) to be no longer useful in the construction or operation of the Airport
35 System; (ii) to be no longer necessary for the efficient operation of the Airport System; or
36 (iii) to have been replaced by other property of at least equal value. The net proceeds of the
37 sale or disposition of any Airport System property (or the fair market value of any property
38 so excluded) pursuant to this paragraph shall be used for the purpose of replacing properties

1 at the Airport System, shall be paid into the Capital Fund - Capital Improvement Account
2 or shall be applied to retire or pay principal of or interest on Revenue Bonds.

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

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

35 Section 7.06 **ACCOUNTS, RECORDS, AND AUDITS.** The City covenants and
36 agrees that it will maintain a proper and complete system of records and accounts pertaining
37 to the Gross Revenues and the operation of the Airport System in which full, true and proper
38 entries will be made of all dealings, transactions, business and affairs which in any way
39 affect or pertain to the Gross Revenues and the Airport System. After the close of each
40 Fiscal Year, the City shall cause an audit report of the records and accounts described in the

preceding sentence to be prepared by an independent certified public accountant or independent firm of certified public accountants, which may be part of an overall audit report of the City and/or other of its enterprise funds. All expenses of obtaining these reports shall constitute Operation and Maintenance Expenses of the Airport System.

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

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

Notwithstanding the provisions of the foregoing paragraph, acceleration as a remedy is expressly denied.

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

1 Service, by depositing with the Paying Agent/Registrar cash in an amount equal to the Debt
2 Service of the Bonds to the date of maturity or redemption, or any portion of the Bonds to
3 be discharged, or by depositing either with the Paying Agent/Registrar or with any other
4 eligible bank or trust company then authorized by State law, pursuant to an escrow or trust
5 agreement, cash and/or Defeasance Obligations in principal amounts and maturities and
6 bearing interest at rates sufficient to provide for the timely payment of Debt Service on the
7 Bonds to the date of maturity or redemption or any portion thereof to be discharged. Upon
8 such deposit, the Bonds, or any portion thereof, shall no longer be regarded to be
9 Outstanding or unpaid. In case any Bonds are to be redeemed on any date prior to their
10 maturity, the City shall give to the Paying Agent/Registrar instructions to give notice of
11 redemption of Bonds to be so redeemed in the manner required in this Ordinance. Any
12 determination not to redeem Bonds that is made in conjunction with the payment
13 arrangements described above shall not be irrevocable, provided that: (1) in the proceedings
14 providing for the payment arrangements, the City expressly reserves the right to call the
15 Bonds for redemption; (2) the City gives notice of the reservation of that right to the owners
16 of the Bonds immediately following the making of the payment arrangements; and (3) the
17 City directs that notice of the reservation be included in any redemption notices that it
18 authorizes.

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

23 ***ARTICLE EIGHT***

24 ***CONCERNING THE PAYING AGENT/REGISTRAR***

25
26 Section 8.01 **APPOINTMENT OF INITIAL PAYING AGENT/REGISTRAR.**
27 U.S. Bank Trust Company, National Association, is appointed to serve as the initial Paying
28 Agent/Registrar for the Bonds.

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

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

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

3 Section 8.04 **TERMINATION.** The City may terminate the appointment of any
4 Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated
5 written notice, at least 15 days before termination, of such termination; provided, that no
6 termination shall be effective until a successor Paying Agent/Registrar has been appointed
7 and has accepted the duties of Paying Agent/Registrar for the Bonds.

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

13 Section 8.06 **AGREEMENT TO PERFORM DUTIES AND FUNCTIONS.** By
14 accepting the appointment as Paying Agent/Registrar and executing the Paying
15 Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the
16 provisions of this Ordinance and that it will perform the prescribed duties and functions of
17 Paying Agent/Registrar.

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

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

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

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

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

3 4 5 **ARTICLE NINE**

6 7 **ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE**

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

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

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

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

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

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

33 (e) to amend any provisions of this Ordinance relating to the issuance of Revenue
34 Bonds and Subordinate Obligations, or the incurrence of and security for reimbursement
35 obligations in connection with the issuance of Revenue Bonds and Subordinate Obligations,

1 so long as to do so does not cause any reduction in any rating assigned to the Outstanding
2 Revenue Bonds by any nationally recognized rating agency then rating any series of
3 Revenue Bonds;

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

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

8 **Section 9.03 AMENDMENTS OF ORDINANCE REQUIRING CONSENT.**

9 The City may at any time adopt one or more ordinances amending, modifying, adding to or
10 eliminating any of the provisions of this Ordinance but, if the amendment is not of the
11 character described in Section 9.02, only with the consent given in accordance with Section
12 9.04 of the Owner or Owners of not less than a majority of the aggregate unpaid principal
13 amount of the Revenue Bonds then Outstanding and affected by the amendment,
14 modification, addition, or elimination; provided, however, that nothing in this Section shall
15 permit (a) an extension of the maturity of the principal of or interest on any Revenue Bond
16 issued under this Ordinance, or (b) a reduction in the principal amount of any Revenue Bond
17 or the rate of interest on any Revenue Bond, or (c) a privilege or priority of any Revenue
18 Bond or Revenue Bonds over any other Revenue Bond or Revenue Bonds, or (d) a reduction
19 in the percentage of aggregate principal amount of the Revenue Bonds required for consent
20 to the amendment.

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

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

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

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

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

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

10 Section 9.05 **REVOCATION OF CONSENT.** Any consent by any Owner of a
11 Revenue Bond pursuant to the provisions of this Article shall be irrevocable for a period of
12 18 months from the date of mailing of the notice provided for in this Article, and shall be
13 conclusive and binding upon all future Owners of the same Revenue Bond and any Revenue
14 Bond delivered on transfer thereof or in exchange for or replacement of the Revenue Bond
15 during this period. The consent may be revoked at any time after 18 months from the date
16 of the first mailing of the notice by the Owner who gave the consent or by a successor in
17 title, by filing notice with the Paying Agent/Registrar, but the revocation shall not be
18 effective if the Owners of a majority in aggregate principal amount of the Revenue Bonds
19 Outstanding as in this Ordinance defined have, prior to the attempted revocation, consented
20 to and approved the amendment.

21 **ARTICLE TEN**

22 ***SALE OF THE BONDS; APPROVAL OF BOND PURCHASE AGREEMENT; 23 APPLICATION OF PROCEEDS OF THE BONDS; REFUNDING OF THE 24 REFUNDED BONDS***

25
26 Section 10.01 **SALE OF THE BONDS; BOND PURCHASE AGREEMENT.** As
27 authorized by Chapter 1207 and Chapter 1371, the Authorized Officer is authorized to act
28 on behalf of the City upon determining that the conditions set forth below can be satisfied,
29 in selling and delivering the Bonds and carrying out the other procedures specified in this
30 Ordinance, including determining the price at which each of the Bonds will be sold, the form
31 and designation of the Bonds, the aggregate principal amount of the Bonds, the years in
32 which the Bonds will mature, the principal amount of the Bonds to mature in each year, the
33 Refunded Bonds to be refunded, the dates, prices, interest rates, interest payment dates,
34 principal payment dates and redemption features of the Bonds, the designation of a paying
35 agent/registrar, if different from the Paying Agent/Registrar, the designation of an escrow
36 agent, if different from the Escrow Agent, and all other matters relating to the issuance, sale
37 and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be
38 specified in the Bond Purchase Agreement, the Pricing Certificate or a combination of the
39 Bond Purchase Agreement and the Pricing Certificate. A finding or determination made by

1 the Authorized Officer acting under the authority of this Ordinance with respect to all
2 matters relating to the issuance and sale of the Bonds and the refunding of the Refunded
3 Bonds shall have the same force and effect as a finding or determination made by council.

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

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

- 11 (1) The details of the purchase and sale of the Bonds, including series designation;
- 12 (2) The details of the public offering of the Bonds by the Underwriters;
- 13 (3) The details of an Official Statement (and, if appropriate, any Preliminary
14 Official Statement) relating to the Bonds and the City's compliance with the Rule;
- 15 (4) A security deposit for the Bonds;
- 16 (5) The representations and warranties of the City to the Underwriters;
- 17 (6) The details of the delivery of, and payment for, the Bonds;
- 18 (7) The Underwriters' obligations under the Bond Purchase Agreement;
- 19 (8) The conditions to the obligations of the City and the Underwriters under the
20 Bond Purchase Agreement;
- 21 (9) Termination of the Bond Purchase Agreement;
- 22 (10) Particular covenants of the City;
- 23 (11) The survival of representations made in the Bond Purchase Agreement;
- 24 (12) The payment of any expenses relating to the Bond Purchase Agreement;
- 25 (13) Notices; and
- 26 (14) Any and all such other details that are found by the Authorized Officer to be
27 necessary and advisable for the purchase and sale of the Bonds and the refunding of the
28 Refunded Bonds.

29 The Authorized Officer and other appropriate officers, employees, and agents of the
30 City shall carry out and comply with the terms and provisions of the Bond Purchase

1 Agreement. Bonds sold under the Bond Purchase Agreement may not be sold: (1) in an
2 aggregate principal amount in excess of \$250,000,000; (2) bearing interest in any maturity
3 at a rate greater than the maximum rate allowed by Chapter 1204; (3) having a final maturity
4 after November 15, 2054; (4) unless the refunding of the Refunded Bonds results in a net
5 present value debt service savings of at least 4.25%; and (5) unless the Bonds have a credit
6 rating that would cause the Bonds to be "obligations", as defined in Chapter 1371. The
7 authority of an Authorized Officer to execute a Bond Purchase Agreement expires at 5:00
8 p.m., September 6, 2025.

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

17 Notwithstanding any other provision of this Ordinance to the contrary, an Authorized
18 Officer may execute and deliver a Pricing Certificate containing any of the findings,
19 determinations, terms and provisions that are required by this Ordinance to be set forth in
20 the Bond Purchase Agreement, including but not limited to, any insertions, omissions,
21 substitutions and other variations to the form of Bond set forth in Exhibit A to this Ordinance
22 as are permitted or required by this Ordinance. In the event an Authorized Officer executes
23 a Pricing Certificate as authorized by this Section 10.01, all references in this Ordinance to
24 the Bond Purchase Agreement shall include the Pricing Certificate, as appropriate. All terms
25 and provisions of the Bonds set forth in the Bond Purchase Agreement and the Pricing
26 Certificate shall be deemed to be a part of this Ordinance.

27 Section 10.02 **APPROVAL, REGISTRATION, AND INITIAL DELIVERY.** The
28 Authorized Officer shall have control and custody of the Bonds and all necessary records
29 and proceedings pertaining to the Bonds pending their delivery, and the Authorized Officer
30 and other officers and employees of the City are instructed to make certifications and to
31 execute instruments as may be necessary to accomplish the initial delivery of the Initial
32 Bonds and to assure the investigation, examination, and approval of the Bonds by the
33 Attorney General of the State of Texas and their registration by the Comptroller of Public
34 Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of Public
35 Accounts of the State of Texas (or a deputy designated in writing to act for him) shall be
36 requested to sign manually the Comptroller's Registration Certificate set forth in the FORM
37 OF BONDS and the seal of the Comptroller of Public Accounts of the State of Texas shall
38 be impressed or printed or lithographed on the Initial Bonds. The Bonds will be delivered to
39 the Underwriters in accordance with the terms of the Bond Purchase Agreement.

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

4 (a) A portion of the proceeds from the sale of the Bonds, together with other
5 lawfully available funds of the City, if any, shall be deposited to the credit of the Escrow
6 Fund (as defined in the Escrow Agreement) in an amount sufficient to provide for the
7 refunding of the Refunded Bonds; and

8 (b) The balance of the proceeds of the Bonds shall be applied to pay all costs of
9 issuance of the Bonds, including the payments of all amounts due and payable by the City
10 in connection with the refunding of the Refunded Bonds (other than the amount referred to
11 in subsection (a) above), and, to the extent not so used, shall be deposited into the Debt
12 Service Fund.

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

27 Section 10.05 **DISPOSITION OF CERTAIN FUNDS MAINTAINED FOR**
28 **REFUNDED BONDS.** Amounts in funds and accounts established for the Bonds shall be
29 applied as required by this Ordinance and, if not herein otherwise provided, as set forth in
30 the report of the Verification Agent, referred to in Section 10.06 below.

31 Section 10.06 **REFUNDING OF REFUNDED BONDS; ESCROW**
32 **AGREEMENT.** The discharge and defeasance of the Refunded Bonds designated in the
33 Bond Purchase Agreement or the Pricing Certificate shall be effectuated pursuant to the
34 terms and provisions of the Escrow Agreement in substantially the form of escrow
35 agreements previously executed in connection with the issuance of public securities by the
36 City, the terms and provisions of which are approved, subject to the insertions, additions and
37 modifications as shall be necessary (a) to carry out the purposes of this Ordinance and to
38 provide for the establishment of an escrow fund in an amount which, together with any
39 earnings thereon, will be sufficient to effect the defeasance of and provide for the payment

1 when due of the Refunded Bonds, the sufficiency of which shall be certified as to
2 mathematical accuracy by the Verification Agent, (b) to minimize the City's cost of
3 refunding the Refunded Bonds, (c) to comply with all applicable laws and regulations
4 relating to the refunding of the Refunded Bonds, (d) to carry out the other intents and
5 purposes of this Ordinance, and (e) to comply with the terms set forth in the Bond Purchase
6 Agreement. Each Authorized Officer is authorized to execute and deliver the Escrow
7 Agreement on behalf of the City. Council authorizes and directs that the callable Refunded
8 Bonds shall be called for redemption prior to maturity in their entirety, on the date or dates
9 and at the prices set forth in the Bond Purchase Agreement or the Pricing Certificate. Each
10 Authorized Officer, all other appropriate officers of the City and the paying agent/registrar
11 for the Refunded Bonds are authorized and directed to take all necessary and appropriate
12 action to give or cause to be given notice of redemption to the registered holders of the
13 Refunded Bonds in any manner required in the Refunded Bonds, the Series 2014 Bond
14 Ordinance and the other documents and instruments authorizing the Refunded Bonds.

15 Section 10.07 **PURCHASE OF ESCROWED SECURITIES.** Each Authorized
16 Officer is authorized to agree to purchase, and to purchase, Escrowed Securities referred to
17 in the Escrow Agreement, in the amounts and maturities and bearing interest at the rates as
18 may be provided for in the Escrow Agreement, and to execute any and all purchase
19 agreements, commitments, letters of authorization and other documents necessary to
20 effectuate the foregoing, and any actions taken before the approval of this Ordinance for
21 those purposes are ratified and approved. Each Authorized Officer is further authorized to
22 carry out any transaction in which Escrowed Securities are substituted, exchanged,
23 reinvested or acquired on a forward purchase basis so long as it is consistent with the
24 provisions of the Escrow Agreement upon the terms as are determined by an Authorized
25 Officer to be in the best interests of the City.

26 ***ARTICLE ELEVEN***

27 ***FEDERAL INCOME TAX COVENANTS***

28
29 Section 11.01 **GENERAL TAX COVENANTS.** The City covenants not to take any
30 action or omit to take any action that, if taken or omitted, would cause the interest on the
31 Bonds to be includable in gross income for federal income tax purposes. In furtherance
32 thereof, the City covenants to comply with sections 103 and 142 through 150 of the Code
33 and the provisions set forth in the Federal Tax Certificate executed by the City in connection
34 with the Bonds.

35 Section 11.02 **USE OF PROCEEDS.** The City represents, covenants and agrees
36 that:

37 (a) At least 95 percent of the Net Proceeds of the Refunded Bonds actually
38 expended has been allocated to expenditures that are Qualified Project Costs;

(b) All Net Proceeds of the Bonds will be used to pay principal of, or interest on, the Refunded Bonds, Issuance Costs of the Bonds and accrued interest, if any, on the Bonds. All of the Refunded Bonds will be retired prior to the date that is 90 days after the Issue Date of the Bonds.

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

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

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

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

(g) No portion of the Net Proceeds of the Refunded Bonds was used for the acquisition of any existing property or an interest in such property unless (i) the first use of such property was pursuant to such acquisition or (ii) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed with the Net Proceeds of the Refunded Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term "rehabilitation expenditures" has the meaning set forth in section 147(d)(3) of the Code.

(h) The Issuance Costs paid (a) with the Proceeds of the Refunded Bonds did not exceed two percent of the Proceeds of the Refunded Bonds and (b) with the Proceeds of the Bonds will not exceed two percent of the Proceeds of the Bonds; provided that, for purposes

1 of clause (b) hereof, costs of issuance of the Refunded Bonds that are refinanced with the
2 Proceeds of the Bonds are not taken into account.

3 Section 11.03 **LIMITATION ON MATURITY.** The City covenants and agrees that
4 the average maturity of the Bonds, taking into account the issue price of the various
5 maturities of the Bonds, will not exceed 120 percent of the reasonably expected economic
6 life of the AMT Projects, taking into account the respective cost of each component of the
7 AMT Projects. For purposes of the preceding sentence, the reasonably expected economic
8 life of each component of the AMT Projects is determined as of the later of (i) the Issue Date
9 of the Refunded Bonds or (ii) the respective dates on which each component of the AMT
10 Projects was placed in service. In addition, land is not to be taken into account in
11 determining the reasonably expected economic life of the AMT Projects. The City will not
12 make any changes to the facilities that would, at the time made, decrease the average
13 reasonably expected economic life of the AMT Projects.

14 Section 11.04 **PUBLIC APPROVAL.** For purposes of complying with section
15 147(f) of the Code, the City held a public hearing providing a reasonable opportunity for
16 interested individuals to express their views on the Bonds and the location and nature of the
17 AMT Projects. A public notice designed to inform residents of the City regarding the
18 issuance of the Bonds and providing information relevant to the hearing was published no
19 less than 7 days prior to the hearing by electronic posting on the City's primary public
20 website in an area of the website used to inform its residents about events affecting the
21 residents. All actions taken by the City, its officers and its employees with respect to the
22 electronic posting of the notice of such public hearing and the conducting of such public
23 hearing are ratified and approved. The Mayor is authorized to execute a certificate with
24 respect to such hearing of the kind required by such section 147(f) of the Code with respect
25 to the Bonds and the AMT Projects.

26 Section 11.05 **NO FEDERAL GUARANTEE.** The City covenants not to take any
27 action, or knowingly omit to take any action, that, if taken or omitted, would cause the Bonds
28 to be "federally guaranteed" within the meaning of section 149(b) of the Code, except as
29 permitted by section 149(b)(3) of the Code.

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

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

37 Section 11.08 **ARBITRAGE REBATE.** The City covenants that, if the City does
38 not qualify for an exception to the requirements of section 148(f) of the Code, the City will

1 comply with the requirement that certain amounts earned by the City on the investment of
2 the Gross Proceeds of the Bonds, be rebated to the United States.

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

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

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

13 Section 11.12 **REMEDIAL ACTIONS.** The City will not take any action, or omit
14 to take any action, that causes the Bonds to fail to meet any requirement of the Code
15 regarding the use of Gross Proceeds after the Issue Date of the Bonds unless an appropriate
16 remedial action is permitted by Section 1.142-2(e) of the Regulations and the City receives
17 an opinion of nationally recognized bond counsel that such remedial action cures any failure
18 to meet the requirements with respect to the use of Gross Proceeds of the Bonds.

19 Section 11.13 **FAVORABLE OPINION OF BOND COUNSEL.** Notwithstanding
20 the foregoing, the City will not be required to comply with any of the federal tax covenants
21 set forth above if the City has received an opinion of nationally recognized bond counsel
22 that such noncompliance will not adversely affect the excludability of interest on the Bonds
23 from gross income for federal income tax purposes.

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

29 ***ARTICLE TWELVE***

30 ***CONTINUING DISCLOSURE***

31
32 Section 12.01 **ANNUAL REPORTS.** The City shall provide annually to the MSRB,
33 within six months after the end of each Fiscal Year ending in or after 2025, financial
34 information and operating data with respect to the City of the general type included in the
35 final Official Statement authorized by Section 10.01 of this Ordinance, being the
36 information described in Section 12.04. Any financial statements provided shall be prepared

in accordance with the accounting principles described in Section 12.04, or other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of the statements and the audit is completed within twelve months after the end of each Fiscal Year ending in or after 2025. If audited financial statements of the City are not available by the end of the 12 month period, the City will provide notice that the audited financial statements are not available, and will provide unaudited financial statements by the end of the 12 month period and audited financial statements for the applicable Fiscal Year when and if the audited financial statements become available.

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

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

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

1 10. Release, substitution, or sale of property securing repayment of the Bonds, if
2 material;

3 11. Rating changes;

4 12. Bankruptcy, insolvency, receivership or similar event of the City;

5 13. The consummation of a merger, consolidation, or acquisition involving the City
6 or the sale of all or substantially all of the assets of the City, other than in the ordinary course
7 of business, the entry into a definitive agreement to undertake such an action or the
8 termination of a definitive agreement relating to any such actions, other than pursuant to its
9 terms, if material;

10 14. Appointment of a successor Paying Agent/Registrar or change in the name of
11 the Paying Agent/Registrar, if material;

12 15. Incurrence of a Financial Obligation of the City, if material, or agreement to
13 covenants, events of default, remedies, priority rights, or other similar terms of a Financial
14 Obligation of the City, any of which affect security holders, if material; and

15 16. Default, event of acceleration, termination event, modification of terms, or
16 other similar events under the terms of a Financial Obligation of the City, any of which
17 reflect financial difficulties.

18 For these purposes, (A) any event described in the immediately preceding clause 12
19 in this Section is considered to occur when any of the following occur: the appointment of
20 a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S.
21 Bankruptcy Code or in any other proceeding under state or federal law in which a court or
22 governmental authority has assumed jurisdiction over substantially all of the assets or
23 business of the City, or if jurisdiction has been assumed by leaving council and officials or
24 officers of the City in possession but subject to the supervision and orders of a court or
25 governmental authority, or the entry of an order confirming a plan of reorganization,
26 arrangement or liquidation by a court or governmental authority having supervision or
27 jurisdiction over substantially all of the assets or business of the City, and (B) the City
28 intends the words used in the immediately preceding clauses 15 and 16 in this Section and
29 in the definition of Financial Obligation in Section 2.01 to have the meanings ascribed to
30 them in SEC Release No. 34-83885 dated August 20, 2018.

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

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

7 The provisions of this Article are for the sole benefit of the Owners and beneficial
8 owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit
9 or any legal or equitable right, remedy, or claim hereunder to any other person. The City
10 undertakes to provide only the financial information, operating data, financial statements,
11 and notices which it has expressly agreed to provide pursuant to this Article and does not
12 undertake to provide any other information that may be relevant or material to a complete
13 presentation of the City’s financial results, condition, or prospects or to update any
14 information provided in accordance with this Article or otherwise, except as expressly
15 provided in this Ordinance. The City does not make any representation or warranty
16 concerning such information or its usefulness to a decision to invest in or sell Bonds at any
17 future date.

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

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

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

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

34 The provisions of this Article may be amended by the City from time to time to adapt
35 to changed circumstances that arise from a change in legal requirements, a change in law,
36 or a change in the identity, nature, status, or type of operations of the City, but only if (1)
37 the provisions of this Article, as so amended, would have permitted an underwriter to
38 purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule,

1 taking into account any amendments or interpretations of the Rule to the date of such
2 amendment, as well as such changed circumstances, and (2) either (a) the Owners of a
3 majority in aggregate principal amount (or any greater amount required by any other
4 provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds
5 consent to such amendment or (b) a Person that is unaffiliated with the City (such as
6 nationally recognized bond counsel) determines that such amendment will not materially
7 impair the interests of the Owners and beneficial owners of the Bonds. If the City amends
8 the provisions of this Article, it shall include with any amended financial information or
9 operating data next provided in accordance with Section 12.01 an explanation, in narrative
10 form, of the reason for the amendment and of the impact of any change in the type of
11 financial information or operating data so provided. The City may also amend or repeal the
12 provisions of this Article if the SEC amends or repeals the applicable provision of the Rule
13 or a court of final jurisdiction enters judgment that the provisions of the Rule are invalid,
14 but only and to the extent that the provisions of this sentence would not prevent an
15 underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

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

22 Section 12.04 **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.**

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

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

1 **ARTICLE THIRTEEN**

2
3 **MISCELLANEOUS**

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

14 Section 13.02 **COMPLIANCE WITH SECTION 2252.908, GOVERNMENT**
15 **CODE.** The Chief Financial Officer shall confirm that, to the extent required by Section
16 2252.908, Texas Government Code, each contracting party in connection with the issuance
17 of Bonds has made disclosure filings to the Texas Ethics Commission in accordance with
18 Section 2252.908, Texas Government Code. Within 30 days of receipt of the disclosure
19 filings from the contracting party, the City will submit a copy of the disclosure filings with
20 the Texas Ethics Commission.

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

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

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

1 PASSED AND APPROVED this 6th day of March, 2025.

2
3
4 _____
5 Kirk Watson, Mayor
6

7
8 ATTEST:

9
10
11 _____ (SEAL)
12 Myrna Rios, City Clerk
13

14
15 APPROVED:

16
17
18 _____
19 Deborah Thomas, Acting City Attorney

**EXHIBIT A
FORM OF BONDS**

REGISTERED
No. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS
AIRPORT SYSTEM REVENUE REFUNDING BOND
SERIES 2025 (AMT)**

MATURITY DATE INTEREST RATE DELIVERY DATE CUSIP

November 15, _____ % _____, 2025

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 _____, 2025 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 obtaining funds to refund certain outstanding Revenue Bonds (as defined below) 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 ____ (collectively, 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:

Term Bond Maturing November 15, ____

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

Term Bond Maturing November 15, ____

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
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

Kirk Watson, Mayor

[SEAL]

Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

Dated: _____

Form of Comptroller's Registration Certificate

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this
_____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

Form of Assignment

ASSIGNMENT

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

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

Signature Guaranteed By:

Authorized Signatory

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

Insertions for Initial Bond

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

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

“THE CITY OF AUSTIN, TEXAS (the “City”), in Travis, Williamson and Hays Counties, Texas, for value received, hereby promises to pay iebert Williams Shank & 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>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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[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”.