

BY AUTHORITY

**ORDINANCE NO. _____
SERIES OF 2013**

**COUNCIL BILL NO. CB13-0365
COMMITTEE OF REFERENCE:
BUSINESS, WORKFORCE & SUSTAINABILITY**

A BILL

For an ordinance concerning the Airport System of the City and County of Denver; amending and restating the "1997 Airport System Subordinate Bond Ordinance"; authorizing and establishing general provisions relating to Subordinate Airport System Revenue Bonds; providing the forms, terms, and conditions of such Bonds; ratifying action previously taken; providing other matters relating thereto; and providing the effective date hereof.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

(2) WHEREAS, subject to certain exceptions, all legislative powers possessed by the City, conferred by Article XX, State Constitution, or contained in the Charter of the City, as either has from time to time been amended, or otherwise existing by operation of law, are vested in the city council of the City; and

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City, and the plenary grant of powers as a home-rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter of the City in the Department of Aviation of the City (the "Department"); and

(4) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance") the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution; and

1 (5) WHEREAS, the Enterprise Ordinance provides that, the City owns the Department;
2 the Manager of the Department of Aviation (the "Manager") is the governing body of the
3 Department; and the Department has the authority to issue its own bonds or other financial
4 obligations in the name of the City, payable solely from revenues derived or to be derived from the
5 functions, services, benefits or facilities of the Department or from any other available funds, as
6 authorized by ordinance after approval and authorization by the Manager; and

7 (6) WHEREAS, the City has heretofore adopted Ordinance No. 626, Series of 1984 (as
8 amended and supplemented from time to time, the "General Bond Ordinance") and has issued
9 pursuant to the General Bond Ordinance multiple series of airport system revenue bonds and other
10 obligations in respect to the Airport System; and

11 (7) WHEREAS, such bonds and other obligations are secured by an irrevocable and first
12 lien (but not necessarily an exclusively first lien) on the Net Revenues of the Airport System on a
13 parity with the lien thereon in favor of each other; and

14 (8) WHEREAS, the General Bond Ordinance provides for the issuance of bonds payable
15 from the Net Revenues of the Airport System and having a subordinate lien thereon, any such
16 subordinate bonds to be authorized by an ordinance supplementing the General Bond Ordinance
17 or by any other instrument of the City; and

18 (9) WHEREAS, pursuant to Ordinance No. 549, Series of 1997, cited as the "1997
19 Airport System Subordinate Bond Ordinance" (the "Subordinate Bond Ordinance"), the City
20 authorized and established general provisions relating to Subordinate Bonds and Subordinate
21 Obligations in accordance with the terms of the General Bond Ordinance; and

1 (10) WHEREAS, pursuant to the Subordinate Bond Ordinance, the City has incurred
2 certain Subordinate Hedge Facility Obligations (the "Subordinate Hedge Facility Obligations"),
3 which remain outstanding; and

4 (11) WHEREAS, pursuant to the Subordinate Bond Ordinance and Ordinance No. 566,
5 Series of 2003 (the "Thirteenth Supplemental Subordinate Bond Ordinance"), the City has also
6 authorized to be issued (i) the "City and County of Denver, Colorado, for and on behalf of its
7 Department of Aviation, Airport System Subordinate Commercial Paper Notes, Series A (Tax-
8 Exempt)," and (ii) the "City and County of Denver, Colorado, for and on behalf of its Department of
9 Aviation, Airport System Subordinate Commercial Paper Notes, Series B (Taxable)," which notes
10 (collectively the "Series A-B Commercial Paper Notes") remain authorized to be issued as
11 Subordinate Bonds under the Subordinate Bond Ordinance but none of which Series A-B
12 Commercial Paper Notes are currently Outstanding under the Subordinate Bond Ordinance; and

13 (12) WHEREAS, Subordinate Bonds and Subordinate Obligations issued pursuant to the
14 Subordinate Bond Ordinance are secured by an irrevocable lien on Net Revenues of the Airport
15 System, subordinate only to the Lien thereon in favor of Bonds and certain Obligations, as such
16 terms are defined in the General Bond Ordinance; and

17 (13) WHEREAS, the City desires to amend and restate the Subordinate Bond Ordinance
18 to incorporate certain amendments thereto (the "Amendments"); and

19 (14) WHEREAS, Section 1301 of the Subordinate Bond Ordinance provides that the City
20 may adopt a Supplemental Subordinate Bond Ordinance amending or supplementing the
21 Subordinate Bond Ordinance, without the consent of or notice to the owners of Subordinate Bonds
22 or Subordinate Obligations, for certain purposes as described therein; and

1 (15) WHEREAS, Section 1302 of the Subordinate Bond Ordinance provides that, in
2 addition to any amendments or supplements described in Section 1301 thereof, the Subordinate
3 Bond Ordinance may be amended or supplemented by a Supplemental Subordinate Bond
4 Ordinance, without receipt by the City of any additional consideration, but with the written consent
5 of the owners of Subordinate Bonds which constitute more than 50% in aggregate principal
6 amount of all Subordinate Bonds Outstanding at the time of the adoption of such Supplemental
7 Subordinate Bond Ordinance and affected by such amendment or supplement; and

8 (16) WHEREAS, Section 1304 of the Subordinate Bond Ordinance provides that notice,
9 as described therein, of any proposed amendment under the provisions of Section 1302 thereof
10 shall be mailed to the owners of all Subordinate Bonds then Outstanding and to the Subordinate
11 Bond Purchaser, or any successor thereof known to the Clerk, of the Subordinate Bonds then
12 Outstanding; and

13 (17) WHEREAS, as of the date of adoption of this Supplemental Subordinate Bond
14 Ordinance, including the provisions set forth herein that amend and supplement the Subordinate
15 Bond Ordinance, there are no Subordinate Bonds Outstanding and accordingly, (i) no consent to
16 amendments and supplements to the Subordinate Bond Ordinance as contemplated in Section
17 1302 of the Subordinate Bond Ordinance is required, (ii) no notice as contemplated in Section
18 1304 of the Subordinate Bond Ordinance is required to be given and (iii) no filing of consent to the
19 adoption of this Supplemental Subordinate Bond Ordinance as contemplated in Section 1305 of
20 the Subordinate Bond Ordinance is required to be made; and

21 (18) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager has
22 requested that the Subordinate Bond Ordinance be amended and supplemented in the manner set
23 forth in this Supplemental Subordinate Bond Ordinance; and

1 (19) WHEREAS, the Council has determined and does hereby declare that it is necessary
2 and appropriate that the Subordinate Bond Ordinance be amended, supplemented and restated as
3 provided in this Supplemental Subordinate Bond Ordinance and that:

4 A. No consent to the amendments and supplements to the Subordinate Bond Ordinance
5 as set forth in this Supplemental Subordinate Bond Ordinance is required under the
6 provisions of Section 1302 and no notice thereof is required to be given in accordance with
7 Section 1304 of the Subordinate Bond Ordinance; and

8 B. All consents of parties to agreements entered into by the City, or by the City, for and
9 on behalf of the Department, in connection with the Subordinate Bonds, the Subordinate
10 Obligations or the Airport System, which are required with respect to the amendments and
11 supplements to the Subordinate Bond Ordinance set forth herein, if any, have been or will
12 be obtained; and

13 NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF
14 DENVER:

15 **ARTICLE I**

16 **SHORT TITLE, DEFINITIONS, OTHER INTERPRETIVE AND**
17 **LEGISLATIVE MATTERS, AND EFFECTIVE DATE**
18

19 Section 101. Short Title. This ordinance may be cited as the "Amended and Restated
20 Airport System General Subordinate Bond Ordinance."

21 Section 102. Meanings and Construction.

1 A. Definitions. For all purposes of this Instrument and of any instrument
2 amendatory hereof or supplemental hereto, except where the context by clear implication
3 otherwise requires:

4 (1) "Accreted Value" when used with respect to a Subordinate Capital
5 Appreciation Bond as of a given date means the principal amount thereof plus accrued interest
6 thereon to that date.

7 (2) "Acquire" means to open, lay out, establish, purchase, construct, secure,
8 install, reconstruct, lease, option, receive, or otherwise acquire, or any combination thereof.

9 (3) "Airport" or "Airport System" has the meaning set forth in the General Bond
10 Ordinance.

11 (4) "Airport Consultant" means an independent airport management consultant or
12 airport management consulting firm, as from time to time appointed by the Manager on behalf and
13 in the name of the City:

14 (a) Who has a wide and favorable reputation for special skill and
15 knowledge in methods of the development, operating, and management of airports
16 and airport facilities; but

17 (b) Who is not in the regular employ or control of the City.

18 (5) "Airport Engineer" means the engineer for the Airport System, in the regular
19 control and employ of the Manager on behalf of the City, or designee, and successor in functions,
20 if any.

1 (6) "Attorney" means the attorney for the Airport System, in the regular control
2 and employ of the City, or designee, and successor in functions, if any.

3 (7) "Attorney's Opinion" means an opinion signed by an attorney or by a firm of
4 attorneys of recognized standing (who may be the Attorney), selected, retained, and compensated
5 by the City.

6 (8) "Auditor" means the auditor of the City, or designee, and successor in
7 functions, if any.

8 (9) "Capital Fund" means the special and separate account designated as the
9 "City and County of Denver, Airport System Capital Improvement and Replacement Fund," created
10 by the General Bond Ordinance.

11 (10) "Capitalized Interest Account" means the special and separate subaccount
12 within the Project Fund designated as the "City and County of Denver, Airport System Revenue
13 Bonds, Capitalized Interest Account," created by the General Bond Ordinance.

14 (11) "Charter" means the home-rule charter of the City, as amended from time to
15 time, and the term includes any successor charter or like document adopted as the organic law of
16 the City.

17 (12) "City" means the municipal corporation and body corporate and politic known
18 as the City and County of Denver, Colorado, and the term includes any municipal corporation
19 which may succeed to ownership of the Airport System. As the context requires, the term also
20 means the City for and on behalf of the Department.

1 (13) "City Council" or "Council" means the city council of the City, also designated
2 in the Charter as the "board of councilmen," and includes any successor governing body of the
3 City.

4 (14) "Clerk" means the Clerk and Recorder, ex-officio Clerk of the City, or a deputy
5 clerk of the City whenever the Clerk is unable to act in such capacity, or their designees, and their
6 successors in functions, if any.

7 (15) "Commercial bank" means a state or national bank or trust company which is
8 a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System,
9 which has a shareholders' equity (e.g., capital stock, surplus, and undivided profits), however
10 denominated, of \$25,000,000.00 or more, and which is located within the United States, and such
11 term includes, without limitation, any trust bank.

12 (16) "Consulting Engineer" means any registered or licensed professional
13 engineer, any firm of such engineers, any licensed professional architect, or any firm of such
14 architects, as from time to time appointed and designated by the Manager:

15 (a) Who has a wide and favorable reputation for skill and experience in the
16 field of designing, preparing plans and specifications for, and supervising
17 construction of, airports and airport facilities;

18 (b) Who is entitled to practice and is practicing as such under the laws of
19 the State; but

20 (c) Who is not in the regular control or employ of the City.

1 (17) "Cost" means the City's costs properly attributable to any Subordinate Bond
2 Improvement Project, Subordinate Bond Refunding Project, or combination thereof (as the context
3 requires), including without limitation:

4 (a) The costs of labor and materials, of machinery, furnishings, and
5 equipment, and of the restoration of property damaged or destroyed in connection
6 with construction work;

7 (b) The costs of insurance premiums, indemnity and fidelity bonds,
8 financing charges, bank fees, taxes, or other municipal or governmental charges
9 lawfully levied or assessed;

10 (c) Administrative and general overhead costs;

11 (d) The costs of reimbursing funds advanced by the City, including any
12 intrafund or interfund loan, or advanced with the approval of the City by the State,
13 any city, the Federal Government, or by any other person, or any combination
14 thereof;

15 (e) The costs of surveys, appraisals, plans, designs, specifications, or
16 estimates;

17 (f) The costs, fees and expenses of printers, engineers, architects,
18 financial consultants, legal advisors, or other agents or employees;

19 (g) The costs of publishing, reproducing, posting, mailing, or recording;

20 (h) The costs of contingencies or reserves;

1 (i) Interest on Subordinate Bonds in such amount as may be determined
2 by Supplemental Subordinate Bond Ordinance, any discount on the sale or
3 remarketing of Subordinate Bonds, any reserves for the payment of Subordinate
4 Bonds, or any other costs of issuing, carrying, remarketing or repaying Subordinate
5 Bonds or of purchasing, carrying, and selling or redeeming Investment Securities,
6 including without limitation any fees or charges of agents, trustees or other
7 fiduciaries, and any fees, premiums or other costs incurred in connection with any
8 Subordinate Credit Facility;

9 (j) The costs of amending any resolution, ordinance or other instrument
10 relating to Subordinate Bonds;

11 (k) The costs of repaying any short-term financing, construction loans, and
12 other temporary loans, and of the incidental expenses incurred in connection with
13 such loans;

14 (l) The costs of acquiring any property, rights, easements, licenses,
15 privileges, agreements, or franchises;

16 (m) The costs of demolition, removal, and relocation;

17 (n) All other lawful costs as may be determined by the Manager.

18 (18) "Credit Enhanced Bonds" means Senior Bonds, the payment of which, or
19 other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of
20 revenues other than Gross Revenues.

1 (19) "Credit Facility" means any letter of credit, policy of bond insurance, surety
2 bond, guaranty or similar instrument issued by a financial, insurance or other institution and which
3 provides security or liquidity in respect of Senior Bonds.

4 (20) "Credit Facility Obligations" means repayment or other obligations incurred by
5 the City pursuant to a credit agreement or similar instrument in respect of draws or other payments
6 or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net
7 Revenues of the Airport System on the same priority as the lien thereon of Senior Bonds.

8 (21) "Defeasance Securities" means (i) bills, certificates, notes, bonds or similar
9 securities which are direct obligations of, or obligations the principal of and interest on which are
10 unconditionally guaranteed by, the United States and (ii) such other Investment Securities (except
11 bonds issued by the City) as shall qualify Subordinate Bonds defeased thereby pursuant to Section
12 1101 of the Instrument for a rating in the highest category of one or more nationally recognized
13 rating agencies.

14 (22) "Department" means the Department of Aviation of the City and its successor
15 in function, if any.

16 (23) "Equip" means to furnish machinery, vehicles, furniture, apparatus, or other
17 equipment, or any combination thereof.

18 (24) "Events of default" means the events stated in Section 1203 hereof.

19 (25) "Facilities" and "Airport Facilities" means any real, personal, or real and
20 personal property, or any interest therein (other than Special Facilities, except to the extent
21 otherwise provided in the General Bond Ordinance) comprising a part of, or functionally related to,

1 the Airport System, including without limitation land for environmental or noise abatement
2 purposes.

3 (26) "Federal Government" means the United States, or any agency,
4 instrumentality, or corporation thereof.

5 (27) "Financial Consultant" means any financial consultant which is appointed by
6 the City with respect to any series of Subordinate Bonds.

7 (28) "Fiscal Year" has the meaning set forth in the General Bond Ordinance.

8 (29) "General Bond Ordinance" means Ordinance No. 626, Series of 1984, cited as
9 the "1984 Airport System General Bond Ordinance," as amended and supplemented from time to
10 time by any Supplemental Ordinance (as defined therein).

11 (30) "General Subordinate Bond Ordinance" means this Ordinance, cited as the
12 "Amended and Restated Airport System General Subordinate Bond Ordinance," as amended and
13 supplemented from time to time by any Supplemental Subordinate Bond Ordinance (as defined
14 herein).

15 (31) "Gross Revenues" has the meaning set forth in the General Bond Ordinance;
16 provided, for purposes of this Instrument, the term does not include any Subordinate Bond
17 proceeds or any money received in respect of any Subordinate Credit Facility, unless otherwise
18 provided by Supplemental Subordinate Bond Ordinance.

19 (32) "Hedge Facility Obligations" means payments obligations of the City in respect
20 of Hedge Facilities (as defined in the General Bond Ordinance), which are payable from all or any
21 designated portion of the Net Revenues of the Airport System and secured under the General
22 Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport

1 System on the same priority as the lien thereon of Senior Bonds; provided that Hedge Termination
2 Payments (as defined in the General Bond Ordinance) to be made by the City shall not be secured
3 under the General Bond Ordinance on a parity with the Senior Bonds.

4 (33) "Improve" means to extend, enlarge, add to, widen, lengthen, better, alter,
5 reconstruct, or otherwise improve; but the term does not mean to generally maintain or otherwise
6 repair in minor and periodic respect.

7 (34) "Independent Accountant" means any certified public accountant, or any firm
8 of certified public accountants, duly licensed to practice and practicing as such under the laws of
9 the State, as from time to time appointed and compensated by the City:

10 (a) who is, in fact, independent and not under the control of the City;

11 (b) who does not have any substantial interest, direct or indirect, with the
12 City; and

13 (c) who is not connected with the City as an officer or employee thereof,
14 but who may be regularly retained to make annual or similar audits of any books or
15 records of the City.

16 (35) "Instrument" means this Amended and Restated Airport System General
17 Subordinate Bond Ordinance, as amended and supplemented from time to time by any
18 Supplemental Subordinate Bond Ordinance; and the term "instrument of the City," "amendatory
19 instrument," "supplemental instrument," or any phrase of similar import, means any ordinance
20 adopted by the Council.

1 (36) "Investment Securities" has the meaning set forth in the General Bond
2 Ordinance; provided, for purposes of this Instrument, the term does not include any Subordinate
3 Bonds.

4 (37) "Junior Lien Obligations" means bonds, notes, certificates, commercial paper,
5 or other securities, contracts or obligations relating to the Airport System, payable from Net
6 Revenues, and having a lien thereon subordinate and junior to the lien thereon of Subordinate
7 Bonds and Subordinate Obligations.

8 (38) "Manager" means the manager of the Department, or designee, and
9 successor in functions, if any (being the successor in function with respect to the Airport of the
10 City's Director of Public Works).

11 (39) "Mayor" means the mayor of the City, or designee, and successor in functions,
12 if any.

13 (40) "Minimum Subordinate Bond Reserve" means the amount, if any, so
14 designated with respect to a Series of Subordinate Bonds in the Supplemental Subordinate Bond
15 Ordinance authorizing their issuance which is to be maintained as a continuing reserve to be used,
16 except as otherwise provided, only to prevent deficiencies in the payment of Subordinate Bond
17 Requirements with respect to such Series of Subordinate Bonds.

18 (41) "Net Revenues" means the Gross Revenues remaining after the deduction of
19 Operation and Maintenance Expenses.

20 (42) "Obligations" means Credit Facility Obligations and Hedge Facility Obligations.

21 (43) "Operation and Maintenance Expenses" has the meaning set forth in the
22 General Bond Ordinance; provided, for purposes of this Instrument, any reference to "Bonds,"

1 "Paying Agent," "Credit Facility Obligations," "Improvement Project," or "Debt Service
2 Requirements," shall be deemed also to include Subordinate Bonds, Subordinate Paying Agent,
3 Subordinate Credit Facility Obligations, Subordinate Bond Improvement Project, and Subordinate
4 Debt Service Requirements, respectively.

5 (44) "Other Available Funds" means for any Fiscal Year the amount determined
6 appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in
7 no event shall such amount exceed the greater of 25% of aggregate Debt Service Requirements or
8 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service
9 Requirements for such Fiscal Year.

10 (45) "Outstanding" when used with reference to any Subordinate Bonds and as of
11 any particular date means all such Subordinate Bonds in any manner theretofore or thereupon
12 authenticated and delivered, except:

13 (a) Any Subordinate Bonds canceled or paid by or on behalf of the City on
14 or before such date;

15 (b) Any Subordinate Bonds which are deemed to be paid pursuant to
16 Section 1101 hereof or for which sufficient moneys are held in trust pursuant to
17 Sections 308 and 505 hereof; and

18 (c) Any Subordinate Bonds (including without limitation Subordinate Option
19 Bonds deemed tendered or purchased) in lieu of or in substitution for which other
20 Subordinate Bonds shall have been executed and delivered.

21 In determining whether the owners of the requisite principal amount of Outstanding
22 Subordinate Bonds have given any request, demand, authorization, direction, notice, consent, or

1 waiver, Subordinate Bonds owned by the City shall be disregarded and deemed not to be
2 Outstanding.

3 (46) "Owner" or any similar term, when used in connection with any Subordinate
4 Bonds means the registered owner of any Subordinate Bond or the owner of record as to any
5 Subordinate Bond issued in book entry form.

6 (47) "Person" means a corporation, firm, other body corporate (including without
7 limitation the Federal Government, the State, or any other body corporate and politic other than the
8 City), partnership, association, limited liability company, or individual, and also includes an
9 executor, administrator, trustee, receiver, or other representative appointed according to law.

10 (48) "Pledged Revenues" means (i) all or a portion of the Gross Revenues and (ii)
11 any other revenues not included in Gross Revenues that are irrevocably pledged under the
12 provisions of any Supplemental Subordinate Bond Ordinance to secure the payment of the
13 Subordinate Bond Requirements of the Subordinate Bonds and, to the extent provided in any
14 Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations. The
15 designated term indicates a source of revenues and does not necessarily indicate all or any portion
16 or other part of such revenues in the absence of further qualification.

17 (49) "Project Fund" means the special and separate account designated as the
18 "City and County of Denver, Airport System Revenue Bonds, Project Fund," created by the
19 General Bond Ordinance.

20 (50) "Record Date" means, with respect to a particular series of Subordinate
21 Bonds, the record date for determining Subordinate Bond ownership for the purpose of paying
22 interest as it becomes due, as such date is provided by Supplemental Subordinate Bond
23 Ordinance.

1 (51) "Redemption Date" means the date fixed by the City for the mandatory or
2 optional redemption of any Subordinate Bonds prior to their respective fixed maturity dates.

3 (52) "Redemption Price" means, when used with respect to a Subordinate Current
4 Interest Bond, the principal amount thereof plus the applicable premium, if any, payable on a
5 Redemption Date, or when used with respect to a Subordinate Capital Appreciation Bond, the
6 Accreted Value, plus the applicable premium, if any, payable on a Redemption Date.

7 (53) "Revenue Fund" means the special and separate account designated as the
8 "City and County of Denver, Airport System Gross Revenue Fund," created by the General Bond
9 Ordinance.

10 (54) "Senior Bonds" means bonds, notes, certificates, commercial paper or other
11 securities heretofore and hereafter issued pursuant to the provisions of the General Bond
12 Ordinance which are payable from the Net Revenues of the Airport System and which payment is
13 secured by a pledge of and lien on such Net Revenues, senior to the lien thereon of Subordinate
14 Bonds.

15 (55) "Serial Subordinate Bonds" means any Subordinate Bonds other than Term
16 Subordinate Bonds.

17 (56) "Series" means, regardless whether such Subordinate Bonds are designated
18 as a "series," "subseries," or otherwise, all Subordinate Bonds authorized at one time for any
19 Subordinate Bond Improvement Project, Subordinate Bond Refunding Project, or combination
20 thereof.

21 (57) "Special Facilities" has the meaning set forth in the General Bond Ordinance.

1 (58) "Special Facilities Bonds" has the meaning set forth in the General Bond
2 Ordinance.

3 (59) "Special Record Date" means, with respect to a series of Subordinate Bonds,
4 the record date for determining Subordinate Bond ownership for purposes of paying defaulted
5 interest, as such date may be determined pursuant to Supplemental Subordinate Bond Ordinance.

6 (60) "State" means the State of Colorado.

7 (61) "Subordinate Bond Escrow Account" means any special and separate account
8 established with a Subordinate Bond Escrow Bank in whole or in part with the proceeds of any
9 Subordinate Refunding Bonds or other moneys to provide for the timely payment of any
10 Subordinate Bond Requirements.

11 (62) "Subordinate Bond Escrow Bank" means a trust bank, designated by
12 Supplemental Subordinate Bond Ordinance to administer a Subordinate Bond Escrow Account.

13 (63) "Subordinate Bond Fund" means the special and separate account designated
14 as the "City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and
15 Principal Retirement Fund," created by the General Bond Ordinance.

16 (64) "Subordinate Bond Paying Agent" means the Treasurer, or one or more
17 commercial banks or trust banks, designated by Supplemental Subordinate Bond Ordinance as
18 agent of the City for the payment of Subordinate Bonds, including any successors thereof. As the
19 context requires, the term also includes the Treasurer, or one or more commercial banks or trust
20 banks, so designated as co-paying or alternate paying agent of the City for the payment of
21 Subordinate Bonds, including any successors thereof.

1 (65) "Subordinate Bond Improvement Project" means any project (i) to acquire,
2 improve or equip (or any combination thereof) Facilities, or (ii) to effect any other lawful
3 undertaking determined by the Manager to be of benefit to the Airport System, as authorized and
4 described by Supplemental Subordinate Bond Ordinance.

5 (66) "Subordinate Bond Purchaser" means, in connection with any Subordinate
6 Bonds, the person purchasing the Subordinate Bonds or the manager or senior manager of any
7 account purchasing the Subordinate Bonds, or any successor thereof.

8 (67) "Subordinate Bond Refunding Project" means any project to refund, pay, and
9 discharge any Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations, or other
10 securities or obligations.

11 (68) "Subordinate Bond Registrar" means either the Treasurer, or one or more
12 commercial banks, designated in a Supplemental Subordinate Bond Ordinance, to keep books or
13 records for the registration, discharge from registration, transfer, and conversion of Subordinate
14 Bonds, including any successors thereof. As the context requires the term also includes the
15 Treasurer, or one or more commercial banks or trust banks, so designated, as co-registrar for such
16 purposes, including any successor thereof.

17 (69) "Subordinate Bond Requirements" means for any period the Subordinate Debt
18 Service Requirements payable during such period, excluding the amount of any Subordinate
19 Obligations payable (or for which reserves are required to be deposited) during such period.

20 (70) "Subordinate Bond Reserve Account" means a special account established
21 within the Subordinate Bond Fund as provided in Section 503 hereof.

1 (71) "Subordinate Bond Sinking Fund Requirements" means for any period
2 amounts required herein or by Supplemental Subordinate Bond Ordinance to be credited to the
3 Subordinate Bond Fund to redeem Subordinate Term Bonds.

4 (72) "Subordinate Bonds" means bonds, notes, certificates, commercial paper, or
5 other securities issued pursuant to the provisions of this Instrument which are payable from the Net
6 Revenues of the Airport System and which payment is secured by a pledge of and lien on such
7 Net Revenues, subordinate only to the lien thereon of the Senior Bonds, including without limitation
8 Subordinate Refunding Bonds, Subordinate Serial Bonds, Subordinate Term Bonds, Subordinate
9 Credit Enhanced Bonds, Subordinate Option Bonds, Subordinate Capital Appreciation Bonds, and
10 Subordinate Variable Rate Bonds. The term does not include any Subordinate Obligations (except
11 as represented by any bonds registered in the name of any provider of any Subordinate Credit
12 Facility or its nominee as a result of the purchase thereof with proceeds of such Subordinate Credit
13 Facility).

14 (73) "Subordinate Capital Appreciation Bonds" means Subordinate Bonds which by
15 their terms appreciate in value to a stated face amount at maturity.

16 (74) "Subordinate Contract Obligations" means capital leases, installment purchase
17 agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of
18 this Instrument which are payable from all or any designated portion of the Net Revenues of the
19 Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the
20 lien thereon of the Senior Bonds. The term does not include (i) Subordinate Bonds, Subordinate
21 Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be
22 treated as Operation and Maintenance Expenses under generally accepted accounting principles

1 and obligations incurred and payable in full within a single Fiscal Year (whether or not such
2 obligations may be so treated as Operation and Maintenance Expenses).

3 (75) "Subordinate Credit Enhanced Bonds" means Subordinate Bonds, the
4 payment of which, or other rights in respect of which, is secured in whole or in part by a
5 Subordinate Credit Facility, or by a pledge of revenues other than Gross Revenues.

6 (76) "Subordinate Credit Facility" means any letter of credit, policy of bond
7 insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other
8 institution and which provides security or liquidity in respect of Subordinate Bonds.

9 (77) "Subordinate Credit Facility Obligations" means repayment or other obligations
10 incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or
11 other payments or disbursements made under a Subordinate Credit Facility, and which obligations
12 are payable from all or any designated portion of the Net Revenues of the Airport System and
13 secured by a pledge of and lien on such Net Revenues subordinate only to the lien thereon of the
14 Senior Bonds and any Obligations.

15 (78) "Subordinate Current Interest Bonds" means Subordinate Bonds on which
16 interest is payable on interest payment dates prior to maturity or redemption prior to maturity.

17 (79) "Subordinate Debt Service Requirements" for any period means the sum of:

18 (i) The amount required to pay the interest on any Subordinate Bonds during
19 such period;

20 (ii) The amount required to pay the principal, Redemption Price or purchase price
21 of any Subordinate Bonds during such period, whether at stated or theretofore extended maturity,
22 upon mandatory redemption, upon the exercise of any option to redeem or require tender of such

1 Subordinate Bonds if the City has irrevocably committed itself to exercise such option, or by reason
2 of any other circumstance which will, with certainty, occur during such period; and

3 (iii) The amount of any Subordinate Credit Facility Obligations or Subordinate
4 Contract Obligations required to be paid, and any Regularly Scheduled Hedge Payments to be
5 made by the City with respect to any Subordinate Hedge Facility secured hereunder during such
6 period,

7 in each case computed as follows:

8 (a) No payments required for any Subordinate Bonds or Subordinate
9 Obligations which may be tendered or otherwise presented for payment at the option or demand of
10 the owners thereof, or which may otherwise become due by reason of any other circumstance
11 which will not, with certainty, occur during such period, shall be included in any computation of
12 Subordinate Debt Service Requirements prior to the stated or theretofore extended maturity or
13 otherwise certain due dates thereof, and all such payments shall be deemed to be required on
14 such stated or theretofore extended maturity dates or otherwise certain due dates.

15 (b) Except for any historical period for which the actual rate or rates
16 are determinable and except as otherwise provided herein, Subordinate Bonds and Subordinate
17 Obligations which bear interest at a variable rate shall be deemed to bear interest at a fixed annual
18 rate equal to the prevailing rate of such Subordinate Bonds or Subordinate Obligations on the date
19 of computation or such higher annual rate as determined to be reasonable by the Treasurer based
20 on market conditions; provided that in any computation (i) of any applicable minimum reserve
21 requirement set forth in a Supplemental Subordinate Bond Ordinance (except as otherwise
22 provided therein); (ii) relating to issuing or incurring additional Subordinate Bonds or Subordinate
23 Obligations required by Article VII hereof; or (iii) required by the rate maintenance covenant of

1 § 901 hereof, such Subordinate Bonds or Subordinate Obligations shall be deemed to bear interest
2 at a fixed annual rate equal to (x) the average of the daily rates of such Subordinate Bonds or
3 Subordinate Obligations during the 365 consecutive days (or any lesser period such Subordinate
4 Bonds or Subordinate Obligations have been Outstanding) next preceding the date of computation;
5 (y) with respect to any such Subordinate Bonds or Subordinate Obligations which are being issued
6 or incurred on the date of computation, the initial rate of such Subordinate Bonds or Subordinate
7 Obligations; or (z) such higher annual rate as determined to be reasonable by the Treasurer based
8 on market conditions.

9 (c) Further, in any computation relating to issuing or incurring
10 additional Subordinate Bonds or Subordinate Obligations required by Article VII hereof and any
11 computation required by the rate maintenance covenant in § 901 hereof, there shall be excluded
12 from the computation of Subordinate Debt Service Requirements amounts which are irrevocably
13 committed to make such payments during such period, including without limitation any amounts in
14 an Escrow Account and any proceeds of Subordinate Bonds or Subordinate Obligations so
15 committed for the payment of capitalized interest, but not including any amounts on deposit in the
16 Subordinate Bond Reserve Account.

17 (d) Any Subordinate Bonds or Subordinate Obligations which bear
18 interest at a variable rate and with respect to which there exists a Subordinate Hedge Facility that
19 obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed
20 annual rate thereon as a result of such Subordinate Hedge Facility for the full term of such
21 Subordinate Hedge Facility. In the case of any Subordinate Bonds or Subordinate Obligations that
22 bear interest at a fixed rate and with respect to which there exists a Subordinate Hedge Facility
23 that obligates the City to pay a variable rate, Subordinate Debt Service Requirements shall be
24 deemed for the full term of the Subordinate Hedge Facility to include the interest payable on such

1 Subordinate Bonds or Subordinate Obligations, less the fixed amounts received by the City under
2 the Subordinate Hedge Facility, plus the amount of the variable interest payments (using the
3 conventions described above) to be made by the City under the Subordinate Hedge Facility.

4 (e) The Subordinate Debt Service Requirements of any series of
5 Subordinate Bonds or Subordinate Obligations (other than those maturing within one year of the
6 date they are issued or incurred) which includes a maturity of such series or obligation which
7 (i) satisfies the definition of Balloon Maturity set forth below in provision (h) of this definition and
8 (ii) which the City designates in the Supplemental Subordinate Bond Ordinance authorizing such
9 series or obligation shall be treated as a Balloon Maturity, unless otherwise provided in the
10 applicable Supplemental Subordinate Bond Ordinance, shall be calculated by assuming that
11 principal and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning
12 on the date of issuance or incurrence, assuming level debt service payable in each year at a rate
13 of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation,
14 provided that if the date of calculation is within 12 months of the final due date of such Balloon
15 Maturity, the full amount of principal to become due shall be included in the calculation unless
16 provision (g) of this definition then applies to such maturity.

17 (f) If all or any portion of an outstanding series of Subordinate
18 Bonds or Subordinate Obligations constitutes Short-Term/Demand Obligations, then, for purposes
19 of determining Subordinate Debt Service Requirements, each maturity that constitutes Short-
20 Term/Demand Obligations shall, unless otherwise provided in the applicable Supplemental
21 Subordinate Bond Ordinance, be treated as if it were to be amortized over a term of not more than
22 30 years and with substantially level annual debt service funding payments commencing not later
23 than the year following the year in which such Short-Term/Demand Obligations were issued or
24 incurred, and extending not later than 30 years from the date such Short-Term/Demand

1 Obligations were issued or incurred; the interest rate used for such computation shall be that rate
2 quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the
3 date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another
4 similar index designated by the Manager, taking into consideration whether such Subordinate
5 Bonds or Subordinate Obligations bear interest which is or is not excluded from gross income for
6 federal income tax purposes; with respect to any series of Subordinate Bonds or Subordinate
7 Obligations only a portion of which constitutes Short-Term/Demand Obligations, the remaining
8 portion shall be assumed to be paid in accordance with any amortization schedule established by
9 the applicable Supplemental Subordinate Bond Ordinance or shall be treated as described in such
10 other provision of this definition as shall be applicable.

11 (g) Any maturity of Subordinate Bonds or Subordinate Obligations
12 that is designated by the City as a Balloon Maturity as described in provision (e) of this definition
13 and for which the stated maturity date occurs within 12 months from the date such calculation of
14 Subordinate Debt Service Requirements is made, shall be assumed to become due and payable
15 on the stated maturity date, and provision (e) above shall not apply thereto, unless the Treasurer
16 shall file a certificate with the Clerk stating (i) that the City intends to refinance such maturity,
17 (ii) the probable terms of such refinancing and (iii) that City has the financial ability to successfully
18 complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be
19 assumed to be refinanced in accordance with the probable terms set out in such certificate and
20 such terms shall be used for purposes of calculating Subordinate Debt Service Requirements;
21 provided that such assumption shall not result in an interest rate lower than that which would be
22 assumed under provision (e) above and shall be amortized over a term of not more than 30 years
23 from the expected date of refinancing.

24 (h) For purpose of this Section 102A(79):

1 "Balloon Maturity" means, with respect to any series of
2 Subordinate Bonds or Subordinate Obligations 50% or more of the aggregate
3 principal amount (or stated face amount) of which is payable in any Fiscal
4 Year, that portion of that series or obligation which matures within that Fiscal
5 Year. For purposes of this definition, the principal amount maturing on any
6 date shall be reduced by the amount of those Subordinate Bonds or
7 Subordinate Obligations required to be redeemed or otherwise prepaid prior
8 to their stated maturity date. Similar structures with respect to commercial
9 paper, bond anticipation notes or other Short-Term/Demand Obligations shall
10 not be Balloon Maturities for purposes of this Instrument;

11 "Regularly Scheduled Hedge Payments" means the regularly
12 scheduled payments under the terms of a Subordinate Hedge Facility which
13 are due absent any termination, default or dispute in connection with such
14 Subordinate Hedge Facility; and

15 "Short-Term/Demand Obligations" means each series of
16 Subordinate Bonds or Subordinate Obligations issued or incurred pursuant to
17 this Instrument, (a) the payment of principal of which is either (i) payable on
18 demand by or at the option of the owner at a time sooner than a date on
19 which such principal is deemed to be payable for purposes of computing
20 Subordinate Debt Service Requirements, or (ii) scheduled to be payable
21 within one year from the date of issuance or incurrence and is contemplated
22 to be refinanced for a specified period or term either (A) through the issuance
23 of additional Short-Term/Demand Obligations pursuant to a commercial paper
24 or other similar program, or (B) through the issuance of long-term

1 Subordinate Bonds pursuant to a bond anticipation note or similar program,
2 and (b) the purchase price, payment or refinancing of which is additionally
3 secured by a Subordinate Credit Facility.

4 (i) In any circumstance where the amounts required to pay
5 Subordinate Bonds or Subordinate Obligations are uncertain and the conventions set forth above
6 are not applicable, the Treasurer may determine such amounts based on the Treasurer's
7 reasonable estimate of the amount of Net Revenues that will effectively be required to pay such
8 Subordinate Bonds or Subordinate Obligations, or any combination thereof; and such
9 determination shall be conclusive. Any such determination may take into account, without
10 limitation, the effect of provisions requiring or permitting the netting of payment obligations and the
11 effect on payment obligations of circumstances that are within the control of the City and are
12 reasonably expected to occur.

13 (80) "Subordinate Hedge Facility" means any rate swap transaction, basis swap
14 transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is
15 intended to convert or limit the interest rate on any Senior Bonds or Subordinate Bonds.

16 (81) "Subordinate Hedge Facility Obligations" means payment obligations of the
17 City in respect of Subordinate Hedge Facilities, which are payable from all or any designated
18 portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such
19 Net Revenues subordinate only to the lien of the Senior Bonds and any Obligations.

20 (82) "Subordinate Obligations" means Subordinate Credit Facility Obligations,
21 Subordinate Contract Obligations, and Subordinate Hedge Facility Obligations.

1 (83) "Subordinate Option Bonds" means Subordinate Bonds which by their terms
2 may be tendered for payment by and at the option of the owners thereof prior to the stated maturity
3 thereof, or the maturities of which may be extended by and at the option of the owners thereof.

4 (84) "Subordinate Refunding Bonds" means any Subordinate Bonds issued to
5 refund, pay, and discharge any Senior Bonds, Subordinate Bonds, Subordinate Obligations, Junior
6 Lien Obligations, or other securities or obligations.

7 (85) "Subordinate Serial Bonds" means any Subordinate Bonds other than
8 Subordinate Term Bonds.

9 (86) "Subordinate Term Bonds" means Subordinate Bonds of a series with a fixed
10 maturity date or dates which do not constitute consecutive periodic installments and which
11 Subordinate Bonds are designated as Subordinate Term Bonds by the Supplemental Subordinate
12 Bond Ordinance authorizing their issuance.

13 (87) "Subordinate Variable Rate Bonds" means Subordinate Bonds issued with a
14 variable, adjustable, convertible or other similar rate or rate period which is not fixed to maturity at
15 the date of issue.

16 (88) "Supplemental Subordinate Bond Ordinance" means any ordinance of the City
17 amending or supplementing this Amended and Restated Airport System General Subordinate
18 Bond Ordinance, including without limitation any such ordinance authorizing the issuance of
19 Subordinate Bonds or Subordinate Obligations hereunder, and any ordinance amendatory thereof
20 or supplemental thereto.

21 (89) "Tax Code" means the Internal Revenue Code of 1986, as from time to time
22 amended. The term includes any regulations of the U.S. Department of the Treasury proposed or

1 promulgated thereunder. Any reference to a specific section of the "Tax Code" shall be deemed to
2 be a reference to the latest correlative section thereof, except where the context by clear
3 implication otherwise requires.

4 (90) "Term Subordinate Bonds" means Subordinate Bonds of a series with a fixed
5 maturity date or dates which do not constitute consecutive periodic installments and which
6 Subordinate Bonds are designated as Term Subordinate Bonds by the Supplemental Subordinate
7 Bond Ordinance authorizing their issuance.

8 (91) "Treasurer" means the manager of the City's Department of Revenue,
9 ex-officio Treasurer, or designee, and successor in functions, if any.

10 (92) "Trust bank" means any commercial bank which is authorized to exercise and
11 is exercising trust powers, and also means any branch of the Federal Reserve Bank.

12 B. General Bond Ordinance - Definitions. Terms used in this Instrument and not
13 otherwise defined herein shall have the respective meanings assigned to them in the General
14 Bond Ordinance.

15 C. Construction. This Instrument, except where the context by clear implication
16 requires otherwise, shall be construed as follows:

17 (1) Words in the singular include the plural, and words in the plural include the
18 singular.

19 (2) Words in the masculine gender include the feminine and the neuter, and when
20 the sense so indicates words of the neuter gender refer to any gender.

1 (3) Articles, sections, subsections, paragraphs, and subparagraphs mentioned by
2 number, letter, or otherwise, correspond to the respective articles, sections, subsections,
3 paragraphs, and subparagraphs of this Instrument so numbered or otherwise so
4 designated.

5 (4) The titles and leadlines applied to articles, sections, and subsections of this
6 Instrument are inserted only as a matter of convenience and ease in reference and in no
7 way define, limit, or describe the scope or intent of any provisions of this Instrument.

8 (5) Any reference herein to articles, sections, subsections, paragraphs,
9 subparagraphs, and definitions in the General Bond Ordinance, in the event the same are
10 hereafter modified, shall be construed to refer to the corresponding articles, sections,
11 subsections, paragraphs, subparagraphs, and definitions as modified except as such
12 construction shall materially and prejudicially affect the rights of the owners of any
13 Subordinate Bonds, in which event such reference shall be construed to be to the
14 corresponding article, section, subsection, paragraph, subparagraph, or definition as the
15 same appears in the General Bond Ordinance on the effective date hereof. In the event any
16 such articles, sections, subsections, paragraphs, subparagraphs, or definitions are hereafter
17 repealed or otherwise cease, terminate or lapse, such references herein shall be construed
18 to refer to such articles, sections, subsections, paragraphs, subparagraphs, or definitions as
19 they last appeared in the General Bond Ordinance.

20 Section 103. Successors. All of the covenants, stipulations, obligations, and agreements
21 by or on behalf of, and other provisions for the benefit of, the City, the Department or the Council
22 contained herein shall bind and insure to the benefit of any successor municipal corporation or
23 governing body thereof and shall bind and inure to the benefit of any officer, board, district,

1 commission, authority, agent, or instrumentality to whom or to which there shall be transferred by
2 or in accordance with law any right, power, or duty of the City, the Department or the Council or of
3 their respective successors, if any, the possession of which is necessary or appropriate in order to
4 comply with any such covenants, stipulations, obligations, agreements, or other provisions.

5 Section 104. Parties Interested Herein. Except as otherwise expressly provided herein or
6 by Supplemental Subordinate Bond Ordinance, nothing in this Instrument is intended or shall be
7 construed to confer upon or to give to any person, other than the City, the Department, the
8 Subordinate Bond Paying Agent, the Subordinate Bond Registrar, any other fiduciary or agent
9 thereof, and the owners from time to time of the Subordinate Bonds, any right, remedy, or claim
10 under or by reason hereof or any covenant, condition, or stipulation hereof. Subject to such
11 exception, all the covenants, stipulations, promises, and agreements herein contained by and on
12 behalf of the City or the Department shall be for the sole and exclusive benefit of the City, the
13 Department, such fiduciaries and agents, and any owner of any Subordinate Bonds.

14 Section 105. Ratification. All action heretofore taken (not inconsistent with the provisions of
15 this Instrument) by the Council, the officers of the City, and otherwise by the City or Department
16 relating to (i) any Subordinate Bond Improvement Project, Subordinate Bond Refunding Project or
17 combination thereof; or (ii) the sale and delivery of Subordinate Bonds or Subordinate Obligations
18 for such purposes, be, and the same hereby is, ratified, approved, and confirmed.

19 Section 106. Instrument Irrepealable. In consideration of the purchase and acceptance of
20 any Subordinate Bonds by those who shall own the same from time to time, this Instrument shall
21 constitute an irrevocable contract between the City and the owner or owners of any Subordinate
22 Bonds issued hereunder, and this Instrument, shall remain irrepealable until such Subordinate
23 Bonds shall be fully paid, canceled, and discharged, except as herein otherwise provided.

1 Section 107. Repealer. All bylaws, orders, resolutions and other ordinances, or parts
2 thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This
3 repealer shall not be construed to revive any bylaw, order, resolution, or other ordinance, or part
4 thereof, heretofore repealed.

5 Section 108. Severability. If any section, subsection, paragraph, subparagraph, clause, or
6 other provision of this Instrument shall for any reason be held to be invalid or unenforceable, the
7 invalidity or unenforceability thereof shall not affect any of the remaining provisions of this
8 Instrument.

9 Section 109. Effective Date. This Instrument shall take effect immediately upon its final
10 passage and publication.

11 **ARTICLE II**

12 **AUTHORITY FOR THIS INSTRUMENT AND AUTHORIZATION OF**
13 **PROJECTS, PLEDGE SECURING SUBORDINATE BONDS, OBLIGATIONS OF CITY, AND**
14 **LIMITATIONS THEREON**
15

16 Section 201. Authority for this Instrument. This Instrument is adopted pursuant to the City's
17 powers as a home-rule city under the Charter and Art. XX of the Constitution of the State.

18 Section 202. Authorization of Projects. The City or the City for and on behalf of the
19 Department may authorize by Supplemental Subordinate Bond Ordinance (i) any Subordinate
20 Bond Improvement Project, Subordinate Bond Refunding Project, or combination thereof, and (ii)
21 the issuance or incurrence of Subordinate Bonds or Subordinate Obligations for such purposes or
22 otherwise in respect thereof.

23 Section 203. Pledge Securing Subordinate Bonds. Subject only to the right of the City to
24 pay Operation and Maintenance Expenses of the Airport System and to the obligations of the City
25 in respect of Senior Bonds and Obligations as provided by the General Bond Ordinance, the Gross

1 Revenues and all moneys and securities paid or to be paid to, or held or to be held in, the
2 Subordinate Bond Fund and any other fund or account created and pledged for such purpose
3 herein or by any Supplemental Subordinate Bond Ordinance (except moneys and securities held in
4 any Subordinate Bond Escrow Account and except as otherwise provided herein or in any
5 Supplemental Subordinate Bond Ordinance) are hereby irrevocably pledged to secure the
6 payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent so
7 provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate
8 Obligations. This pledge shall be valid and binding from and after the date of first issuance of any
9 Subordinate Bonds or the date on which any such Subordinate Obligations are incurred; and the
10 moneys and securities, as received and hereby pledged, shall immediately be subject to the lien of
11 this pledge without any physical delivery, filing, or further act. The lien of this pledge and the
12 contractual obligations hereby made shall have priority over any or all other liabilities and
13 obligations of the City, and the lien of this pledge shall be valid and binding against all persons
14 having claims of any kind in tort, contract, or otherwise against the City (except as herein otherwise
15 provided) whether or not such persons have notice thereof.

16 Section 204. Subordinate Bonds Equally Secured. The covenants and agreements herein
17 set forth to be performed on behalf of the City shall be for the equal benefit, protection, and
18 security of the owners of any and all Outstanding Subordinate Bonds, except as otherwise
19 expressly provided in any Supplemental Subordinate Bond Ordinance the holders of any
20 Subordinate Obligations, all of which, regardless of the time or times of their issue or maturity, shall
21 be of equal rank without preference, priority, or distinction, except as otherwise expressly provided
22 herein or by any Supplemental Subordinate Bond Ordinance. No such preference, priority, or
23 distinction shall be deemed to exist by reason of the issuance of any Subordinate Capital

1 Appreciation Bonds, Subordinate Credit Enhanced Bonds, Subordinate Option Bonds, or
2 Subordinate Variable Rate Bonds.

3 Section 205. Special Obligations. All Subordinate Debt Service Requirements shall be
4 payable and collectible solely out of the Net Revenues of the Airport System and such other funds
5 and accounts as herein or by Supplemental Subordinate Bond Ordinance provided; no person may
6 look to any general or other fund for the payment of Subordinate Debt Service Requirements,
7 except the designated security pledged therefor; Subordinate Debt Service Requirements shall not
8 constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision
9 or limitation; and Subordinate Debt Service Requirements shall not be considered or held to be
10 general obligations of the City but shall constitute its special obligations. The City does not pledge
11 its full faith and credit and taxing power for the payment of Subordinate Debt Service
12 Requirements.

13 Section 206. Character of Agreement. None of the covenants, agreements,
14 representations, and warranties contained herein or in any Subordinate Bonds or Subordinate
15 Obligations issued or incurred hereunder shall ever impose or shall be construed as imposing any
16 liability, obligation, or charge against the City (except with respect to the Net Revenues and special
17 funds pledged therefor) or its general credit, payable out of its general fund or out of any funds
18 derived from taxation.

19 Section 207. No Pledge of Property. The payment of Subordinate Debt Service
20 Requirements is not secured by an encumbrance, mortgage, or other pledge of property of the
21 City, except the Net Revenues and other funds pledged for their payment. No property of the City,
22 subject to such exception, shall be liable to be forfeited or taken in payment of Subordinate Debt
23 Service Requirements.

1 Section 208. No Recourse Against Officers and Agents. No recourse shall be had for the
2 payment of Subordinate Debt Service Requirements or for any claim based thereon, or otherwise,
3 upon any instruments of the Council authorizing their issuance or otherwise relating thereto,
4 against any individual member of the Council, or any officer, employee, or other agent of the City
5 or Department, past, present, or future, either directly or indirectly through the Council or
6 otherwise, whether by virtue of the Charter or any constitution, statute, or rule of law, or by the
7 enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the
8 Subordinate Bonds or Subordinate Obligations and as a part of the consideration therefor specially
9 waived and released.

10 Section 209. No Election or Other Preliminaries. Any Subordinate Bonds or Subordinate
11 Obligations issued or incurred hereunder may be issued or incurred without being authorized at an
12 election and without any other preliminaries, except as may be required by the State Constitution,
13 the Charter, the Tax Code or as otherwise provided herein or by Supplemental Subordinate Bond
14 Ordinance.

15 **ARTICLE III**

16 **AUTHORIZATION, ISSUANCE, REDEMPTION, TERMS, EXECUTION,**
17 **AND FORM OF SUBORDINATE BONDS**
18

19 Section 301. Authorization of Subordinate Bonds Generally. For the purpose of protecting
20 the public health, conserving its property, and advancing the general welfare of its citizens, the City
21 or the City for and on behalf of the Department may issue one or more series of Subordinate
22 Bonds for any Subordinate Bond Improvement Project, Subordinate Bond Refunding Project, or
23 combination thereof, relating to the Airport System, in accordance with the provisions of this
24 Instrument.

1 Section 302. General Provisions of Subordinate Bonds. Each series of Subordinate Bonds
2 shall be authorized by Supplemental Subordinate Bond Ordinance and shall bear such designation
3 as the City deems appropriate. The Subordinate Bonds of each series shall be subject to such
4 terms and conditions as provided herein or by Supplemental Subordinate Bond Ordinance.

5 Section 303. Conditions to Issuance. Prior to or simultaneously with the delivery of the
6 Subordinate Bonds of any series, in addition to the requirements of art. VII hereof, there shall be
7 filed with the Clerk, the following:

8 A. Ordinances. A copy, certified by the Clerk, of this instrument and of all
9 Supplemental Subordinate Bond Ordinances relating to the Subordinate Bonds of such series:

10 (1) Description of Project. Generally describing the Subordinate Bond
11 Improvement Project, the Subordinate Bond Refunding Project, or combination thereof;

12 (2) Subordinate Bond Details. Providing for the issuance of the Subordinate
13 Bonds and determining (or providing the basis for determining) the amount and details
14 thereof, including without limitation, and as may be necessary or desirable, an appropriate
15 series designation (including a separate letter identification for any two or more series
16 issued in the same year), the date or dates of the Subordinate Bonds, the year or years and
17 amounts in which the Subordinate Bonds shall mature, any of the Subordinate Bonds which
18 are Subordinate Term Bonds, any Subordinate Bond Sinking Fund Requirements, the time
19 or times and Redemption Prices at which the Subordinate Bonds or designated portions
20 thereof are to be redeemable, the time or times and purchase prices at which the
21 Subordinate Bonds or designated portions thereof are to be purchased and remarketed
22 upon optional or mandatory tender, the rate or rates of interest which such Subordinate
23 Bonds shall bear or the method of determining such interest rate or rates, any conversion or

1 other options, any Subordinate Credit Facility provided or to be provided therefor (any such
2 Subordinate Credit Facility in respect of one or more series of Subordinate Bonds issued on
3 one date to be separate and apart from any Subordinate Credit Facility in respect of one or
4 more series of Subordinate Bonds issued on another date), and all other necessary or
5 desirable terms and conditions; and

6 (3) Additional Details. Awarding the Subordinate Bonds, designating any
7 Subordinate Bond Paying Agent, designating any Subordinate Bond Registrar, designating
8 such other fiduciaries and agents as may be appropriate, and directing the delivery of the
9 Subordinate Bonds to or upon the order of the Subordinate Bond Purchasers thereof upon
10 payment of the purchase price therein set forth; and

11 B. Attorney's Opinion. An Attorney's Opinion stating that the issuance of the
12 Subordinate Bonds has been duly authorized and that all conditions precedent to the delivery of
13 the Subordinate Bonds have been fulfilled.

14 C. Manager's Resolution. A resolution, order, or other instrument of the Manager
15 approving, authorizing and requesting the issuance of the Subordinate Bonds and pledging to their
16 payment the Net Revenues of the Airport System and such other funds and accounts of the Airport
17 System as herein or in any Supplemental Subordinate Bond Ordinance provided.

18 Section 304. Optional Redemption of Subordinate Bonds. All or any portion of the
19 Subordinate Bonds of any series may be subject to prior redemption at the City's option, as the
20 City may determine by Supplemental Subordinate Bond Ordinance.

21 Section 305. Mandatory Redemption of Subordinate Bonds. All or any portion of the
22 Subordinate Bonds of any series may be subject to mandatory redemption, as the City may
23 determine by Supplemental Subordinate Bond Ordinance.

1 Section 306. Funds for Redemption of Subordinate Bonds. If a Supplemental Subordinate
2 Bond Ordinance provides for the mandatory redemption of any Subordinate Term Bonds, money
3 sufficient to pay the Redemption Price of such Subordinate Term Bonds shall be accumulated as
4 Subordinate Bond Sinking Fund Requirements. Money sufficient to provide for the Redemption
5 Price due in connection with any optional redemption of Subordinate Bonds shall be credited to the
6 Subordinate Bond Fund or to a Subordinate Bond Escrow Account for such purpose on or before
7 the Applicable Redemption Date. The interest on any such Subordinate Bonds, or designated
8 portions thereof, shall continue to be paid from the Subordinate Bond Fund (except for any interest
9 to be paid from a Subordinate Bond Escrow Account).

10 Section 307. Notice of Prior Redemption. Notice of the prior redemption of any
11 Subordinate Bonds shall be given as provided by Supplemental Subordinate Bond Ordinance, and,
12 except as otherwise so provided, may be given in conditional form, specifying that redemption is
13 subject to receipt by the Subordinate Bond Paying Agent or Subordinate Bond Escrow Bank of
14 moneys sufficient to effect the redemption or to other stated conditions.

15 Section 308. Payment of Redeemed Subordinate Bonds. Notice of redemption having
16 been duly given, and action having been duly taken to provide for the payment of the Subordinate
17 Bonds, or designated portions thereof, so called for prior redemption, the Subordinate Bonds, or
18 designated portions thereof, so called for redemption shall become due and payable on the
19 Redemption Date stated in such notice at the applicable Redemption Price, plus interest accrued
20 to the Redemption Date; and upon presentation and surrender thereof, together with a written
21 instrument of transfer duly executed by the owner or by his duly authorized attorney, such
22 Subordinate Bonds, or designated portions thereof, shall be paid.

1 If on the Redemption Date moneys for the redemption of all the Subordinate Bonds, or
2 designated portions thereof, to be redeemed, at the applicable Redemption Price, together with
3 interest accrued to the Redemption Date, shall be held by or on behalf of the Subordinate Bond
4 Paying Agent so as to be available therefor on such date, and if notice of redemption shall have
5 been duly given, then from and after the Redemption Date such Subordinate Bonds, or designated
6 portions thereof, shall cease to bear interest and shall no longer be considered Outstanding
7 hereunder. All moneys held by or on behalf of the Subordinate Bond Paying Agent for the
8 redemption of any Subordinate Bonds, or designated portions thereof, shall be held in trust for the
9 account of the owners thereof.

10 Section 309. Form and Negotiability of Subordinate Bonds. The Subordinate Bonds may
11 be issued as Subordinate Bonds registered as to principal and interest or as book entry
12 obligations, or in any other form as may be provided by Supplemental Subordinate Bond
13 Ordinance. The Subordinate Bonds shall be fully negotiable in form and shall have all the qualities
14 of negotiable paper; and the owners thereof shall possess all rights enjoyed by the owners of
15 negotiable instruments under the provisions of the Uniform Commercial Code -- Investment
16 Securities.

17 Section 310. Payment of Principal, Premium and Interest on Subordinate Bonds. The
18 principal of, and any premium due in connection with, the Subordinate Bonds shall be payable at
19 the principal office or offices of the Subordinate Bond Paying Agent, upon presentation and
20 surrender of the Subordinate Bonds. Payment of interest on any Subordinate Bond shall be made
21 to the owner thereof as of the close of business on the Record Date for such interest payment
22 date, by check or draft mailed by the Subordinate Bond Paying Agent to such owner at its address
23 as it last appears on the registration books or records kept by the Subordinate Bond Registrar, but
24 any such interest not so timely paid or duly provided for shall cease to be payable to the person

1 who is the owner thereof as of the close of business on a Record Date and shall be payable to the
2 person who is the owner as of a Special Record Date for the payment of any such defaulted
3 interest. Notice of the Special Record Date shall be given by first-class mail to owners of the
4 Subordinate Bonds as shown on the Subordinate Bond Registrar's registration books or records as
5 of the date selected by the Subordinate Bond Registrar, stating the date of the Special Record
6 Date and the date fixed for the payment of such defaulted interest. The Subordinate Bond Paying
7 Agent may make payments of interest on any Subordinate Bond by such alternative means as may
8 be mutually agreed to by the Subordinate Bond Paying Agent and the owner. All such payments
9 shall be made in lawful money of the United States of America.

10 Section 311. Registration, Transfer and Exchange of Subordinate Bonds; Persons Treated
11 as Owners. Any Subordinate Bond Registrar shall be specified in the related Supplemental
12 Subordinate Bond Ordinance. The Subordinate Bond Registrar shall maintain and keep, at its
13 principal office, books or records for the registration and transfer of the Subordinate Bonds. Upon
14 surrender for transfer of any Subordinate Bond at the principal office of the Subordinate Bond
15 Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the
16 owner or his attorney duly authorized in writing, the City shall execute and the Subordinate Bond
17 Registrar shall authenticate and deliver in the name of the transferee or transferees a new fully
18 registered Subordinate Bond or Subordinate Bonds for a like aggregate principal amount of the
19 same maturity.

20 Subordinate Bonds may be exchanged at the principal office of the Subordinate Bond
21 Registrar for a like aggregate principal amount of fully registered Subordinate Bonds of the same
22 maturity in other authorized denominations. The City shall execute and the Subordinate Bond
23 Registrar shall authenticate and deliver Subordinate Bonds which the owner making the exchange
24 is entitled to receive, bearing numbers not contemporaneously outstanding.

1 The Subordinate Bond Registrar shall require the payment by any owner requesting
2 exchange or transfer of any tax or other governmental charge required to be paid with respect to
3 such exchange or transfer, but no charge shall be made to the owner of any Subordinate Bond for
4 the privilege of registration or transfer. Any Subordinate Bonds surrendered in any such exchange
5 or transfer shall be cancelled.

6 The City and the Subordinate Bond Paying Agent may treat and consider the person in
7 whose name any Subordinate Bond shall be registered upon the books or records of the
8 Subordinate Bond Registrar as the absolute owner thereof, whether the Subordinate Bond shall be
9 overdue or not, for all purposes whatsoever; and payment of, or on account of, the Subordinate
10 Bond Requirements of any Subordinate Bond shall be made only to, or upon the order of, such
11 owner or his legal representative. All payments made as in this section provided shall be valid and
12 effectual to satisfy and to discharge the liability upon the Subordinate Bonds to the extent of the
13 sum or sums so paid.

14 Section 312. Modification of Portions of Article III. Any Supplemental Subordinate Bond
15 Ordinance may modify or supplement the provisions of Sections 306 through 311 hereof with
16 respect to any series of Subordinate Bonds.

17 Section 313. Execution of Subordinate Bonds. The execution of the Subordinate Bonds of
18 any series shall be as provided by Supplemental Subordinate Bond Ordinance.

19 Section 314. Use of Predecessor's Signature. The Subordinate Bonds of any series
20 bearing the manual or facsimile signatures of the officers in office at the time of the execution
21 thereof shall be the valid and binding obligations of the City, notwithstanding that before the
22 delivery thereof and the payment therefor any or all of the individuals whose manual or facsimile
23 signatures appear thereon shall have ceased to fill their respective offices. Each officer, at the

1 time of the execution of the Subordinate Bonds and of a signature certificate relating thereto by
2 such officers, may adopt as and for his or her own facsimile signature any facsimile signature of his
3 or her predecessor in office if such facsimile signature appears upon any of the Subordinate
4 Bonds.

5 Section 315. Authentication of the Subordinate Bonds. Except as otherwise provided by
6 Supplemental Subordinate Bond Ordinance, no Subordinate Bond of any series shall be secured
7 hereby or entitled to the benefit hereof, nor shall any such Subordinate Bond be valid or obligatory
8 for any purpose, unless a certificate of authentication, substantially in such form as is provided by
9 Supplemental Subordinate Bond Ordinance, has been duly executed by the Subordinate Bond
10 Registrar; and such certificate of the Subordinate Bond Registrar upon any such Subordinate Bond
11 shall be conclusive evidence and the only competent evidence that such Subordinate Bond has
12 been authenticated and delivered hereunder. The Subordinate Bond Registrar's certificate of
13 authentication shall be deemed to have been duly executed by it if manually signed by an
14 authorized officer or employee of the Subordinate Bond Registrar, but it shall not be necessary that
15 the same officer or employee sign the certificate of authentication on all of such Subordinate
16 Bonds of any series.

17 Section 316. Incontestable Recital in Subordinate Bonds. Each Subordinate Bond shall
18 recite that it is issued pursuant to the home-rule powers granted to the City in accordance with its
19 Charter under Art. XX of the State Constitution, and such recital shall be conclusive evidence of
20 the validity of the Subordinate Bonds and the regularity of their issuance.

21 Section 317. Subordinate Bond Delivery. After the execution and authentication of the
22 Subordinate Bonds of any series pursuant to the terms of a Supplemental Subordinate Bond

1 Ordinance, the Treasurer shall cause the Subordinate Bonds to be duly delivered, upon due
2 payment being made therefor.

3 Section 318. Causes for Reissuance. If any outstanding Subordinate Bond shall be lost,
4 mutilated, apparently destroyed, or wrongfully taken, it may be reissued at the expense of the
5 owner in the form and tenor of the lost, destroyed, or wrongfully taken Subordinate Bond as
6 provided in Section 4-8-405, Uniform Commercial Code -- Investment Securities, as from time to
7 time amended.

8 Section 319. Other Reissuance. The provisions of Section 318 hereof do not prohibit the
9 City from reissuing, pursuant to the provisions hereof or of any Supplemental Subordinate Bond
10 Ordinance, any Outstanding Subordinate Bond which shall not have become lost, mutilated,
11 apparently destroyed, or wrongfully taken.

12 Section 320. Subordinate Bond Form. The form of any Subordinate Bond shall be as set
13 forth by Supplemental Subordinate Bond Ordinance.

14 **ARTICLE IV**

15 **USE OF SUBORDINATE BOND PROCEEDS, PROJECTS, PROJECT DETAILS,** 16 **DISPOSITION OF FUNDS, AND TERMINATION OF ACCOUNTS** 17

18 Section 401. Disposition of Subordinate Bond Proceeds. Except as otherwise provided by
19 Supplemental Subordinate Bond Ordinance, the proceeds of any series of Subordinate Bonds
20 shall be applied in the following manner:

21 A. Subordinate Bond Escrow Account. First, in the case of any series of
22 Subordinate Bonds which are wholly or in part Subordinate Refunding Bonds, there shall be
23 credited to and deposited in any Subordinate Bond Escrow Account created thereby, that portion

1 of the proceeds of the Subordinate Refunding Bonds as is required by Supplemental Subordinate
2 Bond Ordinance.

3 B. Capitalized Interest Account. Second, there shall be credited to a subaccount
4 in the Capitalized Interest Account such amount, if any, as may be required by Subordinate
5 Supplemental Bond Ordinance for the payment of interest due and payable on such series of
6 Subordinate Bonds. Any such moneys in such subaccount in the Capitalized Interest Account
7 shall be expended at the times and in the amounts provided in a payment schedule furnished by
8 the Treasurer.

9 C. Accrued Interest. Third, there shall be credited to the Subordinate Bond Fund
10 or any subaccount created therein by Supplemental Subordinate Bond Ordinance any accrued
11 interest from the sale of such series of Subordinate Bonds.

12 D. Subordinate Bond Reserve Account. Fourth, there shall be credited to and
13 deposited in the Subordinate Bond Reserve Account or any subaccount created therein by
14 Supplemental Subordinate Bond Ordinance such amount, if any, as may be required by
15 Supplemental Subordinate Bond Ordinance as a reserve for the payment of any Subordinate
16 Bonds.

17 E. Project Fund. Fifth, the balance of the proceeds of such series of Subordinate
18 Bonds shall be deposited as provided by Supplemental Subordinate Bond Ordinance to the credit
19 of a subaccount in the Project Fund, created by such Supplemental Subordinate Bond Ordinance,
20 and, subject to Section 408 hereof, shall be held in trust for the sole and exclusive purpose of
21 paying the Cost of the Subordinate Bond Improvement Project, or Subordinate Bond Refunding
22 Project, or combination thereof, as the case may be.

1 Section 402. Application of Project Fund. Moneys, except as herein otherwise expressly
2 provided, shall be withdrawn from the appropriate subaccount in the Project Fund to defray any
3 Cost of a Subordinate Bond Improvement Project or Subordinate Bond Refunding Project, or
4 combination thereof, and are pledged therefor. Before any payment shall be made from such
5 subaccount in the Project Fund, the Manager shall file with the Auditor:

6 A. Voucher Content. A voucher which may contain any number of items signed
7 by the Manager, stating in respect of each item to be paid:

- 8 (1) The item number of the payment,
- 9 (2) The name of the person to whom payment is due,
- 10 (3) The amount or amounts to be paid, and
- 11 (4) The purpose for which the obligation to be paid was incurred in such detail as
12 shall be satisfactory to the Auditor;

13 B. Attached Certificate. A certificate signed by the Manager and attached to the
14 voucher, certifying:

- 15 (1) The obligation in the stated amounts has been incurred by the City, and each
16 item thereof is a proper charge against such subaccount in the Project Fund and has not
17 been paid,
- 18 (2) There has not been filed with or served on the City any notice of lien, right of
19 lien, or attachment upon, or claim affecting the right of any persons named in such vouchers
20 to receive payment of any moneys which has not been released or will not be released
21 simultaneously with the payment of such obligation,

1 (3) Such voucher contains no payment on account of any retained percentage
2 which the City at the date of such certificate is entitled to retain,

3 (4) Such obligation shall be paid by warrant drawn on the Treasurer, signed by
4 the Auditor, and having the same identifying number as the one stated in the voucher for
5 such obligation, and

6 (5) Such other facts and estimates with respect to the expenditure of such
7 subaccount to the extent, if any, required by Supplemental Subordinate Bond Ordinance in
8 respect of the exemption from federal income taxation of interest on such Subordinate
9 Bonds, under the Tax Code;

10 and

11 C. Engineer's Certificate. A certificate appropriately signed by the Consulting
12 Engineer or the Airport Engineer certifying:

13 (1) The obligations in stated amounts have been incurred by the City and each
14 item thereof is a proper charge in a reasonable amount against the appropriate subaccount
15 in the Project Fund and has not been paid, and

16 (2) Insofar as any such obligation was incurred for work, materials, equipment, or
17 supplies, such work was actually performed in the furtherance of the Subordinate Bond
18 Improvement Project, or such materials, equipment, or supplies were delivered for that
19 purpose at such place or places approved by the Airport Engineer and are under the control
20 of the City;

21 but vouchers for withdrawals for the payment of the Bond Requirements and fees and expenses
22 incurred in connection with Subordinate Bonds, for the acquisition of furniture, fixtures, and

1 equipment, or for labor and materials for acquisition work performed under the supervision of the
2 engineering staff of the City, or for the acquisition of land or any interest therein, need not be
3 accompanied by the certificate otherwise required hereby.

4 Section 403. Facility Sites. No payment shall be made from any subaccount in the Project
5 Fund:

6 A. Facilities. For the acquisition of Facilities (other than land), unless in an
7 Attorney's Opinion they are located on land good and marketable title to which is owned or can be
8 acquired by the City in fee simple or in a sufficient lesser estate as provided in Section 404 hereof;
9 or

10 B. Land. For the acquisition of land, unless accompanied by an Attorney's
11 Opinion that good and marketable title to such land will be owned or can be acquired by the City in
12 fee simple or in a sufficient lesser estate as provided in Section 404 hereof.

13 Section 404. Title to Sites. Any Facilities to be acquired as part of a Subordinate Bond
14 Improvement Project shall be acquired on land (or shall itself be land) good and marketable title to
15 which is owned or can be acquired by the City in fee simple or in such lesser estate as in an
16 Attorney's Opinion is sufficient for the intended purpose. (Perpetual easements, free and clear of
17 all liens and encumbrances of whatsoever nature, or other easements in a public street or
18 highway, or upon other lands of a body public and corporate, may constitute such sufficient lesser
19 estate). Promptly, from time to time, the City shall take such action as may be necessary or proper
20 to remedy or cure any defect in or cloud upon such title to such lands or other such lesser estates,
21 whether now existing or hereafter developing, and shall prosecute all such suits, actions, and other
22 proceedings as may be appropriate for such purpose.

1 Section 405. Prevention of Subordinate Bond Default. Subject to the prior application of
2 amounts in the Capital Fund for such purpose, as provided by the General Bond Ordinance, the
3 Treasurer shall use the proceeds of any series of Subordinate Bonds credited to any subaccount in
4 the Project Fund, without further order or warrant, to pay the Subordinate Bond Requirements of
5 such series of Subordinate Bonds as the same become due whenever and to the extent moneys in
6 the Subordinate Bond Fund are insufficient for that purpose, unless such Subordinate Bond
7 proceeds shall be needed to defray Costs accrued and to accrue under any contracts then existing
8 and relating to a Subordinate Bond Improvement Project. The Treasurer shall promptly notify the
9 Mayor and the Manager of any such use of moneys in the Project Fund. Any moneys so used
10 shall be restored to the appropriate subaccount, from the first Pledged Revenues thereafter
11 received and not needed to meet the payment requirements in Sections 507 through 514 of the
12 General Bond Ordinance.

13 Section 406. Completion of Subordinate Bond Improvement Project. When each
14 Subordinate Bond Improvement Project shall have been substantially completed in accordance
15 with the relevant plans and specifications, and when all Costs due therefor shall have been paid, or
16 for which reasonable provision shall have been made, the Treasurer, upon the receipt from the
17 Airport Engineer of a certificate so stating, and upon the receipt of a written instrument of the
18 Manager so ordering, shall cause to be transferred all surplus moneys, if any, remaining in the
19 appropriate subaccount established in the Project Fund, except for any moneys designated in the
20 instrument to be retained to pay any unpaid accrued or contingent Costs, to the Subordinate Bond
21 Fund. Upon such transfers, such subaccount in the Project Fund shall be terminated. Nothing
22 herein:

23 A. Periodic Transfers. Prevents the Treasurer from causing to be so transferred
24 from a subaccount in the Project Fund at any time prior to its termination any moneys which the

1 Airport Engineer and the Manager determine will not be necessary for a Subordinate Bond
2 Improvement Project; or

3 B. Limitations Upon Transfers. Requires the transfer of any such surplus moneys
4 in a subaccount in the Project Fund received as grants, appropriations, or gifts the use of which
5 moneys is limited by the grantor or donor to the construction of specifically designated capital
6 facilities or otherwise so that such surplus moneys may not be properly transferred under the terms
7 of such grants, appropriations, or gifts.

8 Notwithstanding the foregoing provisions of this section, or any other provisions of this
9 Instrument, any surplus moneys in the Project Fund shall be applied so as to permit or facilitate
10 compliance with the applicable requirements of the Tax Code, if any, including without limitation
11 the transfer of any such surplus money to an escrow or other special account for the payment or
12 redemption of any Subordinate Bonds.

13 Section 407. Subordinate Bond Purchaser Not Responsible for Subordinate Bond
14 Improvement Project. The validity of any Subordinate Bonds shall be neither dependent on nor
15 affected by the validity or regularity of any proceedings relating to the acquisition of any
16 Subordinate Bond Improvement Project or Subordinate Bond Refunding Project, or combination
17 thereof. The Subordinate Bond Purchaser of such Subordinate Bonds and any subsequent owner
18 of any such Subordinate Bond shall in no manner be responsible for the application or disposal by
19 the City or by any of its officers, agents, and employees of the moneys derived from the sale of the
20 Subordinate Bonds.

21 Section 408. Lien on Subordinate Bond Proceeds. Until proceeds of any series of
22 Subordinate Bonds credited to the Project Fund are applied as hereinabove provided, such
23 proceeds shall be subject to a lien thereon and pledge thereof for the benefit of the owners of such

1 series of Subordinate Bonds and, to the extent provided by Supplemental Subordinate Bond
2 Ordinance, the provider of a related Subordinate Credit Facility.

3 Section 409. Modifications of Subordinate Bond Improvement Project. The City, acting
4 through the Manager or otherwise, reserves the right to make alterations of, additions to, and
5 deletions from any Subordinate Bond Improvement Project prior to the withdrawal of all moneys
6 accounted for in the applicable subaccount in the Project Fund in accordance with this article; but
7 any such alterations, additions, and deletions shall not, in the opinion of the Airport Consultant,
8 render the City incapable of performing its obligations under any rate maintenance covenant in
9 respect of Subordinate Bonds.

10 **ARTICLE V**

11 **ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES**

12
13 Section 501. Generally. So long as any Subordinate Bonds remain Outstanding or
14 Subordinate Obligations remain unpaid, the Gross Revenues of the Airport System, upon their
15 receipt from time to time by the City, shall continue to be set aside and immediately deposited to
16 the credit of the Revenue Fund; and so long as any Subordinate Bonds remain Outstanding or
17 Subordinate Obligations remain unpaid, the Revenue Fund shall be administered, and the moneys
18 on deposit therein shall be applied in the order of priority, as provided in the General Bond
19 Ordinance. Separate funds, accounts, and subaccounts (in addition to those created in the
20 General Bond Ordinance) may be created by Supplemental Subordinate Bond Ordinance in
21 connection with any Subordinate Bonds or Subordinate Obligations; provided, however that the
22 accumulation and application of any Net Revenues for such purposes shall be on a parity with or
23 subordinate to the accumulation and application of Net Revenues required by Section 502 hereof.

1 Section 502. Subordinate Bond Fund. Moneys credited by the City to the Subordinate
2 Bond Fund as provided by the General Bond Ordinance shall be applied to pay Subordinate Debt
3 Service Requirements of, or purchase price or other amounts due in respect of, Subordinate
4 Bonds and Subordinate Obligations, including reasonable reserves therefor, as and to the extent
5 provided by any Supplemental Subordinate Bond Ordinance or other instrument.

6 The City hereby establishes and creates the following special and separate subaccounts
7 within the Subordinate Bond Fund, which subaccounts shall be under the control of the City:

8 A. Interest Account. The "City and County of Denver, Airport System Subordinate
9 Revenue Bonds, Interest Account," a subaccount within the Subordinate Bond Fund;

10 B. Principal Account. The "City and County of Denver, Airport System Subordinate
11 Revenue Bonds, Principal Account," a subaccount within the Subordinate Bond Fund;

12 C. Sinking Fund Account. The "City and County of Denver, Airport System Subordinate
13 Revenue Bonds, Sinking Fund Account," a subaccount within the Subordinate Bond Fund;

14 D. Redemption Account. The "City and County of Denver, Airport System Subordinate
15 Revenue Bonds, Redemption Account," a subaccount within the Subordinate Bond Fund;

16 As a first charge on moneys credited to the Subordinate Bond Fund, such moneys shall be
17 credited to the following subaccounts of the Subordinate Bond Fund, in the following order of
18 priority:

19 A. Interest Account. Except as otherwise provided by Supplemental Subordinate Bond
20 Ordinance, monthly, to the Interest Account and any subaccount therein, commencing on the first
21 day of the month immediately succeeding the issuance of any Subordinate Bonds, an amount
22 which if made in substantially equal installments thereafter would be sufficient, together with any

1 other moneys from time to time available therefor from whatever source, including without limitation
2 moneys in the Capitalized Interest Account set aside for the payment of such interest, to pay the
3 next maturing installment of interest on such series of Subordinate Bonds. In computing any
4 required credit with respect to any Subordinate Bonds bearing interest at a variable rate, the
5 interest rate used shall be as provided by Supplemental Subordinate Bond Ordinance. Moneys
6 accounted for in the Interest Account shall be used to pay interest on Outstanding Subordinate
7 Bonds, as it becomes due.

8 B. Principal Account. Except as otherwise provided by Supplemental Subordinate Bond
9 Ordinance, monthly, to the Principal Account and any subaccount therein, commencing on the first
10 day of the month immediately succeeding the issuance of any Serial Subordinate Bonds, or
11 commencing one year prior to the first fixed maturity date of such Serial Subordinate Bonds,
12 whichever date is later, an amount which if made in substantially equal installments thereafter
13 would be sufficient, together with any other moneys from time to time available therefor from
14 whatever source, to pay the next maturing installment of principal of such Serial Subordinate
15 Bonds. Moneys accounted for in the Principal Account shall be used to pay the principal of
16 Outstanding Serial Subordinate Bonds, as they mature.

17 C. Sinking Fund Account. Except as otherwise provided by Supplemental Subordinate
18 Bond Ordinance, monthly to the Sinking Fund Account, commencing on the first day of the twelfth
19 calendar month prior to the date on which the City is required to pay any Term Subordinate Bonds,
20 one-twelfth of the amount necessary, together with any other moneys from time to time available
21 therefor from whatever source, to pay the Redemption Price or principal of such Term Subordinate
22 Bonds to become due. Moneys shall be so credited to the Sinking Fund Account on the same
23 priority as moneys credited to the Principal Account, and moneys accounted for in the Sinking

1 Fund Account shall be applied to pay the Term Subordinate Bonds so scheduled to be retired in
2 any year by mandatory redemption, at fixed maturity, or otherwise.

3 D. Redemption Account. Except as otherwise provided by Supplemental Subordinate
4 Bond Ordinance, to the Redemption Account, on or prior to any date on which the City exercises
5 its option to call for prior redemption any Subordinate Bonds, an amount necessary to pay the
6 Redemption Price of such Subordinate Bonds on such Redemption Date, except to the extent any
7 other moneys, including without limitation moneys in any Escrow Account, are available therefor.

8 If any credit required to be made to any subaccount within the Subordinate Bond Fund
9 (other than the Redemption Account) is deficient, the City shall include in the next required credit
10 on a cumulative basis, the sum of any such deficiency or deficiencies. The moneys credited to the
11 Interest Account, the Principal Account, the Sinking Fund Account, and the Redemption Account
12 within the Subordinate Bond Fund, and the Capitalized Interest Account within the Project Fund,
13 shall be used to pay the Subordinate Bond Requirements of the Subordinate Bonds as the same
14 become due. Any money accounted for in the Interest Account, the Principal Account, the Sinking
15 Fund Account, or the Redemption Account which is in excess of the amount required for
16 Subordinate Bond Requirements next payable therefrom shall be used for the purposes as
17 provided in Section 503 hereof.

18 Separate subaccounts for such purposes may be created within the Subordinate Bond Fund
19 and any accounts therein by Supplemental Subordinate Bond Ordinance; provided, however, that
20 the accumulation and application of moneys in the Subordinate Bond Fund for the payment of, or
21 the creation of reserves for, Subordinate Obligations shall be on a parity with or subordinate to the
22 accumulation and application of Net Revenues for the payment of, or the creation of reserves for,
23 Subordinate Bonds.

1 Except as otherwise provided herein, any such accounts or subaccounts may be pledged
2 solely to the payment of any one or more series of Subordinate Bonds or one or more Subordinate
3 Obligations.

4 Section 503. Subordinate Bond Reserve Account. The City hereby establishes and creates
5 a special and separate subaccount within the Subordinate Bond Fund designated "The City and
6 County of Denver, Airport System Subordinate Revenue Bonds, Bond Reserve Account" which
7 shall be under the control of the City. As a second charge on moneys credited to the Subordinate
8 Bond Fund, after making all credits as required by Section 502, there shall be credited to the
9 Subordinate Bond Reserve Account and any subaccount created therein as provided by
10 Supplemental Subordinate Bond Ordinance, in addition to any moneys required to be deposited
11 therein by § 401D hereof, not less frequently than monthly, commencing no later than the first day
12 of the month next succeeding each date on which any series of Subordinate Bonds with respect to
13 which a Minimum Subordinate Bond Reserve has been designated is issued or on which the
14 amounts credited thereto are less than the Minimum Subordinate Bond Reserve, if any, with
15 respect to the applicable series of Subordinate Bonds, an amount in cash or Investment Securities,
16 or both, which, if made in substantially equal installments thereafter, would be sufficient to
17 accumulate each Minimum Subordinate Bond Reserve on or before the first day of the sixtieth
18 month following the date of commencement (taking into account, in all such cases, the known
19 minimum gain from Investment Securities to be received by the City over such period). Any
20 interest earned on, or any profit realized from the liquidation of, the investments of amounts on
21 deposit in the Subordinate Bond Reserve Account or any subaccount created therein shall remain
22 in the Subordinate Bond Reserve Account or the applicable subaccount until the moneys
23 accounted for therein shall equal the applicable Minimum Subordinate Bond Reserve. A Minimum
24 Subordinate Bond Reserve may be, but is not required to be, established with respect to any

1 series of Subordinate Bonds. No payment need be made into the Subordinate Bond Reserve
2 Account or any subaccount therein so long as the moneys therein shall equal not less than the
3 Minimum Subordinate Bond Reserve with respect to all applicable Subordinate Bonds, and any
4 moneys therein exceeding the Minimum Subordinate Bond Reserve with respect to all applicable
5 Subordinate Bonds shall be transferred as Gross Revenues to the Revenue Fund and be used for
6 the purposes thereof, as herein provided.

7 In the event any Supplemental Subordinate Bond Ordinance so provides, the City may at
8 any time or from time to time deposit a Subordinate Credit Facility in the Subordinate Bond
9 Reserve Account in full or partial satisfaction of the applicable Minimum Subordinate Bond
10 Reserve; provided that any such Subordinate Credit Facility shall be payable on any date on which
11 moneys will be required to be withdrawn from the Subordinate Bond Reserve Account as provided
12 in the applicable Supplemental Subordinate Bond Ordinance.

13 The moneys in the Subordinate Bond Reserve Account (including, as a part thereof, the
14 amounts payable under a Subordinate Credit Facility) shall be maintained as a continuing reserve
15 to be used, except as provided in § 505 hereof, only to prevent deficiencies in the payment of the
16 Subordinate Bond Requirements of the applicable series of Subordinate Bonds resulting from the
17 failure to deposit into the Subordinate Bond Fund sufficient funds to pay such Subordinate Bond
18 Requirements as the same accrue.

19 Section 504. Subordinate Bond Escrow Account. In connection with any Subordinate
20 Refunding Bonds, the City may by Supplemental Subordinate Bond Ordinance establish with a
21 designated Subordinate Bond Escrow Bank a Subordinate Bond Escrow Account as further
22 provided in Section 401A hereof.

1 Section 505. Termination of Deposits. No payment need be made into the Subordinate
2 Bond Fund, if the amounts therein and available therefor total a sum at least equal to all
3 Subordinate Debt Service Requirements thereafter becoming due, in which case moneys therein in
4 an amount at least equal to such Subordinate Debt Service Requirements (taking into account the
5 known minimum gain from any investment of such moneys in Investment Securities from the time
6 of any such investment to the time or respective times the proceeds of any such investment or
7 deposit shall be needed for such payment) shall be used (together with any such gain from such
8 investments) solely to pay such Subordinate Debt Service Requirements as the same become
9 due; and any moneys in excess thereof and any other moneys derived from the Pledged
10 Revenues may be used as provided by the General Bond Ordinance.

11 Section 506. Funds Held for Subordinate Bonds. The amounts held or applied for the
12 payment of the Subordinate Bond Requirements due on any date with respect to a particular series
13 of Subordinate Bonds shall be set aside and held in trust for the owners of such Subordinate
14 Bonds by any agent holding moneys for such payments; and for the purposes of this Instrument,
15 such Subordinate Bond Requirements, after the due date thereof, shall no longer be considered to
16 be Outstanding.

17 Section 507. Cancellation of Subordinate Bonds. Except as otherwise provided by
18 Supplemental Subordinate Bond Ordinance, all Subordinate Bonds paid or redeemed, either at or
19 before maturity shall be delivered to the City when such payment or redemption is made, and such
20 Subordinate Bonds shall thereupon be promptly cancelled. Subordinate Bonds so cancelled may,
21 to the extent permitted by law, at any time be destroyed by the City.

1 **ARTICLE VI**
2 **GENERAL ADMINISTRATION**

3 Section 601. Administration of Accounts. The accounts and subaccounts created in any
4 Supplemental Subordinate Bond Ordinance shall, except as otherwise provided herein or therein,
5 be administered and invested as nearly as practicable in the manner required by the General Bond
6 Ordinance.

7 Section 602. Payment of Subordinate Debt Service Requirements. The moneys credited to
8 any account or subaccount designated for the payment of Subordinate Debt Service Requirements
9 or other obligations shall be used without requisition, voucher, warrant, further order, or authority
10 (other than is contained herein), or any other preliminaries, to pay promptly such Subordinate Debt
11 Service Requirements or other obligations payable from such account or subaccount as the same
12 are due, except to the extent any other moneys are available therefor.

13 **ARTICLE VII**
14 **SUBORDINATE LIENS AND ADDITIONAL SUBORDINATE BONDS**
15 **AND OBLIGATIONS**

16 Section 701. Subordinate Lien. The Subordinate Bonds issued hereunder, and to the
17 extent provided by Supplemental Subordinate Bond Ordinance, any Subordinate Obligations
18 incurred pursuant hereto shall, subject to the payment of the Operation and Maintenance
19 Expenses of the Airport System, constitute an irrevocable lien (but not necessarily an exclusive
20 lien) upon the Gross Revenues of the Airport System, subordinate to the prior lien thereon of
21 Senior Bonds and any Obligations.

22 Section 702. Additional Subordinate Bonds for Subordinate Bond Improvement Projects.
23 After the first issuance of any Subordinate Bonds of any series hereunder, additional Subordinate
24 Bonds of one or more series may be authorized and delivered for the purpose of paying the Cost
25 of any Subordinate Bond Improvement Project. Prior to the first delivery of any such additional

1 Subordinate Bonds of any such series, there shall be filed with the Clerk either (i) the certificates
2 described in subsections A and B below, or (ii) the certificates, opinions and reports described in
3 subsections B through D below:

4 A. Manager's Certificate. A certificate of the Manager to the effect that upon the
5 delivery of such additional Subordinate Bonds the sum of (i) the principal amount (or in the case of
6 Subordinate Bonds issued as capital appreciation bonds an allocated portion of the original
7 principal amount) of all Subordinate Bonds then Outstanding, including the Subordinate Bonds
8 then to be delivered, (ii) the principal amount of all Subordinate Bonds authorized but not then to
9 be delivered, (iii) the principal component of all Subordinate Credit Facility Obligations to the extent
10 such obligations, if they become due, are not in lieu of (or do not otherwise replace) the City's
11 obligations to pay any principal in respect of Subordinate Bonds which is included in paragraphs (i)
12 and (ii) above; (iv) amounts that would be due from the City as termination payments under all
13 Subordinate Hedge Facility Obligations, computed pursuant to their respective terms as if the
14 termination date were the date of the Manager's certificate, using relevant mid-market interest
15 rates as of the last day of the most recently completed fiscal quarter immediately preceding the
16 date of the certificate of the Manager; and (v) the principal, or its equivalent, of all Subordinate
17 Contract Obligations, does not exceed \$800,000,000.

18 B. Absence of Default. A certificate of the Manager to the effect that at the time
19 of the adoption of the Supplemental Subordinate Bond Ordinance authorizing such Subordinate
20 Bonds, the City was not in default in making any payments required by Article V of the General
21 Bond Ordinance or by Article V of the General Subordinate Bond Ordinance.

22 C. Accountant's Certificate or Opinion. A certificate or opinion of an Independent
23 Accountant setting forth, for the last audited Fiscal Year or for any period of 12 consecutive

1 calendar months out of the 18 calendar months next preceding the delivery of such Subordinate
2 Bonds, as determined by the Independent Accountant: (i) the Net Revenues, together with any
3 Other Available Funds for such period, and (ii) the sum of the aggregate Debt Service
4 Requirements and Subordinate Debt Service Requirements for such period; and demonstrating for
5 such period that the Net Revenues, together with any Other Available Funds, are at least equal to
6 the larger of either:

7 (1) the amounts needed for making the required deposits to
8 the credit of the several subaccounts (other than the Redemption Account or any
9 similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond
10 Fund and the Operation and Maintenance Reserve Account, or

11 (2) an amount not less than 110% of the sum of the
12 aggregate Debt Service Requirements and Subordinate Debt Service Requirements
13 for such period.

14 D. Airport Consultant's Report. A report of the Airport Consultant estimating, for
15 each of the five Fiscal Years commencing with the earlier of either of the Fiscal Year following the
16 Fiscal Year in which the Manager estimates such Subordinate Bond Improvement Project will be
17 completed, or the first Fiscal Year there are Subordinate Debt Service Requirements with respect
18 to the Subordinate Bonds to be issued for such Subordinate Bond Improvement Project: (i) the
19 Gross Revenues, and (ii) the Operation and Maintenance Expenses and other amounts required to
20 be deposited in each of the subaccounts (other than the Redemption Account or any similar
21 account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund, and the
22 Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each

1 such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the
2 larger of either:

3 (1) the amounts needed for making the required deposits to the credit of
4 the several subaccounts (other than the Redemption Account or other similar
5 account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund,
6 and the Operation and Maintenance Reserve Account, or

7 (2) an amount not less than 110% of the sum of the aggregate Debt
8 Service Requirements and Subordinate Debt Service Requirements for each such
9 Fiscal Year, the Subordinate Debt Service Requirements of the series of Subordinate
10 Bonds then to be issued, and the Debt Service Requirements and Subordinate Debt
11 Service Requirements in respect of any future Senior Bonds, Subordinate Bonds, or
12 Subordinate Obligations, which the Manager shall estimate will be required to
13 complete payment of the Cost of such Improvement Project or Subordinate Bond
14 Improvement Project (such Debt Service Requirements or Subordinate Debt Service
15 Requirements to be estimated by the Airport Consultant or by the Financial Advisor, if
16 any), in each case after giving effect, among other factors, to the increase in
17 Operation and Maintenance Expenses and to the completion of the Improvement
18 Project or Subordinate Bond Improvement Project or any completed portion thereof,
19 and the increase in rates, fees, rentals, or other charges (or any combination thereof)
20 as a result of the completion of such Improvement Project or Subordinate Bond
21 Improvement Project, or any such completed portion thereof.

22 In any computation required by this section, there shall be excluded from Gross Revenues
23 any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or

1 both. If the instruments required by this section cannot be given with the required results stated
2 therein, the City may not issue the proposed Subordinate Bonds. Nothing contained in this section
3 obligates the City to take any action in violation of any applicable requirements imposed by law, as
4 to any increase in any rentals, rates, fees and other charges or otherwise.

5 Notwithstanding any provision of this section to the contrary, neither the certificate described
6 in subsection A above nor the report described in subsection D above shall be required as a
7 condition to the delivery of any Subordinate Bonds previously authorized but not delivered if the
8 certificate described in subsection A above or the report described in subsection D above filed in
9 connection with the first delivery of Subordinate Bonds of the same series contemplated the
10 subsequent delivery of such Subordinate Bonds.

11 Section 703. Subordinate Refunding Bonds. Except as provided in Section 704 hereof,
12 Subordinate Refunding Bonds may be delivered without compliance with Section 702 hereof in
13 such principal amounts as may be necessary to effect a Subordinate Bond Refunding Project, if
14 prior thereto or simultaneously therewith there are filed with the Clerk:

15 A. Defeasance Redemption Instructions. If any Senior Bonds or Subordinate
16 Bonds are to be refunded, a certificate of the Treasurer to the effect that the Bond Requirements of
17 the Senior Bonds or the Subordinate Bond Requirements of the Subordinate Bonds will upon the
18 delivery of the Subordinate Refunding Bonds be paid or be deemed to be paid within the meaning
19 of Section 1101 hereof; and

20 B. Sufficient Payment Amount. If Subordinate Obligations are to be refunded, a
21 certificate of the Treasurer to the effect that moneys sufficient to effect payment of the Subordinate
22 Obligations, as the same become due, will upon the delivery of the Subordinate Refunding Bonds

1 be held (or are required to be deposited) with the applicable payment agent in trust for such
2 purpose.

3 Section 704. Refunding Junior Lien Obligations. Subordinate Refunding Bonds issued to
4 refund Junior Lien Obligations may be issued in such principal amount as may be necessary to
5 effect a Subordinate Bond Refunding Project; if, in addition to the requirements of Section 703
6 hereof (treating the Junior Lien Obligations for such purpose as either Subordinate Bonds or
7 Subordinate Obligations depending on their character), the City furnishes and files with the Clerk
8 the instruments required by Section 702 hereof; provided that for purposes of such instruments,
9 the Subordinate Refunding Bonds to be so issued shall be treated, as nearly as practicable, as
10 Subordinate Bonds issued for a Subordinate Bond Improvement Project.

11 Section 705. Junior Lien Obligations Permitted. Nothing herein prevents the City or the City
12 for and on behalf of the Department from issuing Junior Lien Obligations or other securities or
13 incurring other obligations having a lien on the Net Revenues of the Airport System subordinate to
14 the lien thereon of Subordinate Bonds and Subordinate Obligations and/or subordinate to the lien
15 thereon of any other bonds, securities, or other obligations having a lien thereon subordinate to the
16 lien thereon of Subordinate Bonds and Subordinate Obligations. Any such Junior Lien Obligations
17 or other securities or obligations may be authorized by any instrument of the City, which, subject to
18 the provisions of the General Bond Ordinance and this Instrument (i) may pledge all or any
19 designated portion of the Net Revenues to the payment of the Junior Lien Obligations; (ii) shall
20 provide the terms and conditions of the Junior Lien Obligations; (iii) shall provide for the payment
21 of the Junior Lien Obligations, including the creation of accounts and reserves for such purpose if
22 deemed necessary; and (iv) may provide for any other related matters.

1 Section 706. Additional Senior Bonds Permitted. The City or the City for and on behalf of
2 the Department may issue additional Senior Bonds, and incur other Obligations in the manner and
3 otherwise as provided by the General Bond Ordinance; provided, however, that neither the City nor
4 the City for and on behalf of the Department shall issue additional Senior Bonds or incur other
5 Obligations if the issuance of such additional Senior Bonds or the incurrence of such Obligations
6 would cause the City to fail to comply with the rate maintenance covenant set forth in Section 901
7 hereof. Except as described in the preceding sentence, the City or the City for and on behalf of the
8 Department may not otherwise issue bonds or other securities or incur other obligations having a
9 lien on the Net Revenues of the Airport System superior to the lien thereon of Subordinate Bonds,
10 and any such bonds or other securities or other obligations are hereby prohibited.

11 Section 707. Subordinate Obligations. The City or the City for and on behalf of the
12 Department may incur Subordinate Obligations in connection with the issuance of Bonds or
13 Subordinate Bonds or for any Subordinate Bond Improvement Project or Subordinate Bond
14 Refunding Project. Such Subordinate Obligations shall be incurred pursuant to a Supplemental
15 Subordinate Bond Ordinance, which (i) may pledge all or any designated portion of the Net
16 Revenues to the payment of such Subordinate Obligations; (ii) shall provide the terms and
17 conditions of such Subordinate Obligations; (iii) shall provide for the payment of such Subordinate
18 Obligations; (iv) may provide that all or any designated provisions of this Instrument shall be
19 deemed to apply to the fullest extent practicable; and (v) may provide for such other matters as the
20 City may determine. Prior to the incurrence of any Subordinate Obligations there shall be filed with
21 the Clerk either (i) the certificates described in subsections A and B of Section 702 hereof; or (ii)
22 the certificates, opinions and reports described in subsections B through D of Section 702 hereof;
23 provided that for the purposes of such certificates, opinions and reports Subordinate Obligations
24 shall be treated, as nearly as practicable, as Subordinate Bonds.

1 **ARTICLE VIII**

2 **SPECIAL FACILITIES AND SPECIAL FACILITIES BONDS**

3 Section 801. Privileges Reserved. The City or the City for and on behalf of the Department
4 may enter into contracts pursuant to which the City will agree to construct Special Facilities to be
5 financed by the issuance of Special Facilities Bonds; and the City or the City for and on behalf of
6 the Department may lease such Special Facilities upon the conditions provided in the General
7 Bond Ordinance.

8 **ARTICLE IX**

9 **RENTALS, RATES, FEES, AND OTHER CHARGES**

10 Section 901. Rate Maintenance Covenant. The City covenants that it shall at all times fix,
11 revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System
12 in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will
13 at all times be at least sufficient:

14 A. To provide for the payment of Operation and Maintenance Expenses for such
15 Fiscal Year, and

16 B. To provide for the greater of either:

17 (1) The amounts needed for making the required deposits in the
18 Fiscal Year to the credit of the several subaccounts in the Bond Fund (other
19 than the Redemption Account or any similar account) and to the credit of the
20 Bond Reserve Fund, the Subordinate Bond Fund, and the Operation and
21 Maintenance Reserve Account; or

1 (2) An amount not less than 110% of the aggregate Debt Service
2 Requirements and Subordinate Debt Service Requirements for such Fiscal
3 Year.

4 In any computation hereinabove required by this section, there shall be excluded
5 from the Gross Revenues any capital gain resulting from any sale or revaluation of
6 Investment Securities or bank deposits, or both. Nothing contained in this section obligates
7 the City to take any action in violation of any applicable requirements imposed by law. All
8 such rentals, rates, fees, and other charges for the use of the Airport System must be
9 reasonable in relation to the cost of providing, operating, and maintaining the particular
10 Facility and the services furnished by such Facility.

11 Section 902. Increasing Revenues. The City covenants that if the Gross Revenues in any
12 Fiscal Year, together with any Other Available Funds, are less than the amounts specified above in
13 §901, upon the receipt of the audit report for the Fiscal Year, the Manager will require the Airport
14 Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees, and
15 charges; and upon receiving such recommendations or giving reasonable opportunity for such
16 recommendations to be made, the Manager, on the basis of such recommendations and other
17 information available to the Manager, will revise the schedule of rentals, rates, fees, and charges
18 for the use of the Airport as may be necessary to produce Gross Revenues as aforesaid.

19 Section 903. Compliance with Recommendations. If the Manager shall comply with §902
20 hereof, there shall be no event of default under the provisions §1203E hereof, even though the
21 Gross Revenues, together with any Other Available Funds, are not actually sufficient to provide
22 funds in the amounts required for such Fiscal Year.

1 Subordinate Bonds, together with all other obligations of the City, shall not contravene any debt or
2 other limitation prescribed by the Constitution or statutes of the United States, the Constitution or
3 statutes of the State, or the Charter.

4 Section 1004. Competing Airport Facilities. Unless, in an Attorney's Opinion, compliance
5 with this covenant in a particular situation would violate Federal or State antitrust laws, the City
6 shall neither construct, affirmatively permit to be constructed, facilitate the construction or operation
7 of, or enter into any agreement permitting or otherwise facilitating the construction or operation of,
8 other facilities to be operated by any person and competing with the operation of the Airport in a
9 manner that would, in the opinion of the Manager, materially and adversely affect the City's ability
10 to comply with any rate maintenance covenant in respect of Subordinate Bonds; but nothing herein
11 prevents the City from participating in a joint action agency, other regional entity, or as a party to
12 any inter-governmental agreement for the acquisition, operation and maintenance of airport
13 facilities if adequate provision has been made for the payment of all Subordinate Bond
14 Requirements of all Outstanding Subordinate Bonds or if such acquisition, operation and
15 maintenance, in the written opinion of the Airport Consultant, will not materially and adversely
16 affect the City's ability to comply with the requirements of any such rate maintenance covenant.
17 Nothing herein contained, however, impairs the police power of the City.

18 Section 1005. Corporate Existence. The City shall maintain its corporate identity and
19 existence so long as any Subordinate Bonds remain Outstanding, unless another body corporate
20 and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities,
21 disabilities, immunities, and rights of the City with respect to the Airport System without, in an
22 Attorney's Opinion, adversely and materially affecting the privileges and rights of any owner of any
23 Outstanding Subordinate Bond.

1 Section 1006. Disposal of Airport Prohibited. Except in the normal course of business and
2 except as otherwise provided by Sections 1007 and 1008 hereof, neither all nor a substantial part
3 of the Airport System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or
4 otherwise disposed of until all Subordinate Bonds have been paid in full, as to all Subordinate
5 Bond Requirements; provided, however, that the City may transfer all or a substantial part of the
6 Airport System to another body politic and corporate (including without limitation any successor of
7 the City) if such body politic and corporate succeeds to the duties, privileges, powers, liabilities,
8 disabilities, immunities and rights of the City with respect to the Airport System, or such substantial
9 part thereof, without, in an Attorney's Opinion, adversely and materially affecting the privileges and
10 rights of any owner of any Outstanding Subordinate Bonds. In the event of any such transfer and
11 assumption, nothing herein prevents the retention by the City of any Facility of the Airport if, in an
12 Attorney's Opinion, such retention will not materially and adversely affect the privileges and rights
13 of any owner of any Outstanding Subordinate Bonds. All easements and licenses on, over, or
14 across the Airport shall be revocable in nature, and any instrument conveying such an interest
15 shall require the grantee to relocate the facility covered thereby without cost to the City if such
16 relocation is determined by the Manager to be necessary to the proper operation or development
17 of the Airport.

18 Section 1007. Leases. The City may execute leases, licenses, easements, or other
19 agreements for the use of any part of the Airport System with the Federal Government or any other
20 persons, if such instrument shall not, in the opinion of the Manager, materially and adversely affect
21 the City's ability to comply with the requirements of any rate maintenance covenant in respect of
22 Subordinate Bonds.

23 Section 1008. Disposal of Unnecessary Property. The City may sell, lease, mortgage,
24 pledge, encumber, alienate, or otherwise dispose of, or exclude from the Airport System, any

1 Facilities constituting a part of the Airport System which have, in the opinion of the Manager,
2 ceased to be necessary for the efficient operation of the Airport System, or which have been
3 replaced by other Facilities of at least equal value, except to the extent the City is prevented from
4 so doing by any contractual limitation relating thereto. The net proceeds of the sale of any
5 Facilities under this section shall be applied as provided by the General Bond Ordinance.

6 Section 1009. Loss from Condemnation. If any part of the Airport System shall be taken by
7 the exercise of a power of eminent domain, the amount of any award received by the City as a
8 result of such taking shall be applied as provided by the General Bond Ordinance.

9 Section 1010. Records and Accounts. Proper books of record and account shall be kept by
10 the City, as provided by the General Bond Ordinance.

11 Section 1011. Audits Required. The City shall cause an Independent Accountant to audit
12 such books and records of the Airport System for each Fiscal Year and to prepare an audit report;
13 such audit and report to be made and prepared as soon as practicable following the close of such
14 Fiscal Year.

15 Section 1012. Contents of Audit Reports. Each such audit report shall be in such
16 reasonable detail as may be required, shall be in accordance with generally accepted accounting
17 principles, and shall otherwise be as provided by the General Bond Ordinance.

18 Section 1013. Tax Covenants. The City hereby covenants for the benefit of each owner of
19 any Subordinate Bond that it shall not (i) make any use of the proceeds of any Subordinate Bonds,
20 any fund reasonably expected to be used to pay the principal of or interest on any Subordinate
21 Bonds, or any other funds of the City; (ii) make any use of any Airport Facilities; or (iii) take (or omit
22 to take) any other action with respect to any Subordinate Bonds, the proceeds thereof, or
23 otherwise, if such use, action or omission would, under the Tax Code, cause the interest on any

1 Subordinate Bonds to be included in gross income for federal income tax purposes.
2 Notwithstanding such covenant, the City may issue Subordinate Bonds the interest on which is
3 intended to be included in gross income for federal income tax purposes and, in such event, the
4 provisions of the foregoing covenant and any other requirement of this Ordinance intended to
5 establish or maintain the exclusion from federal income taxation of interest on such Subordinate
6 Bonds shall be inapplicable to such Subordinate Bonds.

7 **ARTICLE XI**

8 **MISCELLANEOUS**

9
10 Section 1101. Defeasance. This Instrument and any Subordinate Bonds may be defeased,
11 as follows:

12 A. Defeasance of Instrument. If, when the Subordinate Bonds secured hereby shall
13 become due and payable in accordance with their terms or otherwise as provided in this
14 Instrument, and the whole amount of the principal of, premium, if any, and interest due and
15 payable upon all of the Subordinate Bonds shall be paid, or provision shall have been made for the
16 payment of the same, together with all other sums payable hereunder, then all covenants,
17 agreements and other obligations of the City to the owners of Subordinate Bonds shall thereupon
18 cease, terminate and become void and be discharged and satisfied. In such event, upon the
19 request of the City, any fiduciary or agent shall assign and transfer to the City all property then held
20 by it, shall execute such documents as may be reasonably required by the City, and shall turn over
21 to the City any surplus held by it in any fund, account, or subaccount. Upon such defeasance, all
22 money held by or on behalf of the City hereunder may be used for any lawful purpose relating to
23 the Airport System.

1 B. Defeasance of Subordinate Bonds.

2 (1) Any Subordinate Bonds of any one or more series shall, prior to the maturity or
3 Redemption Date thereof, be deemed to have been paid within the meaning and with the
4 effect expressed in this section if: (1) in case such Subordinate Bonds are to be redeemed
5 on any date prior to their maturity, the City shall have given irrevocable instructions to effect
6 due notice of redemption on such Redemption Date, if such notice is required; (2) there
7 shall have been deposited in a Subordinate Bond Escrow Account, either moneys in an
8 amount which shall be sufficient, or Defeasance Securities which shall not contain
9 provisions permitting the redemption thereof at the option of the obligor, the principal of and
10 interest on which when due, and without any reinvestment thereof, shall provide moneys
11 which, together with the moneys, if any, deposited with or held in such Subordinate Bond
12 Escrow Account, at the same time and available therefor, shall be sufficient to pay when
13 due the principal of, premium if any, and interest due and to become due on such
14 Subordinate Bonds on and prior to the Redemption Date or maturity date thereof, as the
15 case may be; (3) no such Subordinate Bond shall be subject to optional or mandatory
16 tender prior to the maturity or Redemption Date thereof; and (4) in the event such
17 Subordinate Bonds are not by their terms subject to redemption within the next 60 days, the
18 City by Supplemental Subordinate Bond Ordinance shall have given irrevocable instructions
19 to effect, as soon as practicable and in the same manner as the notice of redemption is
20 given pursuant to Section 307 hereof or as otherwise provided by Supplemental
21 Subordinate Bond Ordinance, notice to the owners of such Subordinate Bonds that the
22 deposit required by (2) above has been placed in such Subordinate Bond Escrow Account
23 and that such Subordinate Bonds are deemed to have been paid in accordance with this
24 section and stating such maturity or Redemption Date upon which moneys are to be

1 available for the payment of the principal of, premium, if any, and interest on such
2 Subordinate Bonds. Neither such Defeasance Securities (or principal or interest payments
3 received with respect thereto) nor moneys placed in such Subordinate Bond Escrow
4 Account shall be withdrawn or used for any purpose other than the payment of the principal
5 of, premium, if any, and interest on said Subordinate Bonds and such Defeasance
6 Securities or moneys shall be held in trust solely for the payment of such principal of,
7 premium, if any, and interest on such Subordinate Bonds; provided, any cash received from
8 the principal or interest payments on such Defeasance Securities if not then needed for
9 such purpose, shall, to the extent such cash will not be required at any time for such
10 purpose, shall be paid over to the City for any lawful purpose relating to the Airport System
11 free and clear of any trust, lien, security interest, or otherwise under this Instrument, and to
12 the extent such cash will be required for such purpose at a later date shall be reinvested in
13 Defeasance Securities maturing at times and in amounts sufficient to pay when due the
14 principal of, premium, if any, and interest to become due on such Subordinate Bonds on or
15 prior to such Redemption Date or maturity date thereof, as the case may be. Any such
16 Subordinate Bonds shall no longer be secured by or entitled to the benefits of this
17 Instrument, except for the purpose of any payment from such moneys or Defeasance
18 Securities placed in such a Subordinate Bond Escrow Account.

19 (2) As to Subordinate Variable Rate Bonds, the amount required for the interest
20 thereon shall be calculated at the maximum rate which such Subordinate Variable Rate
21 Bonds may bear prior to maturity or applicable Redemption Date; provided, however, that if
22 on any date, as a result of such Subordinate Variable Rate Bonds having borne interest at
23 less than such maximum rate for any period, the total amount of moneys and such
24 Defeasance Securities on deposit for the payment of interest on such Subordinate Variable

1 Rate Bonds is in excess of the total amount which would have been required to be
2 deposited on such date in respect of such Subordinate Variable Rate Bonds in order to fully
3 discharge and satisfy such Subordinate Variable Rate Bonds pursuant to the provisions of
4 this section, the City may use for lawful purposes relating to the Airport System the amount
5 of such excess free and clear of any trust, lien, security interest, pledge or assignment
6 securing such Subordinate Variable Rate Bonds or otherwise existing under this Instrument.

7 (3) Notwithstanding any provisions of this Instrument to the contrary, Subordinate
8 Option Bonds may only be fully discharged and satisfied by depositing moneys or
9 Defeasance Securities which together with other moneys lawfully available therefor shall be
10 sufficient at the time of such deposit to pay when due the maximum amount of principal of,
11 premium, if any, and interest on such Subordinate Option Bonds which could become
12 payable to the owners of such Subordinate Option Bonds upon the exercise of any options
13 provided to the owner of such Subordinate Option Bonds or upon the mandatory tender
14 thereof; provided, however, that if, at the time such a deposit is made, the options originally
15 exercisable by the owner of an Option Bond are no longer exercisable or such Subordinate
16 Option Bonds are no longer subject to mandatory tender, such Option Bond shall not be
17 considered an Option Bond for purposes of this paragraph. If any portion of the moneys
18 deposited for the payment of the principal of, premium, if any, and interest on Subordinate
19 Option Bonds is not required for such purpose, the City may use for lawful purposes relating
20 to the Airport System the amount of such excess free and clear of any trust, lien, security
21 interest, pledge or assignment securing said Subordinate Option Bonds or otherwise
22 existing under this Instrument.

23 Upon compliance with the provisions of this section with respect to all series of Subordinate
24 Bonds then Outstanding, this Instrument may be discharged in accordance with the provisions of

1 this section, but the liability of the City in respect of such Subordinate Bonds shall continue
2 provided that the owners thereof shall thereafter be entitled to payment only out of such
3 Subordinate Bond Escrow Account.

4 In no event shall any Subordinate Bonds be deemed paid for purposes of this Section by
5 virtue of their purchase upon optional or mandatory tender, except as otherwise provided by
6 Supplemental Subordinate Bond Ordinance.

7 Notwithstanding anything in this Section 1101 to the contrary, this Instrument shall not be
8 deemed discharged as to any Subordinate Obligation until all amounts due thereunder shall be
9 paid in full, and, in the case of any Subordinate Credit Facility Obligation, the related Subordinate
10 Credit Facility has terminated in accordance with its terms, unless otherwise agreed by the
11 beneficiary thereof.

12 Section 1102. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager and
13 other officers and employees of the City be, and hereby are, authorized and directed to take all
14 action necessary or appropriate to effectuate the provisions of this Instrument.

15 Section 1103. Evidence of Owners. Any request, consent, or other instrument which this
16 Instrument may require or may permit to be signed and to be executed by the owner of any
17 Subordinate Bonds may be in one or more instruments of similar tenor and shall be signed or shall
18 be executed by each such owner in person or by his attorney appointed in writing. Proof of the
19 execution of any such instrument or of an instrument appointing any such attorney, or the
20 ownership of any person of the Subordinate Bonds shall be sufficient for any purpose of this
21 Instrument (except as otherwise herein expressly provided) if made in the following manner.

22 A. Proof of Execution. The fact and the date of the execution by any owner of
23 any Subordinate Bonds or his attorney of such instrument may be provided by the certificate,

1 which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory
2 to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to
3 be recorded in the state in which he purports to act, that the individual signing such request or
4 other instrument acknowledged to him the execution, or an affidavit of a witness of such execution,
5 duly sworn to before such notary public or other officer; the authority of the individual or individuals
6 executing any such instrument on behalf of a corporate owner of any Subordinate Bonds may be
7 established without further proof if such instrument is signed by an individual purporting to be the
8 president or vice-president of such corporation with a corporate seal affixed and attested by an
9 individual purporting to be its secretary or an assistant secretary; and the authority of any person
10 or persons executing any such instrument in any fiduciary or representative capacity may be
11 established without further proof if such instrument is signed by a person or persons purporting to
12 act in such fiduciary or representative capacity; and

13 B. Proof of Ownership. The ownership of any fully registered Subordinate Bond,
14 the amount and numbers of such Subordinate Bonds, and the date of owning the same shall be
15 proved by the registration records of the Subordinate Bond Registrar, but the Clerk may
16 nevertheless in his discretion require further or other proof in cases where they deem the same
17 advisable.

18 Any request or consent of the owner of any Subordinate Bond shall bind all future owners of
19 such Subordinate Bond in respect of anything done or suffered to be done by the City in
20 accordance therewith.

21 Section 1104. Holidays. Except as otherwise provided by Supplemental Subordinate Bond
22 Ordinance or any credit agreement or similar instrument in respect of any Subordinate Credit
23 Facility, if the date for making any payment or deposit or the last date for performance of any act or

1 the exercise of any right, as provided herein or by Supplemental Subordinate Bond Ordinance,
2 shall be a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are
3 authorized by law to remain closed, such payment or deposit may be made or act performed or
4 right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on
5 which such banking institutions are authorized by law to remain closed, with the same force and
6 effect as if done on the nominal date so provided, and no interest shall accrue for the period after
7 such nominal date.

8 **ARTICLE XII**

9 **DEFAULTS, RIGHTS AND REMEDIES OF BONDOWNERS**

10 Section 1201. Owner's Remedies. Each owner of any Subordinate Bond shall be entitled
11 to all of the privileges, rights, and remedies provided herein, and as otherwise provided or
12 permitted at law or in equity or by other statutes, except as otherwise provided herein or in a
13 Supplemental Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds.

14 Section 1202. Right to Enforce Payment. Nothing in this article affects or impairs the right
15 of any owner of any Subordinate Bond to enforce the payment of such Subordinate Bond in
16 accordance with its terms.

17 Section 1203. Events of Default. Each of the following events is hereby declared an "event
18 of default":

19 A. Senior Bonds. An event of default shall have occurred in respect of any
20 Senior Bonds;

21 B. Nonpayment of Principal and Premium. Payment of the principal of any
22 Subordinate Bonds, or any prior redemption premium due in connection therewith, or both, is not

1 made when the same becomes due and payable, either at maturity, by mandatory or optional prior
2 redemption, or otherwise;

3 C. Nonpayment of Interest. Payment of any installment of interest on any
4 Subordinate Bonds is not made when the same becomes due and payable;

5 D. Nonpayment of Subordinate Obligations. Payment of the principal of, interest
6 on, or any other amount due in connection with any Subordinate Obligation is not made when the
7 same becomes due and payable;

8 E. Nonperformance of Any Provisions. The City fails to perform any of the
9 representations, covenants, conditions, agreements, and other provisions contained in any
10 Subordinate Bonds or in this Instrument on its part to be performed, and such failure continues for
11 sixty days after written notice specifying such failure and requiring the same to be remedied is
12 given to the City by the owners of 25% in principal amount of the Subordinate Bonds then
13 Outstanding; provided, however, that it shall not be considered an event of default under this
14 subparagraph if the Manager determines that corrective action has been instituted within such sixty
15 day period and is being diligently pursued;

16 F. Other. Such other events of default as are provided for any series of
17 Subordinate Bonds in any Supplemental Subordinate Bond Ordinance.

18 Section 1204. Remedies for Defaults. Upon the happening and continuance of any of the
19 events of default provided in Section 1203 hereof, then (except as otherwise expressly provided by
20 Supplemental Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds),
21 and in each and every such case, so long as such event of default shall not have been remedied,
22 unless the principal of all the Subordinate Bonds shall have already become due and payable, the
23 owners of not less than 25% in principal amount of the Subordinate Bonds then Outstanding (by

1 notice in writing to the City, Subordinate Bond Paying Agent, if any, and Subordinate Bond
2 Registrar, if any), may declare the principal of all the Subordinate Bonds then Outstanding, and the
3 interest accrued thereon, to be due and payable immediately, and upon such declaration the same
4 shall become and be payable on the date so declared (interest accruing thereafter to cease),
5 anything in this Instrument or in any of the Subordinate Bonds contained to the contrary
6 notwithstanding. The right of the owners of not less than 25% in principal amount of the
7 Subordinate Bonds to make any such declaration as aforesaid, however, is subject to the
8 conditions that if, at any time after such declaration, but before the Subordinate Bonds shall have
9 matured by their terms, all overdue installments of interest upon the Subordinate Bonds, together
10 with interest on such overdue installments of interest to the extent permitted by law and the
11 reasonable and proper charges, expenses and liabilities of the owners, and all other sums then
12 payable by the City under this instrument (except the principal of, and interest accrued since the
13 next preceding interest date on, the Subordinate Bonds due and payable solely by virtue of such
14 declaration) shall either be paid by or for the account of the City or provision satisfactory shall be
15 made for such payment, and all defaults under the Subordinate Bonds or under this Instrument
16 (other than the payment of principal and interest due and payable solely by reason of such
17 declaration) shall be made good and any Subordinate Credit Facility securing the Subordinate
18 Bond Requirements of such Subordinate Bonds has been reinstated to an amount equal to its
19 stated amount immediately preceding any drawing thereunder in respect of any such default, then
20 and in every case the owners of a majority in principal amount of the Subordinate Bonds
21 Outstanding, by written notice to the City may rescind such declaration and annul such default in
22 its entirety, then any such declaration shall ipso facto be deemed to be rescinded and any such
23 default and its consequences shall ipso facto be deemed to be annulled, but no such rescission
24 and annulment shall extend to or affect any subsequent default or impair or exhaust any right or
25 power consequent thereon.

1 In addition, upon the happening and continuance of any of the events of default, as provided
2 in Section 1203 hereof, then (except as otherwise expressly provided by Supplemental
3 Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds), and in every
4 case the owner or owners of not less than 25% in principal amount of the then Outstanding
5 Subordinate Bonds may proceed, against the City and its agents, officers, and employees to
6 protect and to enforce the rights of any owner of the Subordinate Bonds under this Instrument by
7 mandamus or by other suit, action, or special proceedings in equity or at law, in any court of
8 competent jurisdiction, either for the appointment of a receiver or for the specific performance of
9 any covenant or agreement contained in this Instrument, or by an award of execution of any power
10 herein granted for the enforcement of any proper, legal, or equitable remedy as such owner or
11 owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin
12 any act or thing which may be unlawful or in violation of any right of any owner of any Subordinate
13 Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination
14 of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained
15 for the equal benefit of all owners of all the Subordinate Bonds then Outstanding.

16 The City may, by Supplemental Subordinate Bond Ordinance, confer upon the beneficiary
17 of any Subordinate Obligation, any and all rights and privileges of the owners of Subordinate
18 Bonds relating to the remedies set forth herein.

19 Section 1205. Receiver's Rights and Privileges. Any receiver appointed in any proceedings
20 to protect the rights of such owners hereunder, the consent to any such appointment being hereby
21 expressly granted by the City, may enter and take possession of the Airport System subject to the
22 rights and privileges of any lessee or other user under any lease or other contract, may operate
23 and maintain the same, may prescribe rentals, rates, fees, and other charges, and may collect,

1 receive, and apply all Gross Revenues and any other revenues relating to the Airport System
2 arising after the appointment of such receiver in the same manner as the City itself might do.

3 Section 1206. Rights and Privileges Cumulative. The failure of any owner of any such
4 Outstanding Subordinate Bond to proceed in any manner herein provided shall not relieve the City,
5 its Council, or any of the City's officers, agents, or employees of any liability for failure to perform or
6 carry out any duty, obligation, or other commitment. No delay or omission of any owner of any
7 Outstanding Subordinate Bond to exercise any right or power upon any default shall exhaust or
8 impair any such right or power or shall be construed to be a waiver of any such default or
9 acquiescence therein. Each right or privilege of any such owner is in addition and is cumulative to
10 any other right or privilege, and the exercise of any right or privilege by or on behalf of any owner
11 shall not be deemed a waiver of any other right or privilege thereof.

12 Section 1207. Duties upon Defaults. Upon the happening of any of the events of default
13 provided in Section 1203 hereof, the City, in addition, shall do and perform all proper acts on
14 behalf of and for the owners of any Subordinate Bonds to protect and to preserve the security
15 created for the payment thereof and to insure timely payment thereof.

16 During the continuance of an event of default, subject to the prior rights and privileges of the
17 owners of any Senior Bonds and subject to any limitations with respect to payment of Subordinate
18 Credit Enhanced Bonds, the City shall, after payment (but only out of moneys received other than
19 pursuant to a draw on a Subordinate Credit Facility) of the amounts required for reasonable and
20 necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and
21 replacements of the Airport System necessary in the judgment of the City to prevent a loss of
22 Gross Revenues, apply all moneys, securities, funds under this Instrument, including without

1 limitation Gross Revenues, as an express trust for the owners of the Subordinate Bonds and apply
2 the same as follows and in the following order:

3 A. Unless the principal of all of the Subordinate Bonds shall have become due
4 and payable,

5 (1) First, to the payment to the persons entitled thereto of all installments of
6 interest then due in the order of the maturity of such installments, together with accrued and
7 unpaid interest on the Subordinate Bonds theretofore called for redemption, and, if the
8 amount available shall not be sufficient to pay in full any installment or installments maturing
9 on the same date, then to the payment thereof ratably, according to the amounts due
10 thereon, to the persons entitled thereto, without any discrimination or preference; and

11 (2) Second, to the payment to the persons entitled thereto of the unpaid principal
12 or redemption price of any Subordinate Bonds which shall have become due, whether at
13 maturity or by call for redemption, in the order of their due dates, and, if the amount
14 available shall not be sufficient to pay in full all the Subordinate Bonds due on any date,
15 then to the payment thereof ratably, according to the amounts of principal or Redemption
16 Price due on such date, to the persons entitled thereto, without any discrimination or
17 preference.

18 B. If the principal of all of the Subordinate Bonds shall have become due and
19 payable, to the payment of the principal and interest then due and unpaid upon the Subordinate
20 Bonds without preference or priority of principal over interest or of interest over principal, or of any
21 installment of interest over any other installment of interest, or of any Subordinate Bond over any
22 other Subordinate Bond, ratably, according to the amounts due respectively for principal and

1 interest, to the persons entitled thereto without any discrimination or preference except as to any
2 difference in the respective rates of interest specified in the Subordinate Bonds.

3 If and whenever all overdue installments of interest on all Subordinate Bonds, together with
4 the reasonable and proper charges, expenses and liabilities of the owners, and all other sums
5 payable by the City under this Instrument, including the principal and Redemption Price of and
6 accrued unpaid interest on all Subordinate Bonds which shall then be payable, shall either be paid
7 by or for the account of the City, or provision shall be made for such payment, and all defaults
8 under this Instrument or the Subordinate Bonds shall be made good or secured, thereupon the
9 owners and the City shall be restored to their former positions and rights under this Instrument.

10 To the extent such revenues, if any, exceed such requirements, both accrued and to accrue
11 to their respective fixed maturity dates or to any Redemption Dates relating thereto, whichever is
12 earlier, such Gross Revenues shall be applied to payment of Subordinate Bonds. If the City fails
13 or refuses to proceed as in this section provided, the owner or owners of not less than 25% in
14 principal amount of the Subordinate Bonds then Outstanding, after demand in writing, may
15 proceed to protect and to enforce the rights of the owners of the Subordinate Bonds as
16 hereinabove provided; and to that end any such owners of Outstanding Subordinate Bonds shall
17 be subrogated to all rights of the City under any agreement, lease, or other contract involving the
18 Pledged Revenues or the Airport System entered into prior to the effective date of this Instrument
19 or thereafter while any such Subordinate Bonds are Outstanding.

20 As and to the extent provided by Supplemental Subordinate Bond Ordinance the City may
21 extend the provisions and priorities of this Section to the payment of Subordinate Obligations.

22 Section 1208. Duties in Bankruptcy Proceedings. If any such lessee or other user of the
23 Airport System proceeds under any laws of the United States relating to bankruptcy, including,

1 without limitation, any action under law providing for corporate reorganization, it shall be the duty of
2 the City and its appropriate officers are hereby authorized and directed to take all necessary steps
3 for the benefit of the owners of the Subordinate Bonds in such proceedings, including, without
4 limitation, the filing of any claims for unpaid rentals, fees, other charges, and other payments due
5 to the City or otherwise arising from the breach of any of the covenants, terms, or conditions of the
6 lease or any other contract relating to the Airport System, unless the Manager determines that the
7 costs of such action are likely to exceed the amounts thereby recovered from such obligor.

8 As and to the extent provided by Supplemental Subordinate Bond Ordinance the City may
9 extend the provisions of this Section to the payment of Subordinate Obligations.

10 Section 1209. Prejudicial Action Unnecessary. Nothing in this Article requires the City to
11 proceed as provided therein if the Manager determines in good faith and without any gross abuse
12 of his discretion that if the City so proceeds it is more likely than not to incur a net loss rather than
13 a net gain or such action is otherwise likely to affect materially and prejudicially the owners of the
14 Outstanding Senior Bonds or Subordinate Bonds or the beneficiaries of Subordinate Obligations.

15 Section 1210. Notice of Default. The City shall mail to the owners of Subordinate Bonds,
16 written notice of the occurrence of any event of default; provided that, except in the case of an
17 event of default described in subsections B and C of Section 1203, the City shall be protected in
18 withholding such notice if such action is in the best interests of the owners of Subordinate Bonds or
19 the beneficiaries of Subordinate Obligations.

20 Section 1211. Protection of Senior Bonds. Nothing in this article requires or permits the
21 City to proceed in a manner prejudicial to the rights and privileges of the owners of any Senior
22 Bonds; and, notwithstanding any provision hereof to the contrary, such rights and privileges shall

1 be senior and prior to the rights and privileges of any owners of Subordinate Bonds set forth
2 herein.

3 **ARTICLE XIII**

4 **AMENDMENT OF INSTRUMENT**

5 Section 1301. Amendments Without Consent. The City may adopt Supplemental
6 Subordinate Bond Ordinances amending or supplementing this Instrument without the consent of
7 or notice to the owners of Subordinate Bonds or Subordinate Obligations, as follows:

8 A. Additional Subordinate Bonds and Matters Not Inconsistent. To authorize the
9 issuance of Subordinate Bonds or the incurrence of Subordinate Obligations and, in connection
10 therewith or otherwise, to specify and determine any matters and things which are not contrary to
11 or inconsistent with this Instrument, including without limitation provisions for the issuance and
12 payment of Subordinate Bonds or Subordinate Obligations, provisions creating and applying
13 additional funds or accounts, and provisions for the marketing or remarketing of Subordinate
14 Bonds;

15 B. Curing Defects. To cure any formal defect, omission or ambiguity in this Instrument
16 or to comply with any applicable requirements of the General Bond Ordinance;

17 C. Additional Rights. To grant to or confer upon the owners of any Subordinate Bonds
18 any additional rights, remedies, powers, authority or security which may lawfully be granted or
19 conferred, including without limitation the designation of a trustee for the owners of Subordinate
20 Bonds, the transfer of custody and control of any fund or account to any such trustee, and
21 provisions for the rights and obligations of any such Trustee;

1 D. Additional Covenants. To add to the covenants and agreements of the City
2 set forth in this Instrument;

3 E. Additional Limitations. To add to the limitations and restrictions on the City set
4 forth in this Instrument;

5 F. Confirming Pledges. To confirm, as further assurance, any pledge under, and
6 the subjection to any lien or pledge created or to be created by, this Instrument, of the Pledged
7 Revenues or of any other moneys, securities, of funds;

8 G. Trust Indenture Act. To cause this Instrument to comply with the Trust
9 Indenture Act of 1939, as from time to time amended; and

10 H. Other Changes. To effect, in connection with any Subordinate Bonds,
11 Subordinate Obligations, or otherwise, any other changes in this Instrument which, in the opinion
12 of an attorney or firm of attorneys whose experience in matters relating to the issuance of
13 obligations by states and their political subdivisions is nationally recognized, do not materially and
14 prejudicially affect the right of the owners of any Subordinate Bonds or the beneficiaries of any
15 Subordinate Obligations.

16 Section 1302. Other Amendments. In addition, this Instrument may be amended or
17 supplemented by a Supplemental Subordinate Bond Ordinance without receipt by the City of any
18 additional consideration, but with the written consent of the owners of Subordinate Bonds which
19 constitute more than 50% in aggregate principal amount of all Subordinate Bonds Outstanding at
20 the time of the adoption of such Supplemental Subordinate Bond Ordinance and affected by such
21 amendment or supplement.

1 Section 1303. Limitations upon Amendments. Notwithstanding the provisions of
2 Sections 1301 and 1302 hereof, no such Supplemental Subordinate Bond Ordinance shall permit
3 without the consent of the owner of any Outstanding Subordinate Bond or beneficiary of any
4 Subordinate Obligation so affected:

5 A. Changing Payment. A change (other than as expressly provided for in the
6 Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond) in the maturity or
7 in the terms of redemption of the principal of any Outstanding Subordinate Bond or Subordinate
8 Obligation, or any installment of interest thereon; or

9 B. Reducing Return. A reduction (other than as expressly provided for in the
10 Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond or Subordinate
11 Obligation) in the principal amount of any Outstanding Subordinate Bond or Subordinate
12 Obligation, the rate of interest thereon, or any prior redemption premium payable in connection
13 therewith; or

14 C. Prior Lien. Except as otherwise provided herein, the creation of a lien upon or a
15 pledge of Net Revenues ranking prior to the lien or to the pledge created by this Instrument; or

16 D. Modeling Limitations upon Amendment. A reduction of the principal amount or
17 percentages of Subordinate Bonds the consent of the owners of which is required for any such
18 amendment or other modifications; or

19 E. Priorities Between Subordinate Bonds. The establishment of priorities as between
20 Subordinate Bonds or Subordinate Obligations issued or incurred under the provisions of this
21 Instrument, other than as may be expressly permitted herein;

1 In addition, the General Bond Ordinance may not be amended or supplemented without the
2 consent of the owner of any Outstanding Subordinate Bond or Subordinate Obligation affected
3 thereby, unless, in the opinion of an attorney or firm of attorneys whose experience in matters
4 relating to the issuance of obligations by states and their political subdivisions is nationally
5 recognized, such amendment or supplement does not materially and prejudicially affect the right of
6 the owners of any Subordinate Bonds or the beneficiaries of any Subordinate Obligations. Any
7 consent by the owners of any such Subordinate Bonds or Subordinate Obligations shall be set
8 forth in an instrument or instruments executed by the required owners or their appointed consent
9 agents and filed with the Clerk, which instrument or instruments shall refer to the proposed
10 amendments or the Supplemental Ordinance approving such amendments and shall specifically
11 consent to and approve the adoption of such amendments. Such consent shall be irrevocable and
12 shall be conclusive and binding upon all future owners of the same Subordinate Bonds or
13 Subordinate Obligations.

14 Section 1304. Notice of Amendment. Whenever the Council proposes to amend or modify
15 this Instrument under the provisions of Section 1302 hereof, it shall cause notice of the proposed
16 amendment to be mailed:

17 A. Owners. To the owners of all the Subordinate Bonds then Outstanding; and

18 B. Subordinate Bond Purchasers. To the Subordinate Bond Purchaser of the
19 Subordinate Bonds then Outstanding, or to any successor thereof known to the Clerk.

20 Such notice shall briefly set forth the nature of the proposed amendment and shall state that
21 a copy of the proposed amendatory instrument is on file in the office of the Clerk for public
22 inspection.

1 Section 1305. Time for Amendment. Whenever at any time within one year from the date
2 of such notice, there shall be filed in the office of the Clerk an instrument or instruments executed
3 by the required number of owners, which instrument or instruments shall refer to the proposed
4 Supplemental Subordinate Bond Ordinance described in such notice and shall specifically consent
5 to and approve the adoption of such instrument, thereupon, but not otherwise, the Council may
6 adopt such Supplemental Subordinate Bond Ordinance and such instrument shall become
7 effective.

8 Section 1306. Binding Consent to Amendment. If the required number of owners, at the
9 time of the adoption of such Supplemental Subordinate Bond Ordinance, or the predecessors in
10 title of such owners, shall have consented to and approved the adoption thereof as herein
11 provided, no owner of any Subordinate Bond whether or not such owner shall have consented to
12 or shall have revoked any consent as in this article provided, shall have any right or interest to
13 object to the adoption of such Supplemental Subordinate Bond Ordinance or to object to any of the
14 terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City
15 from taking any action pursuant to the provisions thereof.

16 Section 1307. Time Consent Binding. Any consent given by the owner of a Subordinate
17 Bond pursuant to the provisions of this article shall be irrevocable for a period of six months from
18 the date of the notice above provided for in Section 1304 and shall be conclusive and binding upon
19 all future owners of the same Subordinate Bond during such period. Such consent may be
20 revoked at any time after six months from the date of such notice, by the owner who gave such
21 consent or by a successor in title by filing notice of such revocation with the Clerk, but such
22 revocation shall not be effective if the required number of owners, prior to the attempted
23 revocation, consented to and approved the Supplemental Subordinate Bond Ordinance referred to
24 in such revocation.

1 Section 1308. Unanimous Consent. Notwithstanding any of the foregoing provisions of this
2 article, the terms and the provisions of this Instrument and the rights and the obligations of the City
3 and of the owners of all Outstanding Subordinate Bonds issued hereunder may be amended or
4 otherwise modified in any respect upon the adoption by the City and upon the filing with the Clerk
5 of a Supplemental Subordinate Bond Ordinance to that effect and with the consent of the owners
6 of all the then Outstanding Subordinate Bonds (and, to the extent required by any Supplemental
7 Subordinate Bond Ordinance, the beneficiaries of any Subordinate Obligations), such consent to
8 be given as provided in Section 1306 hereof; and no notice to owners of Subordinate Bonds shall
9 be required, and the time of consent shall not be limited except as may be provided in such
10 consent.

11 Section 1309. Notation on Subordinate Bonds. Subordinate Bonds authenticated and
12 delivered after the effective date of any action taken as in this article provided may bear a notation
13 by endorsement or otherwise in form approved by the Council as to such action; and if any such
14 Subordinate Bond so authenticated and delivered shall bear such notation, then upon demand of
15 the owner of any Subordinate Bond Outstanding at such effective date and upon presentation of
16 his Subordinate Bond for the purpose at the principal office of the Clerk or Subordinate Bond
17 Registrar, suitable notation shall be made on such Subordinate Bond by the Clerk or Subordinate
18 Bond Registrar as to any such action. If the Council so determines, new Subordinate Bonds so
19 modified shall be prepared, authenticated, and delivered; and upon demand of the owner of any
20 Subordinate Bond then Outstanding, shall be exchanged without cost to such owner for
21 Subordinate Bonds then Outstanding upon surrender of such Subordinate Bonds.

22 Section 1310. Proof of Instruments and Subordinate Bonds. The fact and date of execution
23 of any instrument under the provisions of this article, the amount and number of the Subordinate

1 Bonds owned by any person executing such instrument, and the date of his owning and the same
2 may be proved as provided by Section 1103 hereof.

3 Section 1311. Subordinate Credit Facility Provider. Nothing in this article shall limit the
4 rights of the beneficiary of any Subordinate Obligation conferred by Supplemental Subordinate
5 Bond Ordinance or by any agreement executed pursuant thereto.

6

1 COMMITTEE APPROVAL DATE: June 5, 2013
2 MAYOR-COUNCIL DATE: June 11, 2013
3 PASSED BY THE COUNCIL _____ 2013
4 _____ - PRESIDENT
5 APPROVED: _____ - MAYOR _____, 2013 _____ 2013
6 ATTEST: _____ - CLERK AND RECORDER,
7 EX-OFFICIO CLERK OF THE
8 CITY AND COUNTY OF DENVER
9 NOTICE PUBLISHED IN THE DAILY JOURNAL _____ 2013 AND _____ 2013
10 PREPARED BY: HOGAN LOVELLS US LLP and BOOKHARDT & O'TOOLE; DATE: June 12, 2013
11 Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of
12 the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed
13 ordinance. The proposed ordinance is submitted to the City Council for approval pursuant to §
14 3.2.6 of the Charter.
15 Douglas J. Friednash, City Attorney
16 BY: _____, _____ City Attorney
17 DATE: _____

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