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MASTER RESOLUTION RELATING TO THE ISSUANCE OF AVIATION SYSTEM REVENUE BONDS BY THE CITY OF DES MOINES, IOWA UNDER THE PROVISIONS OF CHAPTER 384 OF THE CODE OF IOWA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$5,225,000 AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES, SERIES 2010A, \$15,990,000 AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES, SERIES 2010B, \$10,330,000 AVIATION SYSTEM REVENUE REFUNDING CAPITAL LOAN NOTES, TAXABLE SERIES 2010C, AND \$4,900,000 AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES, SERIES 2010D, PROVIDING FOR A METHOD OF PAYMENT THEREOF, FUNDING A DEBT SERVICE RESERVE FUND, APPROVING A PURCHASE CONTRACT, AND OTHER RELATED MATTERS

WHEREAS, the City of Des Moines, Iowa ("City") is authorized to issue Bonds (as defined herein) under the provisions of Chapter 384 of the Code of Iowa, as amended, as a means of financing the acquisition, construction, reconstruction, extending, remodeling, improving, repairing, and equipping of the Aviation System (as defined herein); and

WHEREAS, such Bonds may be issued and sold by the City in multiple series, at such times and from time to time over a period of years, in such amounts, to such purchasers and for such purposes, by either public or private sale, at fixed or variable rates of interest as shall be prevailing at the time of issuance, with such covenants and terms and in such form and manner as the City Council shall determine to be appropriate, in its sole discretion; and

WHEREAS, the principal of and interest on the Bonds shall be payable solely from and secured by the Pledged Revenues of the Aviation System and from other funds of the City lawfully available therefore, and the Bonds shall not in any respect be general obligations of the City; and



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WHEREAS, the City, pursuant to that certain authorizing Bond Resolution dated April 20, 1998 (the "Prior Bond Resolution"), has previously issued its \$6,335,000 Series 1998A Aviation System Revenue Bonds, its \$23,870,000 Series 1998B Aviation System Revenue Bonds, and its \$12,465,000 Series 1998C (Taxable) Bonds (collectively, the "Series 1998 Bonds", a portion of which will remain outstanding subsequent to the issuance of the City's Series 2010 Notes (as hereinafter defined); and

WHEREAS, pursuant to Section 9.03 of the Prior Resolution, this Resolution shall constitute an amendment to the Prior Resolution requiring the consent of the Owners of not less than a majority in aggregate unpaid principal amount of the Revenue Bonds (as defined in the Prior Resolution) then Outstanding (as defined in the Prior Resolution); and

WHEREAS, by the purchase and acceptance of the Series 2010 Notes, the owners of the Series 2010 Notes constitute more than a majority of Revenue Bonds Outstanding and shall be deemed to have consented to and agree to be bound by the terms of this Resolution, amending the Prior Resolution; and

WHEREAS, pursuant to Section 2.21 of the Prior Resolution, the Insurer (as defined in the Prior Resolution) has agreed to amend the Prior Resolution by this Resolution and has provided its written consent to same;

WHEREAS, the City has heretofore established charges, rates and rentals for services which are and will continue to be collected as system revenues of the Aviation System, sometimes hereinafter referred to as the "System", and said revenues have not been pledged and are available for the payment of the Series 1998 Bonds, the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes and any additional Senior Bonds and any Subordinate Bonds authorized herein (each as defined herein).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DES MOINES, IOWA, AS FOLLOWS:



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ARTICLE I

DEFINITIONS

Section 1.1. **Definitions.** The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

"Accreted Value" means, with respect to each Capital Appreciation Bond, (i) the initial principal amount of such Capital Appreciation Bond plus, on the date of calculation, the interest accrued thereon to such date compounded at the interest rate thereof on each compounding date contained in such Capital Appreciation Bond, and (ii) with respect to any calculation on a date other than a compounding date, the amount determined pursuant to clause (i) above as of the immediately preceding compounding date plus interest on such amount from such compounding date to the date of calculation at a rate equal to the interest rate on such Capital Appreciation Bond.

"Airport Consultant" shall mean an independent airport consultant or airport consulting firm, as from time to time may be appointed and compensated by the City.

"Airport Facilities" or "Airport Facility" shall mean a facility or group of facilities or category of facilities which constitute or are part of the Aviation System.

"Authorized Denominations" shall mean \$5,000 or any integral multiple thereof, except that any Capital Appreciation Bond shall be issued in the denomination of \$5,000 maturity amount or integral multiples thereof and any Bonds bearing interest at a Variable Rate may be issued in the denomination of \$100,000 each or integral multiples of \$5,000 in excess thereof.

"Aviation Director" shall mean the Aviation Director appointed by the City Manager.



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"Aviation System" or "System" shall mean all airport, heliport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled in whole or in part by the City and declared by the City to be part of the Aviation System, together with all properties, facilities and services thereof, and all additions, extensions, replacements and improvements thereto, and all services provided or to be provided by the City in connection therewith. The Aviation System currently includes the present airport of the City, known as "Des Moines International Airport." The Aviation System shall also include all improvements and extensions made by Issuer while any of the Bonds remain Outstanding; all real and personal property; and all appurtenances, contracts, leases, franchises and other intangibles.

"Aviation System Revenue Fund" means the fund by that name established in Section 6.2 and further described in Section 6.3 of this Resolution for the deposit of all Revenues.

"Balloon Bonds" means any series of Bonds 25% or more of the Principal of which (i) is due in any 12-month period or (ii) may, at the option of the Bondholders, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid in any 12-month period; provided that, in calculating the Principal of such Bonds due or required to be redeemed, prepaid, purchased, or otherwise paid in any 12-month period, such Principal shall be reduced to the extent that all or any portion of such amount is required to be redeemed or amortized prior to such 12-month period.

"Balloon Date" means any Principal Maturity Date or Put Date on which more than 25% of the Principal of related Balloon Bonds mature or are subject to mandatory redemption or could, at the option of the Bondholders, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid.

"Beneficial Owner" shall mean the person in whose name such Bond is recorded as the beneficial owner of a Bond by a Participant on the records of such Participant or such person's subrogee.

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"**Board**" means the Airport Board of the City of Des Moines, Iowa, established by ordinance for administration of the Aviation System.

"**Bond Principal and Interest Fund**" means the fund by that name established in Section 6.2 and further described in Section 6.5 of this Resolution.

"**Bond Register**" means the books maintained by the Registrar for the registration, transfer and exchange of Bonds.

"**Bondholder**" means the registered owner of one or more Bonds.

"**Bonds**" means any revenue bonds, notes or other obligations authorized by and authenticated and delivered pursuant to this Resolution and any Series Resolution, including the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, the Series 2010D Notes, any other Senior Bonds, and any Subordinate Bonds.

"**Capital Appreciation Bonds**" means Bonds which bear interest which is calculated based on periodic compounding, payable only at maturity or earlier redemption.

"**Capitalized Interest**" shall mean the amount of interest on Bonds, if any, funded from the proceeds of the Bonds or other monies that are deposited in the Bond Principal and Interest Fund, as may be described in a Supplemental Resolution upon issuance of Bonds and to be used to pay interest on the Bonds.

"**City Council**" means the City Council of the City of Des Moines, Iowa.

"**City Manager**" shall mean the City Manager appointed by the City Council.

"**Clerk**" shall mean the City Clerk or such other officer of the successor Governing Body as shall be charged with substantially the same duties and responsibilities.



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**"Code"** means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

**"Commercial Paper"** shall mean notes of the City with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Commercial Paper Program adopted by the City.

**"Commercial Paper Program"** shall mean a program authorized by the City pursuant to which Commercial Paper shall be issued and reissued from time to time, up to the authorized amount of such Program.

**"Commitment,"** when used with respect to Balloon Bonds, means a binding written commitment from a financial institution, surety or insurance company to refinance such Bonds on or prior to any Balloon Date thereof, including without limitation any Credit Facility for such Bonds.

**"Continuing Disclosure Certificates"** shall mean those certain Continuing Disclosure Certificates executed by the City and dated the date of issuance and delivery of the Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes, as originally executed and as they may be amended from time to time in accordance with the terms thereof.

**"Costs of Issuance"** means issuance costs with respect to any series of Bonds, including but not limited to the following: underwriters' spread (whether realized directly or derived through purchase of such Bonds at a discount below the price at which they are expected to be sold to the public); Credit Facility fees and Reserve Account Credit Facility fees; Trustee's fees; counsel fees (including bond counsel, underwriter's counsel, and any other specialized counsel fees incurred in connection with the borrowing); fees of any Financial Advisor to the City incurred in connection with the issuance of the Bonds; Rating Agency fees; escrow agent and paying agent fees; accountant fees and other expenses related to issuance of the Bonds; printing costs (for the Bonds and of the preliminary and final official statement relating to the Bonds); and other fees and expenses of the City incurred in connection with the issuance of the Bonds.



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**"Credit Facility"** means any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, or similar obligation, arrangement, or instrument issued by a bank, insurance company, or other financial institution which is used by the City to perform one or more of the following tasks: (i) enhancing the City's credit by assuring owners of any of the Bonds that Principal of and interest on such Bonds will be paid promptly when due; (ii) providing liquidity for the owners of Bonds through undertaking to cause Bonds to be bought from the owners thereof when submitted pursuant to an arrangement prescribed by the Series Resolution relating to such Bonds; or (iii) remarketing any Bonds so submitted to the City or Credit Facility Provider for purchase (whether or not the same Credit Facility Provider is remarketing the Bonds). The term Credit Facility shall not include a Reserve Account Credit Facility.

**"Credit Facility Agreement"** means an agreement between the City and a Credit Facility Provider pursuant to which the Credit Facility Provider issues a Credit Facility and may include the promissory note or other instrument evidencing the City's obligations to a Credit Facility Provider pursuant to a Credit Facility Agreement. The term Credit Facility Agreement shall not include a Reserve Account Credit Facility Agreement.

**"Credit Facility Provider"** means any issuer of a Credit Facility then in effect for all or part of the Bonds. The term Credit Facility Provider shall not include any Reserve Account Credit Facility Provider. Whenever in the Resolution the consent of the Credit Facility Provider is required, such consent shall only be required from the Credit Facility Provider whose Credit Facility is issued with respect to the series of Bonds for which the consent is required.

**"Current Interest Bonds"** means those Bonds which are not Capital Appreciation Bonds.

**"Current Operation and Maintenance Expense Account"** means the account by that name within the Operation and Maintenance Fund established in Section 6.4 of this Resolution.

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**"Customer Facility Charge"** means the charges imposed by car rental companies upon car rental customers arriving at the Des Moines International Airport and renting a vehicle from a car rental company serving the Aviation System, which charges shall be collected by the car rental companies for the benefit of the Aviation System, together with Investment Earnings thereon.

**"Debt Service Requirement"** shall mean the total Principal and interest coming due on Senior Bonds, or all Bonds, as applicable, whether at maturity or upon mandatory sinking fund redemption in any specified period. In addition:

(a) For any series of Bonds bearing interest at a Variable Rate or a rate to be negotiated or revised from time to time such that the actual future rate of interest thereon cannot be ascertained at the time of calculation, it shall be assumed that such Bonds will bear interest as if the Variable Rate in effect at all times during such future period was equal to the average of the SIFMA Municipal SWAP Index (formerly the BMA Municipal Bond Index) for the prior five (5) calendar years, or any successor index as certified by a Financial Advisor.

(b) If any Capital Appreciation Bonds are Outstanding or proposed to be issued, the total Principal and interest coming due in any specified period shall be determined, with respect to such Capital Appreciation Bonds, by the Series Resolution of the City authorizing such Capital Appreciation Bonds.

(c) With respect to any Bonds secured by a Credit Facility, Debt Service Requirement shall include (i) any upfront or periodic commission or commitment fee obligations with respect to such Credit Facility, (ii) the outstanding amount of any Reimbursement Obligation owed to the applicable Credit Facility Provider and interest thereon, and (iii) any remarketing agent fees.

(d) With respect to any Hedged Bonds, the interest on such Hedged Bonds during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations



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thereunder shall be calculated by adding (x) the amount of interest payable by the City on such Hedged Bonds pursuant to their terms and (y) the amount of Hedge Payments payable by the City under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the City on the related Hedged Bonds shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts payable or receivable for any future period which are not fixed throughout the Hedge Period (i.e., which are variable), such Hedge Payments or Hedge Receipts for any period of calculation (the "Determination Period") shall be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the prior five (5) calendar years immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a five year period).

(e) For the purpose of calculating the Debt Service Requirement on Balloon Bonds (1) which are subject to a Commitment or (2) which do not have a Balloon Date within 12 months from the date of calculation, such Bonds shall be assumed to be amortized in substantially equal annual amounts to be paid for Principal and interest over an assumed amortization period of 20 years from the date of issuance thereof at an assumed interest rate (which shall be the interest rate certified by a Financial Advisor to be the interest rate at which the City could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Balloon Bonds and with a 20-year term); provided, however, that if the maturity of such Bonds (taking into account the term of any Commitment) is in excess of 20 years from the date of issuance, then such Bonds shall be assumed to be amortized in substantially equal annual amounts to be paid for Principal and interest over an assumed amortization period of years

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equal to the number of years from the date of issuance of such Bonds to maturity (including the Commitment) and at the interest rate applicable to such Bonds. For the purpose of calculating the Debt Service Requirement on Balloon Bonds (1) which are not subject to a Commitment and (2) which have a Balloon Date within 12 months from the date of calculation, the Principal payable on such Bonds on the Balloon Date shall be calculated as if paid on the Balloon Date.

(f) The Principal of and interest on Bonds and Hedge Payments shall be excluded from the determination of Debt Service Requirement to the extent that (1) the same were or are expected to be paid with amounts on deposit on the date of calculation (or Bond proceeds to be deposited on the date of issuance of proposed Bonds) in the Project Fund, the Debt Service Reserve Fund or a similar fund for Subordinate Bonds or (2) cash or non-callable Government Obligations are on deposit in an irrevocable escrow or trust account in accordance with Section 9.1 hereof (or a similar escrow or trust account for Subordinate Bonds) and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay Principal or interest and are sufficient to pay such Principal or interest.

**"Debt Service Reserve Fund"** means the fund by that name established in Section 6.2 and further described in Section 6.6 of this Resolution.

**"Debt Service Reserve Requirement"** means the amount determined to be a reasonable reserve for the payment of Principal of and interest on Senior Bonds, which amount shall be the least of (a) 10% of the stated Principal amount of the Senior Bonds, (b) the maximum annual Principal and interest requirements on the Senior Bonds (determined as of the issue date of each series of Senior Bonds), or (c) 125% of the average annual Principal and interest requirements on the Senior Bonds (determined as of the issue date of each series of Senior Bonds). If the aggregate initial offering price of a series of Bonds to the public is less than 98% or more than 102% of par, such offering price shall be used in lieu of the stated Principal amount. Notwithstanding the foregoing, the Debt Service Reserve Requirement, if any, in connection with any Subordinate Bonds shall be as

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provided in the Series Resolution authorizing the issuance of such Subordinate Bonds.

**"Depository Bonds"** shall mean the Bonds as issued in the form of one global certificate for each maturity, registered in the Bond Register maintained by the Registrar in the name of DTC or its nominee.

**"DTC"** shall mean The Depository Trust Company, New York, New York, a limited purpose trust company, or any successor book-entry securities depository appointed for the Bonds.

**"Financial Advisor"** means a financial advisory firm appointed by the City Council for the purpose of assisting the City with the structuring and offering of Bonds, Subordinate Bonds or other obligations.

**"Fiscal Year"** shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Governing Body or by law as the official accounting period of the Aviation System. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of Principal or interest falling due on the first day of the Fiscal Year and include any payment of Principal or interest falling due on the first day of the succeeding Fiscal Year.

**"General Obligation Bond Fund"** shall mean the General Obligation Bond Fund established by Section 6.2 and further described in Section 6.9 of this Resolution.

**"Governing Body"** shall mean, as applicable, the Board of the Des Moines International Airport or its successor in function with respect to the powers of operation and control of the Aviation System delegated to the Board by City ordinance; or the Des Moines City Council or its successor in function with respect to the issuance, performance and payment of the Bonds or other obligations of the System and other powers retained by ordinance.

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**"Government Obligations"** means (a) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged or (b) obligations issued by an agency controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of and the interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, (i) are not subject to redemption or prepayment prior to maturity except at the option of the holder of such obligations and (ii) may include U.S. Treasury Trust Receipts.

**"Hedge Agreement"** means, to the extent permitted by the laws of the State, (i) any contract provided by a Qualified Hedge Provider known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract provided by a Qualified Hedge Provider providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract provided by a Qualified Hedge Provider to exchange cash flows or payments or series of payments; (iv) any type of contract provided by a Qualified Hedge Provider called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement provided by a Qualified Hedge Provider that the City determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

**"Hedge Contingency Payments"** means amounts payable by the City pursuant to any Hedge Agreement as termination payments, fees, expenses and indemnity payments.



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**"Hedge Payments"** means amounts payable by the City pursuant to any Hedge Agreement, other than Hedge Contingency Payments.

**"Hedge Period"** means the period during which a Hedge Agreement is in effect.

**"Hedge Receipts"** means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than termination payments, fees, expenses and indemnity payments.

**"Hedged Bonds"** means any Bonds for which the City shall have entered into a Hedge Agreement, to the extent permitted by the laws of the State.

**"Independent Auditor"** shall mean an independent firm of certified public accountants.

**"Insurance Advisor"** shall mean a person or a firm of persons of favorable repute in the State for skill and experience in dealing with the insurance requirements of enterprises similar to the Aviation System and in performing the duties imposed upon it under this Resolution.

**"Interest Payment Date"** means each date on which interest is to become due on any Bonds, as established in the Series Resolution for such Bonds, and with respect to the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes shall be as specified in Sections 2.2, 2.3 and 2.4 hereof.

**"Investment Earnings"** means all interest received on and profits derived from investments of moneys in all funds and accounts of the City established under this Resolution, other than investments derived from or with respect to those funds or accounts established within or as part of the Rebate Fund.

**"Issuer"** or **"City"** shall mean the City of Des Moines, Iowa.

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**"Maximum Annual Debt Service"** means the maximum amount of Debt Service Requirements as computed for the then current or any future Fiscal Year.

**"Mayor"** means the individual presently serving as the Mayor of the City, and any successor who may hereafter serve as such officer.

**"Net Revenues"** shall mean Revenues of the Aviation System after deduction of Operation and Maintenance Expenses.

**"Operation and Maintenance Expenses"** shall mean the reasonable necessary current expenses paid or accrued in operating and maintaining the Aviation System as determined in accordance with generally accepted accounting principles, including but not limited to (a) costs, including a reserve for bad debts of collecting Revenues and making refunds; (b) engineering, audit reports, legal and administrative expenses; (c) salaries, wages, benefits and other compensation; (d) costs of routine repairs, replacements and renewals; (e) costs of utility services; (f) general administrative overhead, marketing or advertising; (g) material and supplies used in the ordinary course of business; (h) contractual and professional services; (i) costs of insurance and fidelity bonds; (j) costs of carrying out provisions of the Resolution; (k) expenditures which do not exceed the standards for capitalization under the City's accounting basis; and (l) all other routine costs and expenses. The term "Operation and Maintenance Expense" shall not include any allowance for depreciation or amortization, expenditures for capital improvements or replacements, payments in lieu of taxes made to City, any debt service or the costs associated with early extinguishment of debt, nor any other accounting charges which are not payable from Revenues.

**"Operation and Maintenance Fund"** means the fund by that name established by Section 6.2 and further described in Section 6.4 of this Resolution.

**"Operation and Maintenance Reserve Account"** shall mean the Operation and Maintenance Reserve Account established by Section 6.2 and further described in Section 6.8 of this Resolution.

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**"Original Purchaser"** shall mean RBC Capital Markets LLC, as the purchaser of the Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes from the City at the time of their original issuance.

**"Other Airport Obligations"** shall mean obligations of any kind, including but not limited to government loans, capital leases, installment purchase agreements or notes (but excluding Bonds and related obligations to Credit Facility Providers, Reserve Account Credit Facility Providers or Qualified Hedge Providers) incurred or issued by the City to finance or refinance the cost of acquiring, constructing, reconstructing, improving, equipping or extending any part of the Aviation System.

**"Outstanding"** shall mean, as of a particular date, all such Bonds theretofore and thereupon delivered except: (a) any such Bond cancelled by or on behalf of the Issuer on or before said date; (b) any such Bond defeased pursuant to Section 9.1 of this Resolution or of the Series Resolution authorizing its issuance, or otherwise defeased as permitted by applicable law; and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Series Resolution authorizing the issuance of such Bond.

**"Participants"** shall mean those broker-dealers, banks and other financial institutions for which DTC holds Bonds as securities depository.

**"Passenger Facility Charges"** shall mean charges collected by the Aviation System pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Aviation System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such Passenger Facility Charge revenues.

**"Paying Agent"** shall mean the City Treasurer, or such successor as may be approved by the City as provided herein and who shall carry out the duties prescribed herein as the City's agent to provide for the payment of principal of and interest on the Bonds as the same shall become due.

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**"Permitted Investments"** shall mean the following:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(1) U.S. Export/Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership).

(2) Farmers Home Administration (certificates of beneficial ownership).

(3) Federal Financing Bank.

(4) Federal Housing Administration Debentures.

(5) General Services Administration (participation certificates).

(6) Government National Mortgage Association (guaranteed mortgage backed bonds and pass-through obligations).

(7) U.S. Maritime Administration (guaranteed Title XI financing).

(8) U.S. Department of Housing and Urban Development (project notes, local authority bonds, new communities debentures, and U.S. public housing notes and bonds).





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(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(1) Federal Home Loan Bank Systems (senior debt obligations).

(2) Federal Home Loan Mortgage Corporation (participation certifications and senior debt obligations).

(3) Federal National Mortgage Association (mortgaged-backed securities and senior debt obligations).

(4) Resolution Funding Corp. (Refcorp obligations).

(5) Farm Credit System (consolidated system-wide bonds or notes).

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of AAAM-G, and if rated by Moody's, rated Aaa.

(e) Certificates of deposit issued by federally insured depository institutions, approved pursuant to Iowa Code, Chapter 12C, and secured at all times by collateral described in subparagraphs (a) and/or (b) above, issued by commercial banks, savings and loan associations or mutual savings banks, so long as the collateral is held by a third party and Bondholders have a perfected first security interest in the collateral.

(f) Certificates of deposits, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC, including the Bank Insurance Fund and the Savings Association Insurance Fund.

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(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements allowed by Iowa Code, Chapter 12B.10, provided same is rated within the two highest classifications by either Moody's or Standard & Poor's.

(h) Commercial paper that matures within two hundred seventy (270) days and that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1x" or better by Standard & Poor's, provided further that at the time of purchase, no more than ten percent of the investment portfolio shall be in investments authorized by this paragraph, and that at the time of purchase, no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

(i) Repurchase agreements which exceed thirty days and repurchase agreements for thirty days or less that meet the following criteria:

(1) The repurchase agreement must be between the City and a primary dealer on the Federal Reserve reporting dealer list which is rated "A" or better by Standard & Poor's Corporation and Moody's Investors Services or a bank rated "A" or above by Standard & Poor's Corporation and Moody's Investors Services.

(2) The repurchase agreement must provide that (i) the securities which are acceptable for transfer are direct U.S. government obligations or federal agencies backed by the full faith and credit of the U.S. government (and FNMA or FHLMC), (ii) the term of the repurchase agreement may be up to thirty days, (iii) the collateral must be delivered to the City, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before or simultaneous with payment (permitting perfection by possession of certificated securities) and (iv) the securities must be valued weekly, marked-to-market at current market price plus accrued interest, with the value of the collateral being equal to 104% of the amount of cash transferred by the City to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral slips below 104% of the

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value of the cash transferred by the City, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(3) The City shall have received a legal opinion to the effect that the repurchase agreement meets guidelines under State law for legal investment of public funds.

(j) Any State administered pool investment fund in which the City is statutorily permitted or required to invest will be deemed a Permitted Investment.

(k) Debt Service Reserve Fund investments shall be valued at fair market value and marked-to-market at least once per year, and may not have maturities extending beyond five years.

**"Pledged Revenues"** means Net Revenues, Hedge Receipts, and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in Section 6.2, but excluding any amounts required in the Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code, including amounts in the Rebate Fund.

**"Principal"** means (i) with respect to a Current Interest Bond, the principal amount of such Bond, and (ii) with respect to a Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond.

**"Principal Maturity Date"** means each date on which Principal is to become due on any Bonds, by maturity or mandatory sinking fund redemption, as established in the Series Resolution for such Bonds.

**"Prior Bond Resolution"** shall have the meaning described in the recitals hereto.

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"Project" shall mean the acquisition, construction, reconstruction, extending, remodeling, improving, repairing, and equipping of the Aviation System financed in whole or in part with the proceeds of a Series of Bonds.

"Project Costs" with respect to any Project shall mean costs including the following:

- (a) obligations of the City for labor and materials in connection with the construction, installation and equipping of the Project;
- (b) the cost of contract bonds and insurance of all kinds that may be required or necessary during the construction of the Project;
- (c) all costs of architectural and engineering services, including the costs of the City for test borings, surveys, estimates, plans and specifications and preliminary investigation therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project;
- (d) all expenses incurred in connection with the issuance of Bonds, including without limitation compensation and expenses of the Trustee, Registrar and Paying Agents, expenses of the City, legal and accounting expenses and fees, costs of printing and engraving, recording and filing fees, compensation of underwriters, Rating Agency fees, costs of financial services, and accrued interest on the Bonds;
- (e) all sums required to reimburse the City for advances made by it for any of the above items or for any other costs incurred and for work done, whether before or after the adoption of the Series Resolution, which are properly chargeable to the Project; and
- (f) all other components of cost of labor, materials, machinery, and equipment and financing charges attributable to the Project to the extent permitted by law.



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**"Project Fund"** shall mean the fund by that name established in Section 5.1 of this Resolution.

**"Purchase Contract"** means the Note Purchase Agreement(s) dated as of December 7, 2010 between the City and the Original Purchaser with respect to the Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes.

**"Put Date"** means any date on which a Bondholder may elect to have any series of Balloon Bonds redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid.

**"Qualified Hedge Provider"** means an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the third highest Rating of each Rating Agency, but in no event lower than any Rating on the related Hedged Bonds at the time of execution of the Hedge Agreement, or (ii) in any such lower Rating which each Rating Agency indicates in writing to the City will not, by itself, result in a reduction or withdrawal of its Rating on the related Hedged Bonds that is in effect prior to entering into the Hedge Agreement. An entity's status as a "Qualified Hedge Provider" is determined only at the time the City enters into a Hedge Agreement with such entity and shall not be redetermined with respect to that Hedge Agreement.

**"Rating"** means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

**"Rating Agencies" or "Rating Agency"** means Fitch, Inc., Moody's Investors Service, Inc., and Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the City. If at any time a particular Rating Agency does not have a rating outstanding



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with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

"Rebate Fund" means the fund by that name established in Section 6.2 and further described in Section 6.12 of this Resolution.

"Refunding Bonds" shall mean any Bonds issued in accordance with Section 8.2 of this Resolution.

"Registrar" shall mean the City Treasurer, or such successor as may be approved by the Issuer as provided herein and who shall carry out the duties prescribed herein with respect to maintaining a register of the owners of the Bonds. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Bonds.

"Reimbursement Obligation" means the obligation of the City to directly reimburse any Credit Facility Provider for amounts paid by such Credit Facility Provider under a Credit Facility, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument, including the Series 2010 Credit Facility Provider Reimbursement Obligations (as described in Section 12.7 herein).

"Related Document" means any transaction document, including any underlying security agreement, relating to the Resolution.

"Reserve Account Credit Facility" means any letter of credit, insurance policy, line of credit, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the Series Resolution, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

"Reserve Account Credit Facility Agreement" means any agreement between the City and a Reserve Account Facility Provider relating to the issuance of a Reserve Account Credit Facility, as such agreement may be amended from time to time.



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"Reserve Account Credit Facility Provider" means any provider of a Reserve Account Credit Facility.

"Resolution" shall mean this Master Resolution of the City Council, as it may from time to time be modified, supplemented or amended by Supplemental Resolutions.

"Revenues" shall mean, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the City from the operation and ownership of the Aviation System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the City for the use or availability of the Aviation System, including without limitation proceeds or rentals from the long term lease of Aviation System capital assets, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Aviation System, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the City or any successor thereto from the possession, management, charge, superintendence and control of the Aviation System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the City receives payments which are attributable to the Aviation System or activities or undertakings related thereto. Additionally, "Revenues" shall also include amounts received from tenants representing the payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings from the investment of amounts held in the Aviation System Revenue Fund, the Operation and Maintenance Fund, the Bond Principal and Interest Fund (except Capitalized Interest on deposit therein), the Project Fund, the Debt Service Reserve Fund and the Surplus Fund, and such additional revenues, if any, as are designated as "Revenues" by the Board. The following, including any Investment Earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the City from the imposition of ad valorem taxes, (ii) gifts, grants and other income otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds, (iii) insurance proceeds, to the extent the use of such proceeds is



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restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds (except to the extent proceeds are utilized to pay Operation and Maintenance Expenses of the Aviation System), and (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in Section 7.6 hereof). In addition, the following, including any Investment Earnings thereon, are specifically excluded from "Revenues," unless otherwise designated as "Revenues" for a specified period of time by the Board: (A) any termination payments paid to the City pursuant to a Hedge Agreement, (B) Customer Facility Charges, (C) Passenger Facility Charges, (D) grants and other charges authorized on or after the date of this Resolution by federal and/or State laws or regulations to be assessed to fund specific programs at the Aviation System, (E) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds, (F) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and (G) Capitalized Interest.

**"Senior Bonds"** means the outstanding Series 1998B Bonds, the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, the Series 2010D Notes, and any Bonds issued with a right to payment and secured by a lien on the Pledged Revenues on a parity with the outstanding Series 1998B Bonds, the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes (except with respect to any Credit Facility which may be available only to one or more series of Senior Bonds) pursuant to Section 8.3.

**"Senior Hedge Agreements"** means Hedge Agreements relating to Hedged Bonds which are Senior Bonds.

**"Series"** shall mean Bonds designated as a separate Series by a Supplemental Resolution and, with respect to a Commercial Paper Program, shall mean the full authorized amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Resolution, designated as separate Series.





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**"Series C Subordinate Notes"** shall mean the \$12,000,000 Subordinate Airport Commercial Paper Revenue Notes, Series C.

**"Series 1998 Bonds"** shall have the meaning set forth in the recitals hereto.

**"Series 1998B Bonds"** shall mean the \$23,870,000 City of Des Moines, Iowa Aviation System Revenue Bonds, Series 1998B, dated April 1, 1998.

**"Series 2010 Credit Facility"** means the insurance policy issued by the Series 2010 Credit Facility Provider guaranteeing the scheduled payment of Principal of and interest on the Series 2010 Notes when due.

**"Series 2010 Credit Facility Provider"** means Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance, Inc.), a New York stock insurance company, or any successor thereto or assignee thereof.

**"Series 2010 Notes"** means, collectively, the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes and the Series 2010D Notes.

**"Series 2010 Project"** means the construction of certain improvements to the heating, cooling and ventilation systems to the Aviation System.

**"Series 2010A Notes"** shall mean the \$5,225,000 Aviation System Revenue Refunding Capital Loan Notes, Series 2010A, dated the date of delivery, authorized to be issued pursuant to this Resolution.

**"Series 2010A Costs of Issuance Account"** means the account by that name within the Project Fund established in Section 5.1 of this Resolution.

**"Series 2010B Notes"** shall mean \$15,990,000 Aviation System Revenue Refunding Capital Loan Notes, Series 2010B, dated the date of delivery, authorized to be issued pursuant to this Resolution.

**"Series 2010B Costs of Issuance Account"** means the account by that name within the Project Fund established in Section 5.1 of this Resolution.

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"**Series 2010C Notes**" shall mean \$10,330,000 Aviation System Revenue Refunding Capital Loan Notes, Taxable Series 2010C, dated the date of delivery, authorized to be issued pursuant to this Resolution.

"**Series 2010C Costs of Issuance Account**" means the account by that name within the Project Fund established in Section 5.1 of this Resolution.

"**Series 2010D Notes**" shall mean \$4,900,000 Aviation System Revenue Capital Loan Notes, Series 2010D, dated the date of delivery, authorized to be issued pursuant to this Resolution.

"**Series 2010D Costs of Issuance Account**" means the account by that name within the Project Fund established in Section 5.1 of this Resolution.

"**Series Resolution**" means a resolution or resolutions of the City Council (which may be supplemented by one or more resolutions) to be adopted prior to and authorizing the issuance and delivery of any Series of Bonds. This Resolution shall constitute the Series Resolution for the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes. Such a Series Resolution as supplemented shall establish the date or dates of the pertinent series of Bonds, the schedule of maturities of such Bonds, whether any such Bonds will be Capital Appreciation Bonds, the name of the purchaser(s) of such series of Bonds, the purchase price thereof, the rate or rates of interest to be borne thereby, whether fixed or variable, the interest payment dates for such Bonds, the terms and conditions, if any, under which such Bonds may be made subject to redemption (mandatory or optional) prior to maturity, the form of such Bonds, and such other details as the City may determine.

"**Sinking Fund**" shall mean the Bond Principal and Interest Fund established in Section 6.2 and further described in Section 6.5 of this Resolution.

"**Special Facilities**" shall mean a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of Section 7.6 of this Resolution.



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**"Special Facilities Revenue"** shall mean the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the City from a Special Facility which are pledged to secure Special Facility Obligations.

**"Special Facility Obligations"** shall mean bonds or other debt instruments issued pursuant to an indenture or other resolution to finance Special Facilities and which are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

**"State"** shall mean the State of Iowa.

**"Subordinate Bond Fund"** means the fund by that name established in Section 6.2 and further described in Section 6.7 of this Resolution.

**"Subordinate Bonds"** means Bonds issued with a right to payment from the Pledged Revenues and secured by a lien on the Pledged Revenues expressly junior and subordinate to the Senior Bonds.

**"Subordinate Hedge Agreements"** means Hedge Agreements relating to Hedged Bonds which are Subordinate Bonds.

**"Supplemental Resolution"** means any Series Resolution and any modification, amendment or supplement to this Resolution (other than a Series Resolution) or any Series Resolution.

**"Surplus Fund"** means the fund by that name established in Section 6.2 and further described in Section 6.10 of this Resolution.

**"Tax Exemption Certificates"** shall mean the Tax Exemption Certificates executed by the Treasurer and delivered at the time of issuance and delivery of the Series 2010A Notes, Series 2010B Notes, and Series 2010D Notes.

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"Term Bonds" means Bonds which mature on one Principal Maturity Date yet a portion of which are required to be redeemed, prior to maturity, under a schedule of mandatory redemptions established by the Series Resolution.

"Transferred Amount" shall mean the amount transferred in any fiscal year from the Surplus Fund to the Aviation System Revenue Fund in compliance with Section 6.10 hereof. The Transferred Amount may not exceed 25% of the Debt Service Requirement for the then current Fiscal Year.

"Treasurer" shall mean the City Treasurer or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Bonds issued hereunder.

"U.S. Treasury Trust Receipts" means receipts or certificates which evidence an undivided ownership interest in the right to the payment of portions of the principal of or interest on obligations described in clauses (a) or (b) of the term Government Obligations, provided that such obligations are held by a bank or trust company organized under the laws of the United States acting as custodian of such obligations, in a special account separate from the general assets of such custodian.

"Variable Rate" means a rate of interest applicable to Bonds, other than a fixed rate of interest which applies to a particular maturity of Bonds, so long as that maturity of Bonds remains Outstanding.

ARTICLE II

THE BONDS

Section 2.1. Authority. The Bonds authorized by this Resolution shall be issued pursuant to Chapter 384 of the Code of Iowa, and in compliance with all applicable provisions of the Constitution and laws of the State of Iowa. The Bonds may be issued and sold from time to time in one or more series, shall be designated "City of Des Moines Aviation System Revenue Bonds" or "City of Des Moines Aviation System Revenue Capital Loan Notes," as the case may be, and shall be in substantially the form set forth in the related Series Resolution, but such variations, omissions, substitutions, and insertions

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may be made therein, including the designation of particular Series as "Refunding" Bonds or Notes, and such particular series designation, legends, or text may be endorsed thereon, as may be necessary or appropriate to conform to and as required or permitted by this Resolution and any Series Resolution or as may be necessary or appropriate to comply with applicable requirements of the Code.

The Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes authorized pursuant to Section 2.2, Section 2.3 and Section 2.4, respectively, shall constitute the initial series of Bonds issued and delivered under, and secured by, this Resolution. Senior Bonds may be issued from time to time as provided in, and subject to the limitations set forth in Section 8.3. Subordinate Bonds may be issued from time to time as provided in, and subject to the limitations set forth in, Section 8.4.

Unless otherwise provided in a Series Resolution, each Bond authenticated prior to the first Interest Payment Date thereon shall bear interest from its dated date. Each Bond authenticated on or after the first Interest Payment Date thereon shall bear interest from the Interest Payment Date thereon next preceding the date of authentication thereof, unless such date of authentication shall be an Interest Payment Date to which interest on such Bond has been paid in full or duly provided for, in which case from such date of authentication; provided that if, as shown by the records of the Paying Agent, interest on such Bond shall be in default, such Bond shall bear interest from the date to which interest has been paid in full on such Bond or, if no interest has been paid on such Bond, its dated date. Each Bond shall bear interest on overdue Principal at the rate borne by such Bond until the Principal balance thereof is paid in full.

Unless otherwise provided in a Series Resolution, the Bonds shall be issued in fully registered form in Authorized Denominations and shall be dated as provided in the pertinent Series Resolution.

The Principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.



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Interest on the Bonds shall be computed on the basis of a 360 day year of twelve 30 day months.

The Bonds and the Registrar's Certificate of Authentication shall be in substantially the form set forth in the Series Resolution pursuant to which such series of Bonds are issued.

**Section 2.2. Series 2010A Notes - Authorization and Purpose.** There are hereby authorized to be issued, negotiable, fully registered \$5,225,000 Aviation System Revenue Capital Loan Notes, Series 2010A, dated the date of delivery, for the purpose of paying costs of (i) refunding and refinancing of the outstanding Aviation System Revenue Bonds, Series 1998A, dated April 1, 1998, and (ii) to pay related Costs of Issuance. The Series 2010A Notes shall be designated "CITY OF DES MOINES, AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES, SERIES 2010A", and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on June 1, 2011 and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided.

The Series 2010A Notes and the Registrar's Certificate of Authentication shall be in substantially the form set forth in Exhibit A attached hereto, with such variations, omissions, substitutions and insertions as are required or permitted by this Resolution.

The Series 2010A Notes shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Note. The Series 2010A Notes shall be in the denomination of \$5,000 or increments thereof. The Series 2010A Notes shall mature and bear interest as follows:

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<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity June 1</u>
4.500%	\$1,485,000	2025 <sup>(1)</sup>
5.000%	\$3,740,000	2028 <sup>(2)</sup>

(1) Term Bonds Maturing June 1, 2025. Bonds in the aggregate principal amount of \$1,485,000 shall be issued as Term Bonds maturing as to principal on June 1, 2025, shall bear interest at 4.500% per annum and shall be subject to mandatory redemption and payment at par and accrued interest in the principal amounts in each of the years set forth as follows:

<u>Principal Amount of Mandatory Redemption</u>	<u>Date of Redemption June 1st</u>
\$ 345,000	2024
1,140,000	2025*

\* *Final Maturity*

(2) Term Bonds Maturing June 1, 2028. Bonds in the aggregate principal amount of \$3,740,000 shall be issued as Term Bonds maturing as to principal on June 1, 2028, shall bear interest at 5.000% per annum and shall be subject to mandatory redemption and payment at par and accrued interest in the principal amounts in each of the years set forth as follows:

<u>Principal Amount of Mandatory Redemption</u>	<u>Date of Redemption June 1st</u>
\$1,185,000	2026
1,250,000	2027
1,305,000	2028*

\* *Final Maturity*

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**Section 2.3. Series 2010B Notes - Authorization and Purpose.** There are hereby authorized to be issued, negotiable, fully registered \$15,990,000 Aviation System Revenue Capital Loan Notes, Series 2010B, dated the date of delivery for the purpose of paying costs of (i) refunding and refinancing a portion of the outstanding Series 1998B Bonds, (ii) refunding and refinancing a portion of the Series C Subordinate Note and (iii) to pay related Costs of Issuance. The Series 2010B Notes shall be designated "CITY OF DES MOINES, AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES, SERIES 2010B", and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on June 1, 2011 and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided.

The Series 2010B Notes and the Registrar's Certificate of Authentication shall be in substantially the form set forth in Exhibit B attached hereto, with such variations, omissions, substitutions and insertions as are required or permitted by this Resolution.

The Series 2010B Notes shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Note. The Series 2010B Notes shall be in the denomination of \$5,000 or increments thereof. The Series 2010B Notes shall mature and bear interest as follows:

<u>Serial Notes</u>		
<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity June 1</u>
4.000%	\$ 840,000	2018
5.000%	1,860,000	2019
5.000%	895,000	2020
5.000%	935,000	2021
5.125%	2,760,000	2024 <sup>(1)</sup>
5.625%	3,370,000	2030 <sup>(2)</sup>
5.750%	5,330,000	2033 <sup>(3)</sup>



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- (1) Term Bonds Maturing June 1, 2024. Bonds in the aggregate principal amount of \$2,760,000 shall be issued as Term Bonds maturing as to principal on June 1, 2024, shall bear interest at 5.125% per annum and shall be subject to mandatory redemption and payment at par and accrued interest in the principal amounts in each of the years set forth as follows:

<u>Principal Amount of Mandatory Redemption</u>	<u>Date of Redemption June 1st</u>
\$ 985,000	2022
1,035,000	2023
740,000	2024

\* *Final Maturity*

- (2) Term Bonds Maturing June 1, 2030. Bonds in the aggregate principal amount of \$3,370,000 shall be issued as Term Bonds maturing as to principal on June 1, 2030, shall bear interest at 5.625% per annum and shall be subject to mandatory redemption and payment at par and accrued interest in the principal amounts in each of the years set forth as follows:

<u>Principal Amount of Mandatory Redemption</u>	<u>Date of Redemption June 1st</u>
\$1,640,000	2029
1,730,000	2030*

\* *Final Maturity*

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- (3) Term Bonds Maturing June 1, 2033. Bonds in the aggregate principal amount of \$5,330,000 shall be issued as Term Bonds maturing as to principal on June 1, 2033, shall bear interest at 5.750% per annum and shall be subject to mandatory redemption and payment at par and accrued interest in the principal amounts in each of the years set forth as follows:

<u>Principal Amount of Mandatory Redemption</u>	<u>Date of Redemption June 1st</u>
\$1,825,000	2031
1,930,000	2032
1,575,000	2033*

\* *Final Maturity*

**Section 2.4. Series 2010C Notes - Authorization and Purpose.** There are hereby authorized to be issued, negotiable, fully registered \$10,330,000 Aviation System Revenue Capital Loan Notes, Taxable Series 2010C, dated the date of delivery for the purpose of (i) paying costs of refunding and refinancing of the outstanding Aviation System Revenue Bonds, Taxable Series 1998C, dated April 1, 1998, and (ii) to pay related Costs of Issuance. The Series 2010C Notes shall be designated "CITY OF DES MOINES, AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES, TAXABLE SERIES 2010C", and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on June 1, 2011 and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided.

The Series 2010C Notes and the Registrar's Certificate of Authentication shall be in substantially the form set forth in Exhibit C attached hereto, with such variations, omissions, substitutions and insertions as are required or permitted by this Resolution.

The Series 2010C Notes shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any shall be payable at the office of the Paying Agent by mailing

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of a check to the registered owner of the Note. The Series 2010C Notes shall be in the denomination of \$5,000 or increments thereof. The Series 2010C Notes shall mature and bear interest as follows:

**Serial Notes**

<b><u>Interest Rate</u></b>	<b><u>Principal Amount</u></b>	<b><u>Maturity June 1</u></b>
2.082%	\$1,450,000	2012
2.587%	1,490,000	2013
3.429%	1,525,000	2014
3.729%	1,580,000	2015
4.340%	1,630,000	2016
4.590%	1,705,000	2017
4.983%	950,000	2018

**Section 2.5. Series 2010D Notes - Authorization and Purpose.** There are hereby authorized to be issued, negotiable, fully registered \$4,900,000 Aviation System Revenue Capital Loan Notes, Series 2010D, dated the date of delivery for the purpose of (i) constructing the Series 2010 Project, (ii) refunding and refinancing a portion of the Series C Subordinate Note, (iii) funding a portion of the Debt Service Reserve Fund, and (iv) to pay related Costs of Issuance. The Series 2010D Notes shall be designated "CITY OF DES MOINES, AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES, SERIES 2010D", and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on June 1, 2011 and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided.

The Series 2010D Notes and the Registrar's Certificate of Authentication shall be in substantially the form set forth in Exhibit D attached hereto, with such variations, omissions, substitutions and insertions as are required or permitted by this Resolution.



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The Series 2010D Notes shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Note. The Series 2010D Notes shall be in the denomination of \$5,000 or increments thereof. The Series 2010D Notes shall mature and bear interest as follows:

<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity June 1</u>
5.125%	\$4,900,000	2035 <sup>(1)</sup>

(1) Term Bonds Maturing June 1, 2035. Bonds in the aggregate principal amount of \$4,900,000 shall be issued as Term Bonds maturing as to principal on June 1, 2035, shall bear interest at 5.125% per annum and shall be subject to mandatory redemption and payment at par and accrued interest in the principal amounts in each of the years set forth as follows:

<u>Principal Amount of Mandatory Redemption</u>	<u>Date of Redemption June 1st</u>
\$ 470,000	2033
2,160,000	2034
2,270,000	2035*

\* Final Maturity

**Section 2.6. Issuance of Bonds in Book-Entry Form; Replacement Bonds.**

(a) Notwithstanding the other provisions of this Resolution regarding registration, ownership, transfer, payment and exchange of the Bonds, unless the Issuer determines in a Series Resolution to permit the exchange of Depository Bonds for Bonds in the Authorized Denominations, the Bonds shall be issued as Depository Bonds in denominations of the entire principal amount of each maturity of Bonds (or, if a portion of said principal amount is prepaid, said principal amount less the prepaid amount); and



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such Depository Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semi-annual interest for any Depository Bond shall be made by wire transfer or New York Clearing House or equivalent next day funds to the account of Cede & Co. on the interest payment date for the Bonds at the address indicated in or pursuant to the Representation Letter.

(b) With respect to Depository Bonds, neither the City nor the Paying Agent shall have any responsibility or obligation to any Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, neither the City nor the Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or its nominee or of any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC or its nominee, of any notice with respect to the Bonds, (iii) the payment to any Participant, any Beneficial Owner or any other person, other than DTC or its nominee, of any amount with respect to the principal of, premium, if any, or interest on the Bonds, or (iv) the failure of DTC to provide any information or notification on behalf of any Participant or Beneficial Owner.

The City and the Paying Agent may treat DTC or its nominee as, and deem DTC or its nominee to be, the absolute owner of each Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of all other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes whatsoever (except for the giving of certain Bondholder consents, in accordance with the practices and procedures of DTC as may be applicable thereto). The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the Bondholders as shown on the Bond Register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of, premium, if any, and interest on the Bonds to the extent so paid. Notwithstanding the provisions of this Resolution to the contrary (including without limitation those provisions relating to the surrender of Bonds, registration thereof, and issuance in Authorized Denominations), as long as the Bonds are Depository Bonds, full effect shall be given to the Representation Letter and the procedures and practices of DTC thereunder, and the Paying Agent shall comply therewith.

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(c) Upon (i) a determination by the City that DTC is no longer able to carry out its functions or is otherwise determined unsatisfactory, or (ii) a determination by DTC that the Bonds are no longer eligible for its depository services or (iii) a determination by the Paying Agent that DTC has resigned or discontinued its services for the Bonds, if such substitution is authorized by law, the City shall (A) designate a satisfactory substitute depository as set forth below or, if a satisfactory substitute is not found, (B) provide for the exchange of Depository Bonds for replacement Bonds in Authorized Denominations.

(d) To the extent authorized by law, if the City determines to provide for the exchange of Depository Bonds for Bonds in Authorized Denominations, the City shall so notify the Paying Agent and shall provide the Registrar with a supply of executed unauthenticated Bonds to be so exchanged. The Registrar shall thereupon notify the owners of the Bonds and provide for such exchange, and to the extent that the Beneficial Owners are designated as the transferee by the owners, the Bonds will be delivered in appropriate form, content and Authorized Denominations to the Beneficial Owners, as their interests appear.

(e) Any substitute depository shall be designated in writing by the City to the Paying Agent. Any such substitute depository shall be a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended. The substitute depository shall provide for (i) immobilization of the Depository Bonds, (ii) registration and transfer of interests in Depository Bonds by book entries made on records of the depository or its nominee and (iii) payment of principal of, premium, if any, and interest on the Bonds in accordance with and as such interests may appear with respect to such book entries.

**Section 2.7. Registration of Bonds; Appointment of Registrar; Transfer; Ownership; Delivery; and Cancellation.**

(a) Registration. The ownership of Bonds may be transferred only by the making of an entry upon the books kept for the registration and transfer of ownership of the Bonds, and in no other way. The Treasurer is hereby appointed as Bond Registrar for the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes under the terms of this Resolution. Registrar shall maintain the books of the

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Issuer for the registration of ownership of the Bonds for the payment of principal of and interest on the Bonds as provided in this Resolution or the applicable Series Resolution. All Bonds shall be negotiable as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration and transfer contained in the Bonds and in this Resolution or the applicable Series Resolution.

(b) Transfer. The ownership of any Bond may be transferred only upon the Bond Register kept for the registration and transfer of Bonds and only upon surrender thereof at the office of the Registrar together with an assignment duly executed by the holder or his duly authorized attorney in fact in such form as shall be satisfactory to the Registrar, along with the address and social security number or federal employer identification number of such transferee (or, if registration is to be made in the name of multiple individuals, of all such transferees). In the event that the address of the registered owner of a Bond (other than a registered owner which is the nominee of the broker or dealer in question) is that of a broker or dealer, there must be disclosed on the Bond Register the information pertaining to the registered owner required above. Upon the transfer of any such Bond, a new fully registered Bond, of any denomination or denominations permitted by this Resolution or the applicable Series Resolution in aggregate principal amount equal to the unmatured and unredeemed principal amount of such transferred fully registered Bond, and bearing interest at the same rate and maturing on the same date or dates shall be delivered by the Registrar.

(c) Registration of Transferred Bonds. In all cases of the transfer of the Bonds, the Registrar shall register the Bonds, at the earliest practicable time, on the Bond Register in accordance with the provisions of this Resolution or the applicable Series Resolution.

(d) Ownership. As to any Bond, the person in whose name the ownership of the same shall be registered on the Bond Register of the Registrar shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bonds and the premium, if any, and interest thereon shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.



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(e) Cancellation. All Bonds which have been redeemed shall not be reissued but shall be cancelled by the Registrar. All Bonds which are cancelled by the Registrar shall be destroyed and a certificate of the destruction thereof shall be furnished promptly to the City; provided that if the City shall so direct, the Registrar shall forward the cancelled Bonds to the Issuer.

(f) Non-Presentation of Bonds. In the event any payment check representing payment of principal of or interest on the Bonds is returned to the Paying Agent or is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such principal of or interest on Bonds shall have been made available to the Paying Agent for the benefit of the owner thereof, all liability of the City to the owner thereof for such interest or payment of such Bonds shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or the applicable Series Resolution or on, or with respect to, such interest or Bonds. The Paying Agent's obligation to hold such funds shall continue for a period equal to two years and six months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or otherwise, at which time the Paying Agent, shall surrender any remaining funds so held to the City, whereupon any claim under this Resolution or the applicable Series Resolution by the owners of such interest or Bonds of whatever nature shall be made upon the City.

**Section 2.8. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds**. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the City shall at the request of Registrar authenticate and deliver a new Bond of like tenor and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond to Registrar, upon surrender of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Registrar and City that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Registrar and City with satisfactory indemnity and complying with such other reasonable regulations as the City or its agent may prescribe and paying such expenses as the City may incur in connection therewith.





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**Section 2.9. Record Date.** Payments of principal and interest, otherwise than upon full redemption, made in respect of any Bond, shall be made to the registered holder thereof or to their designated agent as the same appear on the books of the Registrar on the 15th day preceding the payment date. All such payments shall fully discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made. Payment of principal shall only be made upon surrender of the Bond to the Paying Agent.

**Section 2.10. Execution, Authentication and Delivery of the Series 2010A Notes, 2010B Notes, 2010C Notes, and 2010D Notes.** Upon the adoption of this Resolution, the Mayor and Clerk shall execute and deliver the Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes to the Registrar, who shall authenticate the same and deliver the same to or upon order of the Original Purchaser. No such Note shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Registrar shall duly endorse and execute on such Note a Certificate of Authentication substantially in the form of the Certificate herein set forth. Such Certificate upon any such Note executed on behalf of the Issuer shall be conclusive evidence that the Note so authenticated has been duly issued under this Resolution and that the holder thereof is entitled to the benefits of this Resolution.

**Section 2.11. Right to Name Substitute Paying Agent or Registrar.** Issuer reserves the right to name a substitute, successor Registrar or Paying Agent for any Bonds upon giving prompt written notice to each registered Bondholder.

### ARTICLE III

### REDEMPTION OF BONDS

**Section 3.1. Optional and Mandatory Redemption.** (a) Redemption Generally. The Bonds shall be subject to optional and mandatory redemption as provided in the Series Resolution pursuant to which such series of Bonds are issued.

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(b) Optional Redemption of Series 2010A Notes. The Series 2010A Notes maturing on or after June 1, 2021, may be called for redemption by the Issuer and paid before maturity on June 1, 2020 or any date thereafter, from any funds regardless of source, in whole or in part, in any order of maturity and within an annual maturity by lot. The terms of any redemption shall be 100% of par, plus accrued interest to date of call.

(c) Optional Redemption of Series 2010B Notes. The Series 2010B Notes maturing on or after June 1, 2021, may be called for redemption by the Issuer and paid before maturity on June 1, 2020 or any date thereafter, from any funds regardless of source, in whole or in part, in any order of maturity and within an annual maturity by lot. The terms of any redemption shall be 100% of par, plus accrued interest to date of call.

(d) No Optional Redemption of Series 2010C Notes. The Series 2010C Notes are not subject to optional redemption prior to maturity.

(e) Optional Redemption of Series 2010D Notes. The Series 2010D Notes maturing on or after June 1, 2021, may be called for redemption by the Issuer and paid before maturity on June 1, 2020 or any date thereafter, from any funds regardless of source, in whole or in part, in any order of maturity and within an annual maturity by lot. The terms of any redemption shall be 100% of par, plus accrued interest to date of call.

(f) Term Bonds. The principal amount of any Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the Board shall determine.

**Section 3.2. Notice of Redemption.** Unless waived by any registered owner of Bonds to be redeemed and except as may be otherwise provided in a Series Resolution, official notice of any such redemption shall be given by the Registrar of the Bonds to be redeemed on behalf of the City by mailing a copy of an official redemption notice by first class mail, at least 30 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar.



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All official notices of redemption shall be dated, shall contain the complete official name of the Bond issue, and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the interest rate (unless such Bonds bear interest at a Variable Rate), maturity date and CUSIP numbers of the Bonds being redeemed;
- (4) if less than all the Outstanding Bonds are to be redeemed, the Bond numbers, and, where part of the Bonds evidenced by one Bond certificate are being redeemed, the respective Principal amounts of such Bonds to be redeemed;
- (5) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after such date; and
- (6) the place where such Bonds are to be surrendered for payment of the redemption price (which place of payment shall be the principal payment office of the Paying Agent or at such other office designated by the Paying Agent for such purpose) and the name, address, and telephone number of a person or persons at the Paying Agent who may be contacted with respect to the redemption.

Any notice of an optional redemption of any Bonds (pursuant to Section 3.1(b) or (c) or (d) of this Resolution or any other Series Resolution) may specify that the redemption is contingent upon the deposit of moneys with the Paying Agent in an amount sufficient to pay the redemption price (which price shall include the redemption premium, if any) of all the Bonds or portions of Bonds which are to be redeemed on that date.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

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For so long as DTC is effecting book-entry transfers of the Bonds, the Registrar shall provide the notices specified in this Section to DTC. It is expected that DTC shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Registrar, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Any defect in any notice of redemption shall not affect the validity of proceedings for redemption of the Bonds.

**Section 3.3. Effect of Notice of Redemption.** Official notice of redemption having been given in the manner and under the conditions provided in this Article and moneys for payment of the redemption price being held by the Paying Agent as provided in the Series Resolution, the Bonds or portions of Bonds called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, and from and after such date interest on the Bonds or portions of Bonds called for redemption shall cease to accrue, such Bonds or portions of Bonds shall cease to be entitled to any lien, benefit, or security under the Series Resolution, and the owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. Upon surrender for partial redemption of any Bond, there shall be prepared for and delivered to the registered owner a new Bond or Bonds of the same series, maturity, and interest rate in the amount of the unpaid Principal.

**Section 3.4. Redemption Among Series.** Subject to the redemption provisions of any Series Resolution, the City in its discretion may redeem the Bonds of any series, or a portion of the Bonds of any such series, before it redeems the Bonds of any other series. Within any particular series, any redemption of Bonds shall be effected in the manner provided in this Resolution and in any Series Resolution.

**Section 3.5. Selection of Bonds to be Redeemed.** If less than all of the Bonds of like maturity of any series shall be called for redemption, the particular Bonds, or portions of Bonds, to be redeemed shall be selected by the Paying Agent in such equitable manner as the Paying Agent may determine. The portion of any Bond of a denomination of more



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than \$5,000 to be redeemed shall be in the Principal amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Bonds for redemption, the City shall treat each such Bond as representing that number of Bonds which is obtained by dividing the Principal of such Bond to be redeemed in part by \$5,000; provided, however, that with respect to Variable Rate Bonds, the portion of any such Bond of a denomination of more than \$100,000 to be redeemed shall be in the Principal amount of \$100,000 or an integral multiple of \$5,000 in excess thereof, and, in selecting portions of such Bonds for redemption, the City shall treat each such Bond as representing that number of Bonds which is obtained by dividing the Principal of such Bond to be redeemed in part by \$100,000 or \$5,000 or an integral multiple of \$5,000 in excess thereof.

The principal amount of any Bonds issued as Term Bonds may be reduced through earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the City shall determine.

**Section 3.6. Purchase in Open Market.** Nothing herein contained shall be construed to limit the right of the City to purchase with any excess moneys in the Sinking Fund (i.e., moneys not needed in the then current Fiscal Year to pay Principal of and interest on any Senior Bonds) and for Sinking Fund purposes, any Senior Bonds in the open market on such terms as the Aviation Director and the Treasurer shall determine to be appropriate. Any such Senior Bonds so purchased shall not be reissued and shall be cancelled.

**ARTICLE IV**

**SALE AND APPLICATION OF PROCEEDS**

**Section 4.1. Application of Series 2010A Note Proceeds.** The Series 2010A Notes shall be sold as provided in Section 15.2 and the proceeds thereof shall be applied as follows:

- (i) An amount equal to accrued interest, if any, shall be deposited in the Bond Principal and Interest Fund for application to the first payment of interest on the Series 2010A Notes.

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- (ii) An amount equal to the portion of the premium for the Series 2010 Credit Facility attributable to the Series 2010A Notes shall be paid to the Series 2010 Credit Facility Provider.
- (iii) An amount sufficient to pay Costs of Issuance of the Series 2010A Notes shall be deposited into the Series 2010A Costs of Issuance Account.
- (iv) The balance of said proceeds shall be transferred to and placed in escrow pursuant to which the Issuer shall (1) hold such proceeds for such time as shall be directed therein in a special and irrevocable trust fund; (2) invest such proceeds only in cash or direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States of America as specified therein; and (3) apply such proceeds and earnings thereon only for the purpose of accomplishing the refunding and refinancing of the outstanding Aviation System Revenue Bonds, Series 1998A, dated April 1, 1998, described therein.

**Section 4.2. Application of Series 2010B Note Proceeds.** The Series 2010B Notes shall be sold as provided in Section 15.3 and the proceeds thereof shall be applied as follows:

- (i) An amount equal to accrued interest, if any, shall be deposited in the Bond Principal and Interest Fund for application to the first payment of interest on the Series 2010B Notes.
- (ii) An amount equal to the portion of the premium for the Series 2010 Credit Facility attributable to the Series 2010B Notes shall be paid to the Series 2010 Credit Facility Provider.
- (iii) An amount sufficient to pay the Costs of Issuance of the Series 2010B Notes shall be deposited into the Series 2010B Costs of Issuance Account.

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- (iv) An amount sufficient to accomplish the refunding and refinancing of a portion of the outstanding Series C Subordinate Notes, which amount shall be immediately applied by the City for the purpose of accomplishing the refunding and refinancing of a portion of the outstanding Series C Subordinate Notes.
- (v) The balance of said proceeds shall be transferred to and placed in escrow pursuant to which the Issuer shall (1) hold such proceeds for such time as shall be directed therein in a special and irrevocable trust fund; (2) invest such proceeds only in cash or direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States of America as specified therein; and (3) apply such proceeds and earnings thereon only for the purpose of accomplishing the refunding and refinancing of a portion of the outstanding Series 1998B Bonds.

**Section 4.3. Application of Series 2010C Note Proceeds.** The Series 2010C Notes shall be sold as provided in Section 15.4 and the proceeds thereof shall be applied as follows:

- (i) An amount equal to accrued interest, if any, shall be deposited in the Bond Principal and Interest Fund for application to the first payment of interest on the Series 2010C Notes.
- (ii) An amount equal to the portion of the premium for the Series 2010 Credit Facility attributable to the Series 2010C Notes shall be paid to the Series 2010 Credit Facility Provider.
- (iii) An amount sufficient to pay the Costs of Issuance of the Series 2010C Notes shall be deposited into the Series 2010C Costs of Issuance Account.
- (iv) The balance of said proceeds shall be transferred to and placed in escrow pursuant to which the Issuer shall (1) hold such proceeds for such time as shall be directed therein in a special and irrevocable trust fund; (2) invest such proceeds only in cash or direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States of

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America as specified therein; and (3) apply such proceeds and earnings thereon only for the purpose of accomplishing the refunding and refinancing of the outstanding Aviation System Revenue Bonds, Taxable Series 1998C, dated April 1, 1998, described therein.

**Section 4.4. Application of Series 2010D Note Proceeds.** The Series 2010D Notes shall be sold as provided in Section 15.5 and the proceeds thereof shall be applied as follows:

- (i) An amount equal to accrued interest, if any, shall be deposited in the Bond Principal and Interest Fund for application to the first payment of interest on the Series 2010D Notes.
- (ii) An amount equal to the portion of the premium for the Series 2010 Credit Facility attributable to the Series 2010C Notes shall be paid to the Series 2010 Credit Facility Provider.
- (iii) An amount sufficient to pay the Costs of Issuance of the Series 2010D Notes shall be deposited into the Series 2010D Costs of Issuance Account.
- (iv) An amount equal to \$31,157.41 to be deposited into the Debt Service Reserve Fund.
- (v) An amount sufficient to accomplish the refunding and refinancing of a portion of the outstanding Series C Subordinate Notes, which amount shall be immediately applied by the City for the purpose of accomplishing the refunding and refinancing of a portion of the outstanding Series C Subordinate Notes.
- (vi) The balance of said proceeds shall be deposited into the Project Fund to pay for a portion of the Series 2010 Project.





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ARTICLE V

PROJECT FUND

**Section 5.1. Project Fund.** There is hereby established a Project Fund and within the Project Fund, there shall be established a separate account for each Project, including the Series 2010 Project, and a separate Costs of Issuance Account for each series of Bonds issued under a Series Resolution. Moneys in the Project Fund shall be held as may from time to time be designated by the City, and applied to the payment of the Project Costs, or for the repayment of advances made for that purpose in accordance with and subject to the provisions and restrictions set forth in this Article. The City covenants that it will not cause or permit to be paid from the Project Fund any sums except in accordance with such provisions and restrictions; provided, however, that any moneys in the Project Fund not presently needed for the payment of current obligations during the course of construction may be invested in Permitted Investments maturing not later than (i) the date upon which such moneys will be needed or (ii) 36 months from the date of purchase, in either case upon direction of the City Treasurer. Any such investments shall be held in trust for the account of the Project Fund until maturity or until sold, and at maturity or upon such sale the proceeds received therefrom including accrued interest and premium, if any, shall be immediately deposited in the Project Fund and shall be disposed of in the manner and for the purposes provided in the Resolution. At such time as all Costs of Issuance have been paid, and in any case not later than 6 months after the date of issuance of the applicable Bonds, any money in a Costs of Issuance Account shall be transferred to the Sinking Fund. Notwithstanding the foregoing, no account within the Project Fund shall be required for a given Series of Bonds if all of the proceeds thereof (except those deposited into the Debt Service Reserve Fund, Sinking Fund or Costs of Issuance Account) are spent at the time of issuance of such Series or are used to refund Bonds or otherwise if the City Council determines that there is no need to establish an account within the Project Fund for such Series.

**Section 5.2. Funds Remaining on Completion of Projects.** For each Series of Bonds, the City shall, when a Project has been completed, and may, when a Project has been substantially completed, estimate what portion of the funds remaining in the separate account relating to such Project will be required by the City for the payment or reimbursement of the Project Costs of such Project, and thereafter such funds that will not

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be used shall be, at the direction of the City Council, either (1) applied to pay the costs of other improvements that are of the same type as those improvements for which the Bonds were issued, (2) transferred to the Sinking Fund and used to redeem Bonds of the related series on the next redemption date or to pay Principal of such Bonds on the next Principal Maturity Date, or (3) transferred to the Sinking Fund and used to pay interest on Bonds of the related series, provided that the City shall first obtain an opinion of bond counsel to the effect that, under existing law, the application of such moneys to pay interest on such Bonds (a) is allowed under State law, and (b) if such Bonds are tax-exempt Bonds, will not, by itself and without more, adversely affect the exclusion from gross income for federal income tax purposes of interest payable on such Bonds. When all moneys have been withdrawn or transferred from any separate account within the Project Fund in accordance with the provisions of this Section, such separate account shall terminate and cease to exist.

ARTICLE VI

PLEDGED REVENUES AND FLOW OF FUNDS

Section 6.1. Pledge of Revenues; Limited Obligations. Subject only to the rights of the City to apply amounts as provided in this Article VI, all Pledged Revenues shall be and are hereby pledged to the prompt payment of the Principal of, premium, if any, and interest on the Bonds; provided, however, that the pledge of the Pledged Revenues to any Subordinate Bonds shall be junior and subordinate in lien and right of payment to all Senior Bonds Outstanding at any time. Such moneys and securities shall immediately be subject to the lien of this pledge for the benefit of the Bondholders without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding against the City and against all other persons having claims against the City, whether such claims shall have arisen in tort, contract, or otherwise, and regardless of whether such persons have notice of the lien of this pledge. This pledge shall rank superior to all other pledges which may hereafter be made of any of the Pledged Revenues, except for pledges of the Pledged Revenues hereafter made by the City in any Hedge Agreements to secure Hedge Payments, which may rank on a parity with this pledge as to the related Hedged Bonds. The lien of the pledge made in this Section 6.1 does not secure any obligation of the City other than the Bonds and additional Bonds issued from time to time.



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The Bonds shall be limited obligations of the City as provided therein payable solely from the Pledged Revenues. The Bonds and the interest thereon shall not constitute a general or moral obligation of the City nor a debt, indebtedness, or obligation of, or a pledge of the faith and credit of, the City or the State or any political subdivision thereof, within the meaning of any constitutional, statutory or charter provision whatsoever. Neither the faith and credit nor any taxing power of the State or any political subdivision thereof is pledged to the payment of the Principal of, premium, if any, or interest on the Bonds or other costs incident thereto. The City has no authority to levy any taxes to pay the Bonds. Neither the members of the Governing Body nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

**Section 6.2. Special Funds.** The following special funds shall be established, maintained and accounted for as hereinafter provided so long as any of the Bonds remain Outstanding:

- (a) Aviation System Revenue Fund;
- (b) Operation and Maintenance Fund, and within such fund, a Current Operation and Maintenance Expense Account, and an Operation and Maintenance Reserve Account;
- (c) Bond Principal and Interest Fund or Sinking Fund;
- (d) Debt Service Reserve Fund;
- (e) Rebate Fund;
- (f) Subordinate Bond Fund (while Subordinate Bonds are Outstanding);
- (g) General Obligation Bond Fund (while general obligation bonds are Outstanding); and
- (h) Surplus Fund.

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The City shall have the right to create special accounts, from time to time, in each of the foregoing Funds as the City Council determines to be desirable.

**Section 6.3. Flow of Funds/Aviation System Revenue Fund.** All Revenues shall be deposited as received into the Aviation System Revenue Fund. Moneys from time to time credited to the Aviation System Revenue Fund shall be applied to the funds hereby established in the following order of priority:

- (a) First, to transfer to the Current Operation and Maintenance Expense Account of the Operation and Maintenance Fund sufficient amounts required for the payment of all current Operation and Maintenance Expenses, as required under Section 6.4 of this Resolution.
- (b) Second, to transfer all amounts to the Bond Principal and Interest Fund as required by Section 6.5 of this Resolution.
- (c) Third, to transfer all amounts to the Debt Service Reserve Fund as required by Section 6.6 of this Resolution.
- (d) Fourth, to transfer all amounts to the Subordinate Bond Fund as required by Section 6.7 of this Resolution.
- (e) Fifth, to transfer all amounts to the Rebate Fund as required by Section 6.12 of this Resolution.
- (f) Sixth, to make any deposits to the Operation and Maintenance Reserve Account of the Operation and Maintenance Fund required under Section 6.8 of this Resolution.
- (g) Seventh, to transfer amounts to the General Obligation Bond Fund of the City as required by Section 6.9 of this Resolution.
- (h) Eighth, to make deposits to the Surplus Fund as required in Section 6.10 of this Resolution.



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**Section 6.4. Operation and Maintenance Fund.** (a) The Operation and Maintenance Fund shall include a Current Operation and Maintenance Expense Account (to be funded as provided in subsection (b) hereof), and an Operation and Maintenance Reserve Account (to be funded as provided in Section 6.8 hereof).

(b) Current Operation and Maintenance Expense Account. As necessary and in accordance with the annual budget for the Aviation System adopted by the City pursuant to Section 7.1 of this Resolution, there will be transferred into the Current Operation and Maintenance Expense Account from the Aviation System Revenue Fund sufficient amounts for the payment of current Operation and Maintenance Expenses.

**Section 6.5. Bond Principal and Interest Fund.** On or before the last business day of each month so long as any Bonds remain Outstanding, there shall next be transferred into the Bond Principal and Interest Fund (also referred to as the "Sinking Fund") from the Aviation System Revenue Fund, to the extent not funded from Capitalized Interest, the following amounts:

(a) General. Sufficient moneys shall be paid in periodic installments from the Aviation System Revenue Fund into the Sinking Fund for the purpose of paying the Principal of and interest on the Senior Bonds as they become due and payable and for the purpose of making Hedge Payments under Senior Hedge Agreements. Amounts held in the Sinking Fund shall be used solely to pay interest and Principal of the Senior Bonds as they become due and payable (whether at maturity or upon redemption) and to pay Hedge Payments under Senior Hedge Agreements when due.

(b) Interest. Unless otherwise provided in a Series Resolution, on or before the last business day of each month, the City shall deposit in the Sinking Fund one-sixth (1/6) of the amount of the interest due with respect to each Series of Senior Bonds on the next Interest Payment Date, taking into account any other moneys already on deposit therein and available to make such payment, which amount shall not be less than the interest coming due on such Senior Bonds on such Interest Payment Date. The City shall also deposit and continue to deposit all Hedge Receipts under Senior Hedge Agreements in the Sinking Fund from time to time as and when received.



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(c) Principal. Unless otherwise provided in a Series Resolution, on or before the last business day of each month, the City shall deposit in the Sinking Fund one-twelfth (1/12) of the amount of the Principal due with respect to each Series of Senior Bonds on the next Principal Maturity Date, taking into account any other moneys already on deposit therein and available to make such payment, which amount shall not be less than the Principal coming due on such Senior Bonds on such Principal Maturity Date.

(d) Hedge Payments. On or before the 30th day preceding each payment date for Hedge Payments under Senior Hedge Agreements, the City shall deposit in the Sinking Fund an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than such Hedge Payments coming due on such payment date.

(e) Application of Money in Sinking Fund. No further payments need be made into the Sinking Fund whenever the amount available in the Sinking Fund, if added to the amount then in the Debt Service Reserve Fund (without taking into account any amount available to be drawn on any Reserve Account Credit Facility), is sufficient to retire all Senior Bonds then Outstanding and to pay all unpaid interest accrued and to accrue prior to such retirement. No moneys in the Sinking Fund shall be used or applied to the optional purchase or redemption of Senior Bonds prior to maturity unless: (i) provision shall have been made for the payment of all of the Senior Bonds; or (ii) such moneys are applied to the purchase and cancellation of Senior Bonds which are subject to mandatory redemption on the next mandatory redemption date, which falls due within 12 months, such Senior Bonds are purchased at a price that the Aviation Director and Treasurer shall determine to be appropriate, and such Senior Bonds are cancelled upon purchase; or (iii) such moneys are applied to the purchase and cancellation of Senior Bonds at a price less than the amount of Principal which would be payable on such Senior Bonds, together with interest accrued through the date of purchase, and such Senior Bonds are cancelled upon purchase; or (iv) such moneys are in excess of the then required balance of the Sinking Fund and are applied to redeem a part of the Senior Bonds Outstanding on the next succeeding redemption date for which the required notice of redemption may be given.

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**Section 6.6. Debt Service Reserve Fund.** Upon the issuance of the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes, the City shall deposit into the Debt Service Reserve Fund the amounts specified in Sections 4.2 and 4.4, respectively. There also shall be deposited into the Debt Service Reserve Fund the amounts specified in Series Resolutions with respect to additional Senior Bonds. At the time of issuance of any Senior Bonds, the increase in the amount of the Debt Service Reserve Requirement resulting from the issuance of such Senior Bonds shall be deposited in the Debt Service Reserve Fund from the proceeds of such Senior Bonds or from other funds on hand. The balance of the Debt Service Reserve Fund shall be maintained at an amount equal to the Debt Service Reserve Requirement (or such lesser amount that is required to be accumulated in the Debt Service Reserve Fund in connection with the periodic accumulation to the Debt Service Reserve Requirement upon the failure of the City to provide a substitute Reserve Account Credit Facility in certain events).

There shall be transferred from the Aviation System Revenue Fund on a pro rata basis (1) to the Debt Service Reserve Fund the amount necessary to restore, as further described below, the amount of cash and securities in the Debt Service Reserve Fund to an amount equal to the difference between (a) the Debt Service Reserve Requirement (or such lesser monthly amount that is required to be deposited into the Debt Service Reserve Fund upon the failure of the City to provide a substitute Reserve Account Credit Facility in certain events) and (b) the portion of the required balance of the Debt Service Reserve Fund satisfied by means of a Reserve Account Credit Facility, and (2) to any Reserve Account Credit Facility Provider the amount necessary to reinstate any Reserve Account Credit Facility which has been drawn down. Whenever for any reason the amount in the Sinking Fund is insufficient to pay all interest or Principal becoming due on the Senior Bonds within the next seven days (or, in the case of Senior Bonds bearing interest at a Variable Rate, on the next Business Day), the City shall make up any deficiency by transfers from the Surplus Fund. Whenever, on the date that such interest or Principal is due, there are insufficient moneys in the Sinking Fund available to make such payment, the City shall, without further instructions, apply so much as may be needed of the moneys in the Debt Service Reserve Fund to prevent default in the payment of such interest or Principal, with priority to interest payments. Whenever by reason of such application or otherwise the amount remaining to the credit of the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, such deficiency shall be

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remedied by not more than twelve (12) equal monthly deposits from the Aviation System Revenue Fund, to the extent funds are available for such purposes after all required transfers set forth above have been made.

The City may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Reserve Account Credit Facility, subject to the following requirements: (A) the Reserve Account Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the then current Rating on the related series of Senior Bonds (or, in the case of a series of Senior Bonds supported by a Credit Facility, the underlying rating on such Senior Bonds); (B) the City shall not secure any obligation to the Reserve Account Credit Facility Provider by a lien equal to or superior to the lien granted to the related series of Senior Bonds; (C) each Reserve Account Credit Facility shall have a term of at least one (1) year (or, if less, the remaining term of the related series of Senior Bonds) and shall entitle the City to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Reserve Account Credit Facility shall permit a drawing by the City for the full stated amount in the event (i) the Reserve Account Credit Facility expires or terminates for any reason prior to the final maturity of the related series of Senior Bonds, and (ii) the City fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Fund of cash, obligations, a substitute Reserve Account Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Reserve Account Credit Facility Provider is withdrawn or reduced below the Rating assigned to the related series of Senior Bonds immediately prior to such action by the Rating Agency, the City shall provide a substitute Reserve Account Credit Facility within sixty (60) days after such rating change, and, if no substitute Reserve Account Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly deposits commencing not later than the first day of the month immediately succeeding the date representing the end of such sixty (60) day period; (F) if the Reserve Account Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the City shall provide a substitute Reserve Account Credit Facility within sixty (60) days thereafter, and, if no substitute Reserve Account Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly deposits commencing not later than the first day of the month immediately succeeding the





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date representing the end of such sixty (60) day period; and (G) the prior written consent of the Credit Facility Provider, as to the provider and the structure of the Reserve Account Credit Facility, shall be obtained by the City. If the events described in either clauses (E) or (F) above occur, the City shall not relinquish the Reserve Account Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Reserve Account Credit Facility or any combination thereof. Any amount received from the Reserve Account Credit Facility shall be deposited directly into the Sinking Fund, and such deposit shall constitute the application of amounts in the Debt Service Reserve Fund. Repayment of any draw-down on the Reserve Account Credit Facility (other than repayments which reinstate the Reserve Account Credit Facility) and any interest or fees due the Reserve Account Credit Facility Provider under such Reserve Account Credit Facility shall be secured by a lien on the Pledged Revenues subordinate to payments into the Sinking Fund and the Rebate Fund and payments to any Credit Facility Provider securing Senior Bonds.

Any such Reserve Account Credit Facility shall be pledged to the benefit of the owners of all of the Senior Bonds secured by it. The City reserves the right, if it deems it necessary in order to acquire such a Reserve Account Credit Facility, to amend the Series Resolution without the consent of any of the owners of the Bonds in order to grant to the Reserve Account Credit Facility Provider such additional rights as it may demand, provided that such amendment shall not, in the written opinion of bond counsel filed with the City, impair or reduce the security granted to the owners of Senior Bonds or any of them.

**Section 6.7. Subordinate Bond Fund.** On or before the last business day of each month so long as any Subordinate Bonds remain Outstanding, there shall next be transferred into the Subordinate Bond Fund from the Aviation System Revenue Fund such amounts as may be required to be deposited into the funds and accounts created by any Series Resolution authorizing the issuance of Subordinate Bonds, for the purpose of paying Principal of and interest on Subordinate Bonds, making Hedge Contingency Payments under Senior Hedge Agreements, making Hedge Payments and Hedge Contingency Payments under Subordinate Hedge Agreements, and accumulating reserves for such payments. Moneys credited to the Subordinate Bond Fund shall be used solely for the purpose provided in the Series Resolutions authorizing the Subordinate Bonds, Senior Hedge Agreements or Subordinate Hedge Agreements, as the case may be.



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**Section 6.8. Other Operation and Maintenance Fund Deposits.**

Operation and Maintenance Reserve Account. Within the Operation and Maintenance Fund, the City shall fund and have on hand as of the last day of each subsequent Fiscal Year as hereinafter provided, a balance of money and investments in an Operation and Maintenance Reserve Account at least equal to (i) fifteen percent (15%) of the total amount of Operation and Maintenance Expenses approved in the most recent annual budget described in Section 7.1 hereof, or (ii) such other amount as may be approved by the City Council in a Supplemental Resolution adopted under Section 11.1(g) hereof. On or before the last business day of each month, there shall next be transferred from the Aviation System Revenue Fund, to the extent amounts are available therein, to the Operation and Maintenance Reserve Account, the amount required to establish or re-establish the required balance in the Operation and Maintenance Reserve Account. Amounts from time to time credited to the Operation and Maintenance Reserve Account may be used at any time first, to pay for any Operation and Maintenance Expense for which amounts are not otherwise available in the Current Operation and Maintenance Expense Account; and second, to the extent any amounts are remaining, to be transferred to the Bond Principal and Interest Fund or the Debt Service Reserve Fund, to the extent of any deficiency therein.

**Section 6.9. General Obligation Bond Fund.** After making all payments and transfers hereinabove required, the City may transfer to the debt service fund of the City, an amount or amounts not exceeding the principal and interest falling due within the next twelve months for the payment of interest on and principal of general obligation bonds or notes of the City issued and expended for improvements to the Aviation System.

**Section 6.10. Surplus Fund.** After making all payments and transfers hereinabove required, all amounts remaining in the Aviation System Revenue Fund shall be transferred by the last day of each month to the Surplus Fund. Amounts credited to the Surplus Fund may be used for any lawful Aviation System purposes, including without limitation, to pay for any improvements, to pay costs of replacing any depreciable property or equipment of the Aviation System, to pay costs of any major or extraordinary repairs, replacements or renewals of the Aviation System, to acquire land or any interest therein, to pay any lease or contractual obligations not paid as Operation and Maintenance Expenses and to make any transfers required to cure any deficiencies in any funds.

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Amounts in such fund on the first business day of each Fiscal Year which are not subject to rebate or repayment to one or more of the airlines providing passenger services at the Aviation System (not including any amounts already included as Net Revenues for the Fiscal Year) may be transferred to the Aviation System Revenue Fund and shall be used as a credit in calculating the Net Revenues needed to meet the requirement of the rate covenant set forth in Section 7.2 hereof for that Fiscal Year. The amount so transferred, not exceeding 25% of the Debt Service Requirement for the then current Fiscal Year, shall be termed "the Transferred Amount" under the provisions of Section 7.2 of this Resolution.

**Section 6.11. Deficiencies in Funds.** If in any month there shall not be transferred into any fund maintained pursuant to this Article, the full amounts required herein, amounts equivalent to such deficiency shall be set apart and transferred to such fund or funds from the first available and unallocated moneys in the Aviation System Revenue Fund, and such transfer shall be in addition to the amounts otherwise required to be transferred to such funds during any succeeding month or months.

**Section 6.12. Rebate Fund.** The City shall calculate, from time to time, as required in order to comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, the amounts required to be rebated (including penalties) to the United States and shall deposit or cause to be deposited into the Rebate Fund any and all of such amounts promptly following a determination of any such amount.

The City shall direct any depository of the Rebate Fund to keep all moneys held therein invested in Permitted Investments. To the extent and at the times required in order to comply with Section 148(f) of the Code, the City may withdraw funds from the Rebate Fund for the purpose of making rebate payments (including penalties) to the United States as required by Section 148(f) of the Code. Except as otherwise specifically provided in this Section, moneys in the Rebate Fund may not be withdrawn from the Rebate Fund for any other purpose.

All Investments Earnings held in the Rebate Fund shall be retained in the Rebate Fund and shall become part of the Rebate Fund. Moneys held in the Rebate Fund, including the Investment Earnings thereon, if any, shall not be subject to a pledge in favor of the owners of the Bonds under the Series Resolution and may not be used to pay



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amounts due on the Bonds or amounts required for the operation, maintenance, enlargement, or extension of the Aviation System.

Whenever the City has filed all reports required to be filed with the United States pursuant to Section 148(f) of the Code with respect to any series of Bonds and has made all payments required to be made to the United States pursuant to Section 148(f) of the Code relating thereto, all moneys or investments remaining in the Rebate Fund may be transferred to the Surplus Fund, and such moneys and investments may be used by the City for any lawful purpose.

**Section 6.13. Investment of Funds; Transfer of Investment Earnings.** (a) Monies in all funds shall, at the option and direction of the Treasurer, be invested and secured in the manner required by law for public funds, in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, or in any other Permitted Investments; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. All such investments shall be valued no less frequently than the last business day of the City's fiscal year at cost (taking into account normal amortization and accretions of premiums and discounts) or, in the case of investments having a maturity greater than five years from the date of valuation, at market value, except that any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the City, in common investments of the kind described above, or in a common pool of such investments maintained by the City which shall be kept and held at an official depository of the City, which shall not be deemed to be a loss of the segregation of such money or funds. Safekeeping receipts, certificates of participation or other documents clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such fund shall be held by or on behalf of each such fund. If and to the extent necessary, such investments shall be promptly sold to prevent any default.



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(b) All Investment Earnings derived from deposits and investments of any amounts held in the Project Fund shall remain in such Project Fund for application to Project Costs until the Projects are paid, at which time all moneys in the Project Fund created in Section 5.1 shall be expended for other qualified Aviation System improvements.

(c) To the extent it is not otherwise provided for in a Series Resolution or is needed to eliminate a deficiency, all Investment Earnings derived from deposits and investments credited to the funds established in this Article shall be transferred or credited to the Aviation System Revenue Fund.

(d) Notwithstanding anything to the contrary contained herein, any Investment Earnings derived from deposits and investment of any amounts credited to any fund or account may be paid to the federal government if in the written opinion of bond counsel such payment is required in order to prevent interest on any Bonds from being includable within the gross income of the owners thereof for federal income tax purposes.

**Section 6.14. Additional Funds, Accounts and Subaccounts.** In addition to the funds, accounts and subaccounts described in this Article, the City may, by Supplemental Resolution, create additional funds, accounts and subaccounts for such purposes as the City deems appropriate, including separate funds available only for specified Bonds or Series of Bonds that may be payable from certain revenues of the Aviation System which do not constitute Revenues.

**ARTICLE VII**

**GENERAL PROVISIONS**

**Section 7.1. Annual Budget.** So long as any Bonds remain outstanding, the Aviation Director shall, prior to the commencement of each Fiscal Year, prepare and deliver to the City a recommended annual budget for the Aviation System for such Fiscal Year which contains estimates of Revenues, Operation and Maintenance Expenses, Net Revenues, Debt Service Requirements for all Bonds, any deficiencies in the Debt Service Reserve Requirement for any Bonds, all debt service repayments scheduled for such Fiscal Year, together with a description of any improvements scheduled for such Fiscal



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Year, and which contains a computation demonstrating that the estimate of Net Revenues set forth therein is in compliance with the rate covenant contained in Section 7.2. The City shall adopt annual budgets for the Aviation System for each Fiscal Year no later than the time for such adoption as prescribed by law, each of which shall contain an estimate of revenues and only such budgeted expenditures as will produce Net Revenues in an amount not less than the Net Revenues necessary to comply with the rate covenant in Section 7.2. After the adoption of the annual Aviation System budget by the City, the total expenditures for Operation and Maintenance Expenses will not exceed the total expenditures authorized for such purposes by such budget, as it may from time to time be amended.

**Section 7.2. Rate Covenant.** (a) The City covenants that it will at all times fix, charge, impose and collect rentals, rates, fees and other charges for the use of the Aviation System, and, to the extent it legally may do so, revise the same as may be necessary or appropriate, in order that in each Fiscal Year the Net Revenues, when added to the Transferred Amount, and any Customer Facility Charges and Passenger Facility Charges (regardless if designated as Revenues by the Board under the definition of "Revenues" and applied by the Board to pay debt service on the Bonds in that Fiscal Year), are fully sufficient at all times to provide for the larger of:

- (i) the amounts needed to make the required deposits in such Fiscal Year to the credit of the Bond Principal and Interest Fund, the Debt Service Reserve Fund, the Subordinate Bond Fund, the Operation and Maintenance Reserve Account, and the General Obligation Bond Fund; or
- (ii) an amount not less than 125% of the Debt Service Requirement for all Senior Bonds then Outstanding for the year of computation.

(b) If the Net Revenues added to the Transferred Amount, and any Customer Facility Changes and Passenger Facility Charges (regardless if designated as Revenues by the Board under the definition of "Revenues" and applied by the Board to pay debt service on the Bonds in that Fiscal Year), in any Fiscal Year are less than the applicable amount specified above, the Governing Body promptly, upon receipt of any notification by the Treasurer following the Treasurer's review or upon receipt of the annual audit for



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such Fiscal Year, shall retain and direct an Airport Consultant to make its recommendations, if any, as to a revision of the City's rentals, rates, fees and other charges, its Operation and Maintenance Expenses or the method of operation of the Aviation System in order to satisfy as quickly as practicable the foregoing requirements. Copies of such request and the recommendations of the Airport Consultant, if any, shall be filed with the Aviation Director, the Original Purchaser of the Bonds and the Series 2010 Credit Facility Provider. After receiving the recommendations of the Airport Consultant, the City shall take all lawful measures to revise the schedule rentals, rates, fees and charges and take such other actions as may be recommended by the Airport Consultant in order to produce the required amount in the next succeeding Fiscal Year.

(c) In the event that Net Revenues, when added to the Transferred Amount, and any Customer Facility Changes and Passenger Facility Charges (regardless if designated as Revenues by the Board under definition of "Revenues" and applied by the Board to pay debt service on the Bonds in that Fiscal Year), for any Fiscal Year are less than amount specified in paragraph (a) of this Section, but the City has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by paragraph (b) of this Section, such deficiency shall not constitute an Event of Default under the provisions of Section 10.1. Nevertheless, if after taking the measures required by paragraph (b) of this Section to revise the schedule of rentals, rates, fees and charges, Net Revenues when added to the Transferred Amount, and any Customer Facility Changes and Passenger Facility Charges (regardless if designated as Revenues by the Board under definition of "Revenues" and applied by the Board to pay debt service on the Bonds in that Fiscal Year), in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Aviation System for such Fiscal Year) are less than the amount specified in paragraph (a) of this Section, such deficiency shall then constitute an Event of Default under the provisions of Section 10.1.

**Section 7.3. Other Covenants Regarding the Operation of the Aviation System.** The City hereby covenants and agrees with each and every holder of the Bonds and each Credit Facility Provider as follows:

(a) **Punctual Payment of Bonds.** The City will punctually pay or cause to be paid the interest on and principal and premiums, if any, of all Bonds according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all



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covenants, undertakings, stipulations and provisions contained in this Resolution and in any other resolution authorizing the issuance of Bonds.

(b) Operation and Maintenance of Aviation System. So long as any Bonds remain outstanding, the City covenants that it will at all times maintain and operate the Aviation System, or within the limits of its authority cause the same to be maintained and operated, in good and serviceable condition.

(c) Sale or Encumbrance of Aviation System. Except for the use of the Aviation System or services pertaining thereto in the normal course of business, neither all nor a substantial part of the Aviation System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor, and the City shall not dispose of its title to the Aviation System or to any useful part thereof, including, without limitation, any property necessary to the operation and use of the Aviation System, except for the execution of leases, including leases for purposes of lease-back financing, licenses, easements, or other agreements in connection with the operation of the Aviation System by the City, or in connection with any Special Facilities thereat, except for any pledges of and liens on revenues derived from the operation and use of the Aviation System, or any part thereof, or any Special Facilities pertaining thereto, for the payment of Bonds, Subordinate Bonds, Special Facility Obligations and any other obligations pertaining to the Aviation System, and except as otherwise provided in the next two paragraphs.

The City may sell, exchange, lease or otherwise dispose of, or exclude from the Aviation System, any property constituting a part of the Aviation System which the Aviation Director certifies to be no longer necessary for the efficient operation of the Aviation System, or to have been replaced by other property of at least equal value. The net proceeds of the sale or disposition of any Aviation System property (or the fair market value of any property so excluded) pursuant to this paragraph shall be used for the purpose of replacing properties at the Aviation System.

Nothing herein shall prevent any transfer of all or a substantial part of the Aviation System to another body corporate or politic (including but not necessarily limited to a joint action agency or an airport authority) which shall assume the Issuer's obligations under this Resolution and in any resolution authorizing the issuance of Bonds, wholly or





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in part, if, in the written opinion of the Airport Consultant, the ability to meet the rate covenant and other covenants under this Resolution and in any resolution authorizing the issuance of Bonds are not materially and adversely affected. In the event of any such transfer and assumption, nothing herein shall prevent the retention by the City of any facility of the Aviation System if, in the written opinion of the Airport Consultant, such retention will not materially and adversely affect nor unreasonably restrict such other body's ability to comply with the requirements of the rate covenant and the other covenants of this Resolution and in any resolution authorizing the issuance of Bonds or Subordinate Bonds.

(d) Insurance: The City shall purchase and maintain insurance covering such properties belonging to the Aviation System as are customarily insured against loss or damage from such causes as are customarily insured against by enterprises of a similar nature and shall purchase and maintain comprehensive general liability insurance on the Aviation System for bodily injury and property damage as is customarily carried by enterprises of a similar nature.

If the Insurance Advisor and the City certify that the amount of insurance coverage required by this Section 7.3 is not available on reasonable terms and conditions, the insurance coverage required by this may be modified in accordance with such determination, and the coverage as modified shall constitute the minimum requirements of this Section.

Such coverage shall be maintained through policies that (i) are issued by a financially responsible insurer or insurers qualified to write the respective insurance in the State and of recognized standing, (ii) are in such form and contain such provisions (including, without limitation, a standard loss payable clause, a standard waiver of subrogation on clause, standard clauses relieving the insurer of liability to the extent of minor claims, and the designation of the named insured parties) as are generally considered customary provisions for the type of insurance involved, and (iii) prohibit cancellation or substantial modification by the insurer without at least 60 days' prior written notice to the City. The insurance policies carried pursuant to this Section shall name the City as party insured thereunder as their respective interests appear. Each policy shall provide that losses thereunder shall be adjusted with the insurer by the City on behalf of the insured parties.

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Notwithstanding the foregoing, the City shall be entitled to provide the coverage required by this Section through a Qualified Self Insurance program, provided that the requirements hereinafter set forth in this Section are satisfied. A Qualified Self Insurance program shall not be considered adequate unless all of the following are met:

- (i) It is in writing and has been approved by the Insurance Advisor.
- (ii) The City is required under the program to deposit and maintain in a separate trust account, established for such purpose with a depository, moneys in an amount sufficient, in the opinion of the Insurance Advisor, to pay claims to the amount of the City's retained liability and to pay anticipated claims expense.
- (iii) The City has received a certificate from the Insurance Advisor, to the effect that the program, as established and as it is to operate for the ensuing 12 months, is actuarially sound.
- (iv) It requires that the program be reviewed at least annually by the Insurance Advisor, to determine what actions, if any, should be taken to maintain the actuarial soundness of the program. A copy of the Insurance Advisor's annual review certifying to the actuarial soundness of the program shall be filed with the City Clerk and the Aviation Director.
- (v) It limits the amount of the City's aggregate retained liability for self-insurance for a fiscal year for all types of coverages required by this Section to not exceeding \$1,500,000.

The proceeds of any insurance, except public liability insurance, shall be used to repair or replace the part or parts of the Aviation System damaged or destroyed, or to make other capital improvements to the Aviation System or to redeem Bonds or Subordinate Bonds, except for proceeds of business interruption insurance which shall be credited to the Aviation System Revenue Fund.



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(e) Accounting and Audits. So long as any Bonds remain Outstanding, the City will cause to be kept proper books and accounts adapted to the Aviation System and in accordance with generally accepted accounting practices, and will diligently act to cause the books and accounts to be audited annually and reported upon not later than 180 days after the end of each Fiscal Year, or as soon thereafter as is practicable, by an Independent Auditor and will file copies of the audit report with the Original Purchaser and will make generally available to the Owners of any of the Bonds, the balance sheet and the operating statement of the Aviation System as certified by such auditor. All expenses of obtaining such reports shall constitute Operation and Maintenance Expenses of the Aviation System. It is further agreed that if the City shall fail to provide the audits and reports required by this Section, the Original Purchaser or the holder or holders of 25% of the Outstanding Bonds may cause such audits and reports to be prepared at the expense of the City. The audit reports requested by this Section shall be accompanied by the following information:

- (i) A calculation demonstrating compliance with the rate covenant;
- (ii) A statement of Net Revenues and current expenses to be paid from the Current Operation and Maintenance Expense Account;
- (iii) Analysis of each fund and account created hereunder, including deposits, withdrawals and beginning and ending balances; and
- (iv) A balance sheet.

The Bondholders shall have at all reasonable times the right to inspect the Aviation System and the records, accounts and data of the City relating thereto.

(f) Pledge and Encumbrance of Revenues. The City covenants and represents that it has the lawful power to create a lien on and pledge the Net Revenues to secure the payment of the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes, and has lawfully exercised such power under the Constitution and laws of the State of Iowa. The City further covenants and represents that, other than to the payment of Operation and Maintenance Expenses and the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes, the Revenues

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are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the City, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes and any other Senior Bonds.

(g) Legal Holidays. In any case where the date of maturity of interest on or principal of any Bonds or the date fixed for redemption of any Bonds shall be in the cities of Des Moines, Iowa or in New York, New York, a legal holiday or a day on which paying agent for the Bonds is authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding day not a legal holiday or a day on which such paying agent is authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption and no interest shall accrue for the period from the date of maturity or redemption to the date of actual payment.

**Section 7.4. Disposition of Bond Proceeds; Arbitrage Not Permitted**. The City reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes issued hereunder which will cause any of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes to be classified as arbitrage bonds within the meaning of Section 148(a) and (b) of the Code, and that throughout the term of said Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes it will comply with the requirements of said statute and regulations issued thereunder.

To the best knowledge and belief of the City, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes will be used in a manner that would cause such Notes to be arbitrage bonds. Without limiting the generality of the foregoing, the City hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Resolution. The Treasurer is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Series 2010A Notes, the Series



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2010B Notes, and the Series 2010D Notes to certify as to the reasonable expectations and covenants of the City at that date.

The City covenants that it will treat as yield restricted any proceeds of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes remaining unexpended after three years from the issuance and any other funds required by the Tax Exemption Certificate to be so treated. If any investments are held with respect to the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes, the City shall treat the same for the purpose of restricted yield as held in proportion to the original principal amounts of each issue.

The City covenants that it will exceed any investment yield restriction provided in this Resolution only in the event that it shall first obtain an opinion of bond counsel that the proposed investment action will not cause the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes to be classified as arbitrage bonds under Section 148(a) and (b) of the Code.

The City covenants that it will proceed with due diligence to spend the proceeds of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes for the purpose set forth in this Resolution. The City further covenants that it will make no change in the use of the proceeds available for the construction of facilities or change in the use of any portion of the facilities constructed therefrom by persons other than the City or the general public unless it has obtained an opinion of bond counsel or a revenue ruling that the proposed project or use will not be of such character as to cause interest on any of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes not to be exempt from federal income taxes in the hands of holders under the provisions of the Code.

**Section 7.5. Additional Covenants, Representations and Warranties of the City.** The City certifies and covenants with the purchasers and holders of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes from time to time outstanding that the City through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Exemption Certificate, which Tax Exemption Certificate shall constitute a part of the contract

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between the City and the owners of the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes; (c) consult with bond counsel (as defined in the Tax Exemption Certificate); (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2010A Notes, the Series 2010B Notes, and the Series 2010D Notes; (e) file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the City in such compliance.

**Section 7.6. Special Facilities and Special Facility Obligations.** The City shall be permitted to designate new or existing Airport Facilities as Special Facilities as permitted in this Section 7.6. The City may, from time to time, and subject to the terms and conditions of this Section 7.6, (a) designate a separately identifiable existing facility or planned facility as a "Special Facility," (b) pursuant to an indenture or other resolution and without a pledge of any Net Revenues, incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the City from such Special Facility to the extent necessary to make the payments required by clause (i) of the second succeeding paragraph, be "Special Facilities Revenue" and not included as Revenues or Net Revenues unless on terms provided in any supplemental indenture or other resolution, and (d) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue. The City may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from Special Facilities Revenue, which shall include contractual payments derived by the City under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the City and another person, firm or corporation, either public or private, as shall undertake the operation of a Special Facility.



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No Special Facility Obligations shall be issued by the City unless there shall have been filed with the Clerk a recommendation from the Aviation Director and a report from a Financial Advisor stating that:

(i) the estimated Special Facilities Revenue pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the City and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(ii) with respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses of the Aviation System, will be sufficient so that the City will be in compliance with Section 7.2 of this Resolution; and

(iii) no Event of Default then exists under Article X of this Resolution.

To the extent Special Facilities Revenue received by the City during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (i) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, shall constitute Revenues.

Notwithstanding any other provision of this Section 7.6, at such time as the Special Facility Obligations issued for an Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the City from such facility shall be included as Revenues.



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## ARTICLE VIII

### SENIOR BONDS AND SUBORDINATE BONDS

**Section 8.1. No Prior Lien Bonds nor Senior Bonds Except as Permitted in the Series Resolution.** All Senior Bonds shall have complete parity of lien on the Pledged Revenues despite the fact that any of the Senior Bonds may be delivered at an earlier date than any other of the Senior Bonds. The City may issue Senior Bonds in accordance with the Series Resolution, but the City shall issue no other obligations of any kind or nature payable from or enjoying a lien on the Pledged Revenues or any part thereof having priority over or, except as permitted in the Series Resolution, on a parity with the Senior Bonds.

**Section 8.2. Refunding Bonds.** Any or all of the Senior Bonds may be refunded prior to maturity, upon redemption in accordance with their terms, or with the consent of the owners of such Senior Bonds, and the Refunding Bonds so issued shall constitute Senior Bonds, if the requirements of Section 8.3 are met, or if the City shall have obtained a report from an Independent Auditor or a Financial Advisor demonstrating that (a) the aggregate Debt Service Requirement in each Fiscal Year with respect to all Senior Bonds to be Outstanding after issuance of such Refunding Bonds will be less than the aggregate Debt Service Requirement in each such Fiscal Year through the last Fiscal Year in which Senior Bonds are Outstanding prior to the issuance of such Refunding Bonds, and (b) the Maximum Annual Debt Service with respect to all Outstanding Senior Bonds after issuance of such Refunding Bonds will not exceed the Maximum Annual Debt Service with respect to all Outstanding Senior Bonds immediately prior to such issuance; provided, however, that for purposes of subparagraph (a), the maturities of such Refunding Bonds may exceed the final maturity of the Senior Bonds Outstanding prior to such refunding as long as the applicable requirements of the Code and the laws of the State are satisfied.





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**Section 8.3. Additional Senior Bonds.** Bonds (including refunding Bonds which do not meet the requirements of Section 8.2) may also be issued on a parity with the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, the Series 2010D Notes and the outstanding Series 1998B Bonds, pursuant to a Series Resolution, and the Bonds so issued shall constitute Senior Bonds, if there shall first be delivered to the Clerk either:

(a) a certificate prepared by the Aviation Director showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds were at least equal to 125% of Maximum Annual Debt Service with respect to all Outstanding Senior Bonds and the proposed Series of Senior Bonds, calculated as if the proposed Series of Senior Bonds were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by a Financial Advisor or an Airport Consultant showing that:

(i) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds, were at least equal to 125% of the Debt Service Requirement due and payable with respect to all Outstanding Senior Bonds for such applicable period;

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds through and including the last Fiscal Year during any part of which interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof, the Financial Advisor or an Airport Consultant estimates that the City will be in compliance with Section 7.2 of this Resolution; and

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(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds during which no interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Senior Bonds, or (B) the third full Fiscal Year during which no interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Debt Service Requirement for each such Fiscal Year with respect to all Outstanding Senior Bonds, and calculated as if the proposed Series of Senior Bonds were then Outstanding.

For purposes of subsections (b)(ii) and (iii) above, in estimating Net Revenues, the Financial Advisor or an Airport Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the City and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Financial Advisor or an Airport Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Aviation System, the Financial Advisor or an Airport Consultant shall use such assumptions as the Financial Advisor or an Airport Consultant believes to be reasonable, taking into account: (i) historical Operation and Maintenance Expenses of the Aviation System, (ii) Operation and Maintenance Expenses of the Aviation System associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the City, as the Financial Advisor or an Airport Consultant believes to be appropriate. The Financial Advisor or an Airport Consultant shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Debt Service Requirements.

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For purposes of preparing the certificate or certificates described above, the Financial Advisor, an Airport Consultant, or the Aviation Director may rely upon financial statements prepared by the City which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that the Aviation Director shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above under Section 8.3 shall be required if the Bonds being issued are to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of the Aviation Director and there is delivered to the Clerk (1) a Financial Advisor's or an Airport Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of the Aviation Director to the effect that (y) all of the proceeds (including investment earnings on amounts in the Project Fund allocable to such Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (z) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Project Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose).

**Section 8.4. Subordinate Bonds.**

(a) Bonds may also be issued on a subordinate basis to the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, the Series 2010D Notes, the outstanding Series 1998B Bonds and any other Senior Bonds pursuant to a Series Resolution, and the Bonds so issued shall constitute Subordinate Bonds, if all of the following conditions are satisfied:

(1) The Series Resolution authorizing the Subordinate Bonds shall provide that such Subordinate Bonds shall be junior and subordinate in lien and right of payment to all Senior Bonds Outstanding at any time.



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(2) The Series Resolution authorizing the Subordinate Bonds shall establish funds and accounts for the moneys to be used to pay debt service on the Subordinate Bonds, to pay Hedge Payments under Subordinate Hedge Agreements, and to provide reserves therefor.

(3) The Series Resolution authorizing the proposed Subordinate Bonds must require the proceeds of such proposed Subordinate Bonds to be used solely to make capital improvements to the Aviation System, to fund interest on the proposed Subordinate Bonds, to refund other obligations issued for such purposes (whether or not such refunding Bonds satisfy the requirements of Section 8.2), and to pay expenses incidental thereto and to the issuance of the proposed Subordinate Bonds.

(4) The Series Resolution authorizing the proposed Subordinate Bonds may establish a Debt Service Requirement and rate covenant for such proposed Subordinate Bonds and include conditions for issuance of additional Subordinate Bonds.

(5) Notwithstanding anything to the contrary in this Section 8.4, all Other Airport Obligations shall have the same status and priority of payment as Subordinate Bonds issued under this Section 8.4, and shall be paid from Net Revenues deposited in the Subordinate Bond Fund.

(b) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, or other similar proceedings in connection therewith, relative to the City or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution, or other winding up of the City, whether or not involving insolvency or bankruptcy, the owners of all Senior Bonds then Outstanding and related Qualified Hedge Providers shall be entitled to receive payment in full of all Principal and interest due on all such Senior Bonds in accordance with the provisions of the Series Resolution and related Hedge Payments in accordance with the provisions of the Senior Hedge Agreements before the owners of the Subordinate



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Bonds or related Qualified Hedge Providers are entitled to receive any payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Series Resolution on account of Principal of, premium, if any, or interest on the Subordinate Bonds or Hedge Payments under Subordinate Hedge Agreements.

(c) If any Event of Default shall have occurred and be continuing (under circumstances when the provisions of paragraph (b) are not applicable), the owners of all Senior Bonds then Outstanding and related Qualified Hedge Providers shall be entitled to receive payment in full of all Principal and interest then due on all such Senior Bonds and all Hedge Payments under related Senior Hedge Agreements before the owners of the Subordinate Bonds or related Qualified Hedge Providers are entitled to receive any Payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Series Resolution of Principal of, premium, if any, or interest on the Subordinate Bonds or Hedge Payments under Subordinate Hedge Agreements.

(d) Any series of Subordinate Bonds and related Subordinate Hedge Agreements may have such rank or priority with respect to any other series of Subordinate Bonds and related Subordinate Hedge Agreements as may be provided in the Series Resolution authorizing such series of Subordinate Bonds and may contain such other provisions as are not in conflict with the provisions of the Series Resolution.

**Section 8.5. Accession of Subordinate Bonds and Related Subordinate Hedge Agreements to Senior Status.** By proceedings authorizing all or any Subordinate Bonds, the City may provide for the accession of such Subordinate Bonds and related Subordinate Hedge Agreements to the status of complete parity with the Senior Bonds and related Senior Hedge Agreements if, as of the date of accession, the conditions of Section 8.3 are satisfied, on a basis which includes all Outstanding Senior Bonds and such Subordinate Bonds, and if on the date of accession:

(a) the Debt Service Reserve Fund contains an amount equal to the Debt Service Reserve Requirement computed on a basis which includes all Outstanding Senior Bonds and such Subordinate Bonds; and



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(b) the Sinking Fund contains the amount which would have been required to be accumulated therein on the date of accession if the Subordinate Bonds had originally been issued as Senior Bonds.

**Section 8.6. Adoption of Proceedings.** The City shall adopt a Series Resolution authorizing the issuance of any additional Bonds and reciting that the requirements of this Article have been satisfied, and shall set forth in such proceedings, among other things, the date or dates such additional Bonds shall bear and the rate or rates of interest, interest payment date or dates, maturity date or dates, and redemption provisions with respect to such additional Bonds and any other matters applicable to such additional Bonds as the City may deem advisable.

Any such Series Resolution shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of this Resolution not modified by the Series Resolution.

**Section 8.7. Proceedings Authorizing Additional Bonds.** No Series Resolution authorizing the issuance of additional Bonds as permitted under this Article shall conflict with the terms and conditions of this Resolution, except to the extent that the Series Resolution is adopted for one of the purposes set forth in Section 11.1 and complies with the provisions of Section 11.1 for the adoption of Supplemental Resolutions without the consent of Bondholders.

**Section 8.8. Applicability to Additional Senior Bonds.** The provisions of this Resolution shall be construed as including and being applicable to any future series of Bonds, and any such Senior Bonds shall be treated, unless otherwise specifically stated, as if they had been issued together with the Series 2010A Notes, the Series 2010B Notes, the Series 2010C Notes, and the Series 2010D Notes and pursuant to the terms of this Resolution.

**Section 8.9. Credit Facilities and Hedge Agreements.** In connection with the issuance of any Bonds under the Series Resolution, the City may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the Principal of, premium, if any, or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the Credit Facility Provider, or providing funds for the



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purchase of such Bonds by the City. In connection therewith the City may enter into Credit Facility Agreements with such Credit Facility Providers providing for, among other things, (i) the payment of fees and expenses to such Credit Facility Providers for the issuance of such Credit Facilities; (ii) the terms and conditions of such Credit Facilities and the Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facilities. The City may secure any Credit Facility by an agreement providing for the purchase of the Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as are specified by the City in the applicable Series Resolution. The City may in a Credit Facility Agreement agree to directly reimburse such Credit Facility Provider for amounts paid under the terms of such Credit Facility, together with interest thereon; provided, however, that no Reimbursement Obligation shall be created for purposes of the Series Resolution until amounts are paid under such Credit Facility. Any such Reimbursement Obligation shall be deemed to be a part of the Bonds to which the Credit Facility relates which gave rise to such Reimbursement Obligation, and references to Principal and interest payments with respect to such Bonds shall include Principal and interest due on the Reimbursement Obligation incurred as a result of payment of such Bonds with the Credit Facility. Any such Credit Facility shall be for the benefit of and secure such Bonds or portion thereof as specified in the applicable Series Resolution.

In connection with the issuance of any Bonds or at any time thereafter so long as such Bonds remain Outstanding, the City may, to the extent permitted by the laws of the State, enter into Hedge Agreements with Qualified Hedge Providers, and no other providers, with respect to any Bonds, so long as the City has received a written opinion of bond counsel to the effect that the Hedge Agreement is or would be a valid and binding obligation of the City under State law. The City shall, to the extent permitted by the laws of the State, authorize the execution, delivery, and performance of each Hedge Agreement in a Supplemental Resolution, in which it shall designate the related Hedged Bonds. The City's obligation to pay Hedge Payments may be secured by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by Section 6.1 to secure the related Hedged Bonds, or may be subordinated in lien and right of payment to the payment of the Bonds, as determined by the City.

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**Section 8.10. Obligations Secured by Other Revenues.** The City may, from time to time, incur indebtedness payable solely from certain revenues of the Aviation System which do not constitute Revenues as defined herein, including but not limited to Passenger Facility Charges and Customer Facility Charges, at such times and upon such terms and conditions as the City shall determine; provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Revenues.

## ARTICLE IX

### DISCHARGE AND SATISFACTION

**Section 9.1. Discharge and Satisfaction of Bonds.** The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution or any Series Resolution may be fully discharged and satisfied with respect to the Bonds authorized thereunder, or any of them, in any one or more of the following ways:

(a) By paying the said Bonds when the same shall become due and payable;  
and

(b) By depositing in trust with the Treasurer, or with a corporate trustee designated by the City Council for the payment of said Bonds and irrevocably appropriated exclusively to that purpose an amount in cash or Government Obligations the maturities and income of which shall be sufficient to retire at maturity, or by redemption prior to maturity on a designated date upon which said Bonds may be redeemed, all of such Bonds Outstanding at the time, together with the interest thereon to maturity or to the designated redemption date, premiums thereon, if any that may be payable on the redemption of the same; provided that proper notice of redemption of all such obligations to be redeemed shall have been previously published or provisions shall have been made for such publication.

Upon such payment or deposit of money or securities, or both, in the amount and manner provided by this Section, all liability of the City with respect to such Bonds shall cease, determine and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.





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## ARTICLE X

### EVENTS OF DEFAULT AND REMEDIES

**Section 10.1. Events of Default.** An Event of Default is one or more of the following:

- (a) A default shall be made in the due and punctual payment of the Principal or redemption price of any Bond when and as the same shall become due and payable, whether at maturity or by call or proceedings for redemption, or otherwise;
- (b) A default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; or
- (c) A default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part in the Series Resolution or in the Bonds contained, and such default shall have continued for a period of 90 days after written notice specifying such default and requiring that it shall have been remedied is given to the City and to the Paying Agent by the owners of not less than 25% in principal amount of the Bonds Outstanding; provided that, if such failure cannot be corrected within such 90 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and such corrective action is diligently pursued until the failure is corrected, provided that if such corrective action includes legal action such legal action shall be diligently pursued until either the failure is corrected or such failure shall be determined by a court of final and competent jurisdiction as not correctable as a matter of law.

**Section 10.2. Default and Remedies.** In the event of (a) a default on the part of the City in the prompt and full payment of principal of or interest on any Bond, or (b) a default in the keeping of any other covenant herein contained (if such default shall continue for a period of ninety days after written notice specifying the nature of the

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default and requiring it to be remedied is received by the City), the Governing Body will appoint a special superintendent for the Airport, with the power and responsibility to operate the Aviation System, and to recommend to the Governing Body such revisions of the rates and charges and operating policies as may be necessary to comply with this Resolution, and to assure that the Pledged Revenues will be sufficient to pay all principal of and interest on Bonds, and he shall in all things so operate the Aviation System as to comply fully with all the requirements and provisions of this Resolution. The right of the holders of the Bonds to require employment of such a superintendent shall not be exclusive, and in the event of default as herein outlined, such holders shall have the right to proceed at law or in equity, in any form of action which shall to them seem appropriate. The holders of the Bonds shall have no right to accelerate any payment obligation of the City with respect to the Bonds.

No holder of any Bond shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants herein contained, except as provided in this Section. The holders of not less than 25% in principal amount of the Outstanding Bonds shall have the right, either at law or in equity, through suit, action or other proceedings, to protest and enforce the rights of all holders of such Bonds and to compel the performance of any and all of the covenants required herein to be performed by the City, and its officers and employees, including but not limited to the fixing and maintaining of rates, fees and charges and the collection and proper segregation of Pledged Revenues and the application and use thereof. The holders of a majority in principal amount of Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Bondholders or the exercise of any power conferred on them and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. Nothing herein, however, shall impair the absolute and unconditional right of the holder of each Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal, premium and interest respectively become due, and to institute suit for any such payment. Any court having jurisdiction of the action may appoint a receiver to administer the Aviation System on behalf of the City with power to charge and collect rates, fees and charges sufficient to provide for the payment of any Bonds, and to apply the Pledged Revenues in conformity with this Resolution and the laws of the State of Iowa.

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**Section 10.3. Resolution a Contract.** The provisions of this Resolution shall constitute a contract between the Issuer and each Credit Facility Provider and the holder or holders of the Bonds, and after the issuance of any of the Bonds no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as provided in Article XI, until such time as all of the Bonds, and interest due thereon, shall have been satisfied and discharged as provided in this Resolution.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

**Section 11.1. Amendment of Resolution Without Consent.** The City may, upon written notice to the Series 2010 Credit Facility Provider, without the consent of or notice to any of the holders of the Bonds, approve one or more Supplemental Resolutions, which thereafter shall form a part of this Resolution, for any one or more of the following purposes:

(a) to cure any ambiguity, defect, omission or inconsistent provision in this Resolution or in the Bonds; or to comply with any applicable provision of law or regulation of federal or state agencies; provided, however, that such action shall not materially adversely affect the interests of the holders of the Bonds;

(b) to change the terms or provisions of this Resolution to the extent necessary to prevent the interest on the Bonds from being includable within the gross income of the holders thereof for federal income tax purposes;

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

(d) to add to the covenants and agreements of the City contained in this Resolution other covenants and agreements of, or conditions or restrictions upon, the City or to surrender or eliminate any right or power reserved to or conferred upon the City in this Resolution;

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(e) To subject to the lien and pledge of this Resolution additional Pledged Revenues as may be permitted by law;

(f) To modify any of the provisions of the Resolution in any respect if such modification shall not become effective until after the Bonds Outstanding immediately prior to the effective date of such Supplemental Resolution shall cease to be Outstanding and if any Bonds issued contemporaneously with or after the effective date of such Supplemental Resolution shall contain a specific reference to the modifications contained in such subsequent proceedings;

(g) To increase the size or scope of the Aviation System, to add other properties to the Aviation System, to create additional subaccounts or to abolish any subaccounts within any account, or to change the amounts held or to be held in the Operation and Maintenance Reserve Account;

(h) To modify the Resolution to provide for the issuance of Senior Bonds or Subordinate Bonds, or other Bonds payable from revenues of the Aviation System which do not constitute Revenues or Pledged Revenues, and such modification may deal with any subjects and make any provisions which the City deems necessary or desirable for that purpose;

(i) To make such modifications in the provisions of the Resolution as may be deemed necessary by the City to accommodate the issuance of Bonds which (i) are Capital Appreciation Bonds (including, but not limited to, provisions for determining the Debt Service Requirement for such Capital Appreciation Bonds and for treatment of Accreted Value in making such determination) or (ii) bear interest at a Variable Rate; and

(j) To modify any of the provisions of the Resolution in any respect (other than a modification of the type described in Section 11.2 requiring the consent of the Bondholders); provided that for (i) any Outstanding Bonds which are assigned a Rating and which are not secured by a Credit Facility providing for the payment of the full amount of Principal and interest to be paid thereon, each Rating Agency shall have given written notification to the City that such modification will not cause the then applicable Rating on any Bonds to be reduced



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or withdrawn, and (ii) any Outstanding Bonds which are secured by Credit Facilities providing for the payment of the full amount of the Principal and interest to be paid thereon, each Credit Facility Provider shall have consented in writing to such modification.

**Section 11.2. Amendment of Resolution Requiring Consent.** The City also may approve one or more Supplemental Resolutions, which thereafter shall form a part of this Resolution, if such Supplement Resolution shall have been consented to by holders of not less than a majority in principal amount of the Bonds at any time Outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the City, but including such refunding Bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding Bonds shall not then be owned by the City); but this Resolution may not be so amended in such manner as to:

(a) Make any change in the maturity or interest rate of the Bonds, or modify the terms of payment of Principal of or interest on the Bonds or any of them or impose any conditions with respect to such payment;

(b) Materially affect the rights of the holders of less than all of the Bonds then Outstanding; and

(c) Reduce the percentage of the Principal amount of Bonds, the consent of the holders of which is required to effect a further amendment;

in each case without the consent of the owners of all of the affected Bonds then Outstanding.

Whenever the City shall propose to amend this Resolution under the provisions of this Section, it shall cause notice of the Supplemental Resolution to be filed with the Original Purchaser and to be mailed by certified mail to each registered owner of any Bond as shown by the records of the Registrar. Such notice shall set forth the nature of the proposed amendment and shall state that a copy of the proposed Supplemental Resolution is on file in the office of the Clerk.

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Whenever at any time within one year from the date of the mailing of said notice there shall be filed with the Clerk an instrument or instruments executed by the holders of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed Supplemental Resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the City Council may adopt such Supplemental Resolution and such Supplemental Resolution shall become effective and binding upon the holders of all of the Bonds.

Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the instrument evidencing such consent and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of such instrument by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Clerk.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the Bonds held by any person executing such instrument and the date of his holding the same may be proved by an affidavit by such person or by a certificate executed by an officer of a bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the Bonds described in such certificate.

## ARTICLE XII

### PROVISIONS RELATING TO BOND INSURANCE/ SERIES 2010 CREDIT FACILITY

**Section 12.1. Authorization.** The City hereby authorizes, ratifies and confirms the purchase of the Series 2010 Credit Facility from the Series 2010 Credit Facility

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Provider, and prior action by the Finance Director to execute on behalf of the City a Credit Facility Agreement between the City and the Series 2010 Credit Facility Provider relating to the Series 2010 Notes is hereby ratified, confirmed and approved.

**Section 12.2. Information to be Furnished to and Agreements with the Series 2010 Credit Facility Provider.** As long as the Series 2010 Credit Facility is in full force and effect, the City agrees with the Series 2010 Credit Facility Provider as follows:

(a) The prior written consent of the Series 2010 Credit Facility Provider shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in this Resolution, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Senior Bonds.

(b) The Series 2010 Credit Facility Provider shall be included as a third party beneficiary to this Resolution.

(c) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2010 Notes to be redeemed shall be subject to the approval of the Series 2010 Credit Facility Provider. The exercise of any provision of this Resolution which permits the purchase of Series 2010 Notes in lieu of redemption shall require the prior written approval of the Series 2010 Credit Facility Provider if any Series 2010 Note so purchased is not cancelled upon purchase.

(d) The rights granted to the Series 2010 Credit Facility Provider under this Resolution or any other Related Document to request, consent to or direct any action are rights granted to the Series 2010 Credit Facility Provider in consideration of its issuance of the Series 2010 Credit Facility. Any exercise by the Series 2010 Credit Facility Provider of such rights is merely an exercise of the Series 2010 Credit Facility Provider's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Series 2010 Notes and such action does not evidence any position of the Series 2010

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Credit Facility Provider, affirmative or negative, as to whether the consent of the owners of the Series 2010 Notes or any other person is required in addition to the consent of the Series 2010 Credit Facility Provider.

(e) Each of the Issuer and Paying Agent covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Pledged Revenues under applicable law.

(f) The Issuer shall pay or reimburse the Series 2010 Credit Facility Provider any and all charges, fees, costs and expenses that the Series 2010 Credit Facility Provider may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights under this Resolution; (ii) the pursuit of any remedies under this Resolution or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Resolution whether or not executed or completed, or (iv) any litigation or other dispute in connection with this Resolution or the transactions contemplated hereby, other than costs resulting from the failure of the Series 2010 Credit Facility Provider to honor its obligations under the Series 2010 Credit Facility. The Series 2010 Credit Facility Provider reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Resolution.

(g) The Series 2010 Credit Facility Provider shall be provided with the following information by the Issuer or Paying Agent, as the case may be:

(1) Annual audited financial statements of the Aviation System within 180 days after the end of the Issuer's fiscal year as more fully set forth in Section 7.3(e) hereof, (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Resolution), and as set forth in Section 7.1 herein, the Issuer's annual budget for the Aviation System within 30 days after the approval thereof together with such other information, data or reports as the Series 2010 Credit Facility Provider shall reasonably request from time to time;



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(2) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Series 2010 Notes;

(3) Notice of any default known to the Paying Agent or Issuer within five Business Days after knowledge thereof;

(4) Prior notice of the advance refunding or redemption of any of the Series 2010 Notes, including the principal amount, maturities and CUSIP numbers thereof;

(5) Notice of the resignation or removal of the Paying Agent and Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(6) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(7) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of Principal of, or interest on, the Series 2010 Notes;

(8) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(9) All reports, notices and correspondence to be delivered to holders of the Series 2010 Notes under the terms of the Related Documents.

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(h) Notwithstanding satisfaction of the other conditions to the issuance of additional Senior Bonds set forth in this Resolution, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such additional Senior Bonds, in either case unless otherwise permitted by the Series 2010 Credit Facility Provider.

(i) No contract shall be entered into or any action taken by which the rights of the Series 2010 Credit Facility Provider or security for or sources of payment of the Series 2010 Notes may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2010 Credit Facility Provider.

**Section 12.3. Variable Rate-Bond Provisions.** As long as the Series 2010 Credit Facility is in full force and effect, in the event the City shall issue any additional Bonds bearing interest at a Variable Rate under Section 8.3 hereof (relating to the issuance of additional Senior Bonds), it shall be assumed, for purposes of compliance with said Section 8.3, that such Bonds will bear interest as if the Variable Rate in effect at all times was equal to the 30-year Revenue Bond Index published by The Bond Buyer no more than two weeks prior to the date of sale.

**Section 12.4. Events of Default and Remedies.**

For all purposes of Article X, as long as the Series 2010 Credit Facility is in full force and effect, except for the giving of notice of default to Bondholders, and for so long as the Series 2010 Credit Facility Provider has not failed to comply with its payment obligations under the Series 2010 Credit Facility:

(a) The Series 2010 Credit Facility Provider shall be deemed to be the sole holder of the Series 2010 Notes for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2010 Notes are entitled to take pursuant to this Resolution pertaining to (i) defaults and remedies and (ii) the duties and obligations of the

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Paying Agent. Remedies granted to the holders of the Series 2010 Notes shall expressly include mandamus. The Series 2010 Credit Facility Provider shall have the right to give notice of default pursuant to Section 10.1(c) of this Resolution.

(b) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2010 Credit Facility Provider. No grace period shall be permitted for payment defaults.

(c) Unless the Series 2010 Credit Facility Provider otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Series 2010 Account of the Project Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2010 Notes.

(d) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Series 2010 Notes and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

**Section 12.5. Supplemental Resolutions.** As long as the Series 2010 Credit Facility is in full force and effect, the City agrees with the Series 2010 Credit Facility Provider as follows:

(a) Any amendment, supplement, modification to, or waiver of, this Resolution or any Related Document that requires the consent of owners of the Series 2010 Notes or adversely affects the rights and interests of the Series 2010 Credit Facility Provider shall be subject to the prior written consent of the Series 2010 Credit Facility Provider.

(b) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Resolution would adversely affect the security for the Series 2010 Notes or the rights of the holders



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of the Series 2010 Notes, the Paying Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2010 Credit Facility.

**Section 12.6. Defeasance.** As long as the Series 2010 Credit Facility is in full force and effect, the City agrees with the Series 2010 Credit Facility Provider as follows:

Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Series 2010 Credit Facility Provider, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Series 2010 Credit Facility Provider, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Series 2010 Notes unless the Series 2010 Credit Facility Provider otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2010 Credit Facility Provider ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2010 Notes in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2010 Credit Facility Provider), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2010 Notes are no longer "Outstanding" under this Resolution and (iv) a certificate of discharge of the Paying Agent with respect to the Series 2010 Notes; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Paying Agent and Series 2010 Credit Facility Provider. The Series 2010 Credit Facility Provider shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

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Series 2010 Notes shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

**Section 12.7. Payment Under the Series 2010 Credit Facility.** As long as the Series 2010 Credit Facility is in full force and effect, the City agrees with the Series 2010 Credit Facility Provider as follows:

(a) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under this Resolution, moneys sufficient to pay the principal of and interest on the Series 2010 Notes due on such Payment Date, the Paying Agent shall give notice to the Series 2010 Credit Facility Provider and to its designated agent (if any) (the "Series 2010 Credit Facility Provider's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2010 Notes due on such Payment Date, the Paying Agent shall make a claim under the Series 2010 Credit Facility and give notice to the Series 2010 Credit Facility Provider and the Series 2010 Credit Facility Provider's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2010 Notes and the amount required to pay principal of the Series 2010 Notes, confirmed in writing to the Series 2010 Credit Facility Provider and the Series 2010 Credit Facility Provider's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2010 Credit Facility.

The Paying Agent shall designate any portion of payment of principal on Series 2010 Notes paid by the Series 2010 Credit Facility Provider, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2010 Notes registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2010 Note to the Series 2010 Credit Facility Provider, registered in the name of Financial Security Assurance Inc., in a

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principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Series 2010 Note shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2010 Note or the subrogation rights of the Series 2010 Credit Facility Provider.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Series 2010 Credit Facility Provider into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2010 Note. The Series 2010 Credit Facility Provider shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Series 2010 Credit Facility, the Paying Agent shall establish a separate special purpose trust account for the benefit of holders of the Series 2010 Notes referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Series 2010 Credit Facility in trust on behalf of holders of the Series 2010 Notes and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to holders of the Series 2010 Notes in the same manner as principal and interest payments are to be made with respect to the Series 2010 Notes under the sections hereof regarding payment of Series 2010 Notes. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Series 2010 Credit Facility Provider (i) a sum equal to the total of all amounts paid by the Series 2010 Credit Facility Provider under the Series 2010 Credit Facility (the "Series 2010 Credit Facility Provider Advances"); and (ii) interest on such Series 2010 Credit Facility Provider Advances from the date paid by the Series 2010 Credit Facility Provider until payment thereof in full, payable to the Series 2010 Credit Facility Provider at the Late Payment Rate per annum (collectively, the "Series 2010 Credit Facility Provider Reimbursement Obligations"). "Late



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Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2010 Notes and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Series 2010 Credit Facility Provider Reimbursement Obligations are secured by a lien on and pledge of the Pledged Revenues and payable from such Pledged Revenues on a parity with debt service due on the Series 2010 Notes.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Series 2010 Credit Facility Provider.

(b) Amounts paid by the Series 2010 Credit Facility Provider under the Series 2010 Credit Facility shall not be deemed paid for purposes of the Resolution and the Series 2010 Notes relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Resolution. The Resolution shall not be discharged unless all amounts due or to become due to the Series 2010 Credit Facility Provider have been paid in full or duly provided for.

(c) The Series 2010 Credit Facility Provider shall, to the extent it makes any payment of principal of or interest on the Series 2010 Notes, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2010 Credit Facility. Each obligation of the Issuer to the Series 2010 Credit Facility Provider under the Related Documents shall survive discharge or termination of such Related Documents.



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(d) The Series 2010 Credit Facility Provider shall be entitled to pay principal or interest on the Series 2010 Notes that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Series 2010 Credit Facility) and any amounts due on the Series 2010 Notes as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Series 2010 Credit Facility Provider has received a Notice of Nonpayment (as such terms are defined in the Series 2010 Credit Facility) or a claim upon the Series 2010 Credit Facility.

**Section 12.8. Hedge Agreement.** Any Hedge Agreement entered into by the Issuer shall meet the following conditions: (i) the Hedge Agreement must be entered into to manage interest costs related to, (ii) or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (iv) the Hedge Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Credit Facility Provider, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Bonds and on any debt on parity with the Bonds. The Issuer shall not terminate a Hedge Agreement unless it demonstrates to the satisfaction of the Insurer prior to the payment of any such termination amount that such payment will not cause the Issuer to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Hedge Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Hedge Agreement, which credit support annex shall be acceptable to the Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the Insurer, shall be required.

**Section 12.9. Notice Address.** The notice address for the Series 2010 Credit Facility Provider is:





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The notice address of the Series 2010 Credit Facility Provider is: Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), 31 West 52nd Street, New York, New York 10019, Attention: Managing Director - Surveillance, Re: Policy No. 213005-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

**Section 12.9. Governing Provisions.** Notwithstanding any other provision of this Resolution to the contrary, as long as the Series 2010 Credit Facility is in full force and effect, the provisions of this Article shall govern in the event of any conflict between this Article and another provision of this Resolution.

**ARTICLE XIII**

**MISCELLANEOUS PROVISIONS**

**Section 13.1. Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificates, and the provisions of the Continuing Disclosure Certificates are hereby approved and incorporated by reference as part of this Resolution and made a part hereof and the Mayor and Clerk are hereby authorized to execute and deliver the same at issuance of the Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes. Notwithstanding any other provision of this Resolution, failure of the City to comply with a Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any holder of the Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes, as applicable, or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, or Series 2010D Notes (including persons holding Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, or Series 2010D Notes



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through nominees, depositories or other intermediaries), or (b) is treated as the owner of any such Notes for federal income tax purposes.

**Section 13.2. Sale of Series 2010A Notes.** The City shall sell the Series 2010A Notes to the Original Purchaser on the date of payment and delivery of the Series 2010A Notes. Delivery of the Series 2010A Notes shall be made to the Original Purchaser as soon as practicable after the effective date of this Resolution, upon payment therefor in accordance with the terms of the Purchase Contract.

**Section 13.3. Sale of Series 2010B Notes.** The City shall sell the Series 2010B Notes to the Original Purchaser on the date of payment and delivery of the Series 2010B Notes. Delivery of the Series 2010B Notes shall be made to the Original Purchaser as soon as practicable after the effective date of this Resolution, upon payment therefor in accordance with the terms of the Purchase Contract.

**Section 13.4. Sale of Series 2010C Notes.** The City shall sell the Series 2010C Notes to the Original Purchaser on the date of payment and delivery of the Series 2010C Notes. Delivery of the Series 2010C Notes shall be made to the Original Purchaser as soon as practicable after the effective date of this Resolution, upon payment therefor in accordance with the terms of the Purchase Contract.

**Section 13.5. Sale of Series 2010D Notes.** The City shall sell the Series 2010D Notes to the Original Purchaser on the date of payment and delivery of the Series 2010D Notes. Delivery of the Series 2010D Notes shall be made to the Original Purchaser as soon as practicable after the effective date of this Resolution, upon payment therefor in accordance with the terms of the Purchase Contract.

**Section 13.6. Official Statement.** The use and distribution of the Preliminary Official Statement is hereby authorized and approved, and the execution and delivery of the Official Statement in final form shall be and is hereby authorized, ratified, confirmed, and approved. The Mayor and the Clerk are hereby authorized and directed to ratify, confirm, approve, execute, and deliver the Official Statement on behalf of the City, and the execution of the Official Statement by the Mayor and Clerk shall constitute conclusive evidence of each such officer's ratification, confirmation, approval, and delivery thereof on behalf of the City.



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**Section 13.7. General Authorization.** From and after the date of adoption of this Resolution, the officers, employees and agents of the City are hereby authorized to do all such acts and things and to execute and deliver any and all other documents, agreements, certificates and instruments relating to the Series 2010A Notes, Series 2010B Notes, Series 2010C Notes, and Series 2010D Notes, the investment of the proceeds thereof and the other transactions contemplated on the part of the City by this Resolution, including, but not limited to, the Representation Letter and the Tax Exemption Certificate referred to in Section 7.4 hereof and those required to be delivered under the Purchase Contract.

**Section 13.8. Severability.** If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions.

**Section 13.9. Repeal of Conflicting Ordinances or Resolutions and Effective Date.** All other ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; and this Resolution shall be in effect from and after its adoption.

**Section 13.10. Amendment to Prior Resolution.** (a) The City hereby finds and determines: (i) the Series 1998 Bonds have been heretofore issued under the Prior Resolution; (ii) the Series 2010 Notes are issued under the authorization of Article V of the Prior Resolution; (iii) no default exists in the payment of the principal of or interest and premium (if any) on any of the Series 1998 Bonds; and (d) all provisions and conditions set forth in the Prior Resolution have been complied with in the issuance under the Series 2010 Notes.

(b) This Resolution (i) supplements the Prior Resolution; (ii) is hereby found, determined and declared to constitute and to be a supplemental resolution to the Prior Resolution; and (iii) is adopted pursuant to and under the authority of the Prior Resolution.



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(c) The Series 2010 Notes are hereby found, determined and declared to be issued under the Prior Resolution and to constitute and be "Revenue Bonds" within the meaning of the quoted words as defined and used in the Prior Resolution with the Series 2010 Notes being on parity with the outstanding Series 1998B Bonds.

(d) The Prior Resolution shall be amended and restated in its entirety by this Resolution, with the exception of the redemption provisions set forth in Sections 2.02 and 2.03 of the Prior Resolution relating to the remaining outstanding Series 1998B Bonds, which shall remain in full force and effect and which shall be incorporated by reference into this Resolution. Such amendment and restatement shall take effect at such time as either (a) the entire Series 1998 Bonds are no longer outstanding, or (b) the Bondholders of not less than fifty-one percent (51%) in principal amount of the aggregate amount of the remaining Outstanding Series 1998 Bonds (upon the completion of the refunding of the refunded Series 1998 Bonds) together with the Series 2010 Notes, and any Insurer required to give such consents on behalf of such Bondholders (and any Insurer whose consent to amendments is required in addition to Bondholder consent), consent to such amendments. The Bondholders of the Series 2010 Notes and any Bondholders of any bonds issued subsequently hereto under this Resolution are hereby deemed to consent to such amendments.

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Moved by:

Hensley

to adopt.

FORM APPROVED:

[Signature]

Deputy City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GRIESS	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MEYER	✓			
MOORE	✓			
TOTAL	7			

MOTION CARRIED APPROVED  
T.M. Franklin Cownie  
Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

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[Signature: Diane Fauh]

City Clerk

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# AHLERS & COONEY, P.C.

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December 15, 2010

BY HAND

Mr. Allen McKinley  
Finance Director/Treasurer  
City of Des Moines  
400 Robert D. Ray Drive  
Des Moines, Iowa 50309

RE: Aviation System Revenue Capital Loan Notes, Series 2010A  
Aviation System Revenue Capital Loan Notes, Series 2010B  
Aviation System Revenue Capital Loan Notes, Series 2010C  
Aviation System Revenue Capital Loan Notes, Series 2010D

Dear Mr. McKinley:

With this letter I am enclosing a suggested Roll Call for action by the City Council at its meeting on December 20, 2010, authorizing the issuance of the above series of Notes in accordance with the terms of sale approved by the City Council. *The Roll Call must be approved by an affirmative vote equal to a majority of the full Council membership.*

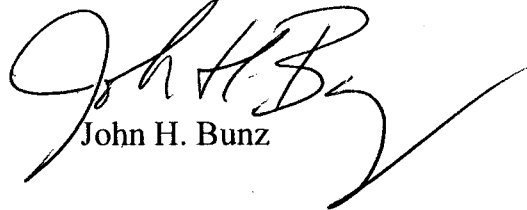
Final execution copies of the closing certificates and original Bonds will be provided to you for signature on Monday.

As always, we would appreciate receiving a certified copy of the enclosed Roll Call for our transcript of the action taken once the Council has acted.

December 15, 2010  
Page 2

If you have any questions concerning the enclosed Roll Call, or any other aspect of this financing, please don't hesitate to contact us.

Yours very truly,



John H. Bunz

JHB:dc  
encl.

cc: Diane Rauh (w/originals)  
Larry McDowell (w/encl.)

678463.1 \10387.208

December 20, 2010

EXHIBIT A

FORM OF SERIES 2010A NOTES

REGISTERED  
Note No. R-\_\_\_\_

STATE OF IOWA  
CITY OF DES MOINES  
AVIATION SYSTEM REVENUE CAPITAL LOAN NOTE  
SERIES 2010A

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

Rate                      Maturity                      Note Date                      Cusip No.

June 1, \_\_\_\_\_

REGISTERED OWNER:  
PRINCIPAL AMOUNT:

CEDE & CO.

DOLLARS

The City of Des Moines, Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to the registered owner identified above, or registered assigns, only upon presentation and surrender hereof at the office of the City Treasurer, Paying Agent of this issue, or his successor, the principal amount identified above with interest on said sum from the date hereof until paid at the rate per annum specified above, payable on June 1, 2011, and semiannually thereafter on the 1st day of June and December in each year.



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Interest and principal shall be paid to the registered holder of the Series 2010A Note as shown on the records of ownership maintained by the Registrar as of the 15th day preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Series 2010A Note is issued pursuant to the provisions of Chapter 384 of the Code of Iowa, as amended, for the purpose of paying costs of refunding and refinancing of the outstanding Aviation System Revenue Bonds, Series 1998A, dated April 1, 1998, and to pay costs of issuance, in conformity to a Master Resolution of the City Council of said Issuer duly passed and approved on December 20, 2010 (the "Resolution"). Capitalized terms not defined herein shall have the meanings given to them in the Resolution.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a limited purpose trust company ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

All Series 2010A Notes maturing on or after June 1, 2021, may be called for redemption by the Issuer and paid before maturity on June 1, 2020 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be 100% of par, plus accrued interest to date of call.

Thirty days' notice of any optional redemption shall be given by first class mail to the registered owner of the Series 2010A Note. Failure to give such notice by mail to any registered owner of the Series 2010A Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Series 2010A Notes. All Series 2010A Notes or portions thereof called for redemption will cease to bear interest after the

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specified redemption date, provided funds for their redemption are on deposit at the place of payment.

If selection by lot within a maturity is required, the Registrar shall designate the Series 2010A Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Series 2010A Notes to be called has been reached.

Term Bonds maturing in 2025 are subject to mandatory redemption and payment at par and accrued interest, in the principal amounts set forth in the Resolution, on June 1st of the years 2024 to 2025, inclusive.

Term Bonds maturing in 2028 are subject to mandatory redemption and payment at par and accrued interest, in the principal amounts set forth in the Resolution, on June 1st of the years 2026 to 2028, inclusive.

The principal amount of Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the Board shall determine.

Ownership of this Series 2010A Note may be transferred only by transfer upon the books kept for such purpose by the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Series 2010A Note at the office of the Registrar as designated below, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered Noteholders of such change. All Series 2010A Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration and transfer contained in the Resolution.

December 20, 2010

## STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Note to the City of Des Moines, Iowa, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Note acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

The Series 2010A Notes and such other revenue bonds of the Issuer as may in the future be issued on a parity therewith, are equally and ratably secured by pledge of the "Pledged Revenues" of the Aviation System, which is defined in the Resolution to include Net Revenues, certain amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, and moneys and securities from time to time on deposit in the funds and accounts established in the Resolution, but excluding any amounts required in the Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated with respect to any such rebate requirement.

THE SERIES 2010A NOTES AND THE INTEREST THEREON ARE PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. NEITHER THE PAYMENT OF THE PRINCIPAL NOR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION WHATSOEVER. THE ISSUER HAS NO AUTHORITY TO LEVY ANY TAXES TO PAY THE SERIES 2010A NOTES.

The Resolution contains a more particular statement of the covenants and provisions securing the Series 2010A Notes, the conditions under which the owner of this Series 2010A Note may enforce covenants (other than the covenant to pay Principal of and interest on this Series 2010A Note when due from the sources provided, the right to

December 20, 2010

enforce which is unconditional), the conditions upon which additional revenue bonds may be issued on a parity or achieve parity status with this Series 2010A Note under the Resolution, and the conditions upon which the Resolution may be amended with the consent of the owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding or the issuer of any Credit Facility, if any, of such Notes. Upon the occurrence of an Event of Default under the Resolution, the owner of this Series 2010A Note shall be entitled to the remedies provided by the Resolution.

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Series 2010A Note, have been existent, had, done and performed as required by law.

IN TESTIMONY WHEREOF, said Issuer by its City Council has caused this Series 2010A Note to be signed by the manual signature of its Mayor and attested by the manual signature of its Clerk, with the seal of said Issuer impressed hereon, and authenticated by the manual signature of an authorized representative of the Registrar, the City Treasurer.

ATTEST: CITY OF DES MOINES, IOWA

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Clerk

(SEAL)

Date of authentication: \_\_\_\_\_

This is one of the Series 2010A Notes described in the within mentioned Resolution, as registered by the City Treasurer.

December 20, 2010

CITY TREASURER, Registrar

By: \_\_\_\_\_  
Authorized Signature

Registrar and Transfer Agent: City Treasurer  
Paying Agent: City Treasurer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Social Security or Tax Identification No. \_\_\_\_\_) the within Revenue Refunding Capital Loan Note and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney in fact to transfer the said Revenue Refunding Capital Loan Note on the books kept for registration of the within Revenue Refunding Capital Loan Note, with full power of substitution in the premises.

Dated \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Person(s) executing this Assignment sign(s) here)

SIGNATURE )  
GUARANTEED ) \_\_\_\_\_

December 20, 2010

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or note(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) \_\_\_\_\_  
Address of Transferee(s) \_\_\_\_\_  
Social Security or Tax Identification  
Number of Transferee(s) \_\_\_\_\_  
Transferee is a(n):  
Individual\* \_\_\_\_\_ Corporation \_\_\_\_\_  
Partnership \_\_\_\_\_ Trust \_\_\_\_\_

\*If the Note is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though written out in full according to applicable laws or regulations:

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with right of survivorship and not as tenants in common  
IA UNIF TRANS MIN ACT - .....Custodian.....  
(Cust) (Minor)  
under Iowa Uniform Transfers to Minors Act.....  
(State)

December 20, 2010

EXHIBIT B

FORM OF SERIES 2010B NOTES

REGISTERED  
Note No. R- \_\_\_\_

STATE OF IOWA  
CITY OF DES MOINES  
AVIATION SYSTEM REVENUE CAPITAL LOAN NOTE  
SERIES 2010B

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

<u>Rate</u>	<u>Maturity</u>	<u>Note Date</u>	<u>Cusip No.</u>
	June 1, _____		

REGISTERED OWNER: CEDE & CO.  
PRINCIPAL AMOUNT: DOLLARS

The City of Des Moines, Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to the registered owner identified above, or registered assigns, only upon presentation and surrender hereof at the office of the City Treasurer, Paying Agent of this issue, or his successor, the principal amount identified above with interest on said sum from the date hereof until paid at the rate per annum specified above, payable on June 1, 2011, and semiannually thereafter on the 1st day of June and December in each year.

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Interest and principal shall be paid to the registered holder of the Series 2010B Note as shown on the records of ownership maintained by the Registrar as of the 15th day preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Series 2010B Note is issued pursuant to the provisions of Chapter 384 of the Code of Iowa, as amended, for the purpose of paying costs of refunding and refinancing a portion of the outstanding Aviation System Revenue Bonds, Series 1998B, dated April 1, 1998, and a portion of the Issuer's outstanding Series C Subordinate Notes, and to pay costs of issuance, in conformity to a Master Resolution of the City Council of said Issuer duly passed and approved on December 20, 2010 (the "Resolution"). Capitalized terms not defined herein shall have the meanings given to them in the Resolution.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a limited purpose trust company ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

All Series 2010B Notes maturing on or after June 1, 2021, may be called for redemption by the Issuer and paid before maturity on June 1, 2020 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be 100% of par, plus accrued interest to date of call.

Thirty days' notice of any optional redemption shall be given by first class mail to the registered owner of the Series 2010B Note. Failure to give such notice by mail to any registered owner of the Series 2010B Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Series 2010B Notes. All Series 2010B Notes or portions thereof called for redemption will cease to bear interest after the



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specified redemption date, provided funds for their redemption are on deposit at the place of payment.

If selection by lot within a maturity is required, the Registrar shall designate the Series 2010B Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Series 2010B Notes to be called has been reached.

Term Bonds maturing in 2024 are subject to mandatory redemption and payment at par and accrued interest, in the principal amounts set forth in the Resolution, on June 1st of the years 2022 to 2024, inclusive.

Term Bonds maturing in 2030 are subject to mandatory redemption and payment at par and accrued interest, in the principal amounts set forth in the Resolution, on June 1st of the years 2029 to 2030, inclusive.

Term Bonds maturing in 2033 are subject to mandatory redemption and payment at par and accrued interest, in the principal amounts set forth in the Resolution, on June 1st of the years 2031 to 2033, inclusive.

The principal amount of Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the Board shall determine.

Ownership of this Series 2010B Note may be transferred only by transfer upon the books kept for such purpose by the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Series 2010B Note at the office of the Registrar as designated below, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered Noteholders of such change. All Series 2010B Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration and transfer contained in the Resolution.

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## STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Note to the City of Des Moines, Iowa, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Note acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

The Series 2010B Notes and such other revenue bonds of the Issuer as may in the future be issued on a parity therewith, are equally and ratably secured by pledge of the "Pledged Revenues" of the Aviation System, which is defined in the Resolution to include Net Revenues, certain amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, and moneys and securities from time to time on deposit in the funds and accounts established in the Resolution, but excluding any amounts required in the Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated with respect to any such rebate requirement.

THE SERIES 2010B NOTES AND THE INTEREST THEREON ARE PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. NEITHER THE PAYMENT OF THE PRINCIPAL NOR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION WHATSOEVER. THE ISSUER HAS NO AUTHORITY TO LEVY ANY TAXES TO PAY THE SERIES 2010B NOTES.

The Resolution contains a more particular statement of the covenants and provisions securing the 2010B Notes, the conditions under which the owner of this Series 2010B Note may enforce covenants (other than the covenant to pay Principal of and interest on this Series 2010B Note when due from the sources provided, the right to

December 20, 2010

enforce which is unconditional), the conditions upon which additional revenue bonds may be issued on a parity or achieve parity status with this Series 2010B Note under the Resolution, and the conditions upon which the Resolution may be amended with the consent of the owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding or the issuer of any Credit Facility, if any, of such Notes. Upon the occurrence of an Event of Default under the Resolution, the owner of this Series 2010B Note shall be entitled to the remedies provided by the Resolution.

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Series 2010B Note, have been existent, had, done and performed as required by law.

IN TESTIMONY WHEREOF, said Issuer by its City Council has caused this Series 2010B Note to be signed by the manual signature of its Mayor and attested by the manual signature of its Clerk, with the seal of said Issuer impressed hereon, and authenticated by the manual signature of an authorized representative of the Registrar, the City Treasurer.

ATTEST: CITY OF DES MOINES, IOWA

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Clerk

(SEAL)

Date of authentication: \_\_\_\_\_

This is one of the Series 2010B Notes described in the within mentioned Resolution, as registered by the City Treasurer.

December 20, 2010

CITY TREASURER, Registrar

By: \_\_\_\_\_  
Authorized Signature

Registrar and Transfer Agent: City Treasurer  
Paying Agent: City Treasurer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Social Security or Tax Identification No. \_\_\_\_\_) the within Revenue Refunding Capital Loan Note and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney in fact to transfer the said Revenue Refunding Capital Loan Note on the books kept for registration of the within Revenue Refunding Capital Loan Note, with full power of substitution in the premises.

Dated \_\_\_\_\_.

\_\_\_\_\_

\_\_\_\_\_  
(Person(s) executing this Assignment sign(s) here)

SIGNATURE )  
GUARANTEED ) \_\_\_\_\_

December 20, 2010

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or note(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) \_\_\_\_\_  
Address of Transferee(s) \_\_\_\_\_  
Social Security or Tax Identification  
Number of Transferee(s) \_\_\_\_\_  
Transferee is a(n):  
Individual\* \_\_\_\_\_ Corporation \_\_\_\_\_  
Partnership \_\_\_\_\_ Trust \_\_\_\_\_

\*If the Note is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though written out in full according to applicable laws or regulations:

December 20, 2010

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with right of survivorship and not as tenants in  
common  
IA UNIF TRANS MIN ACT - .....Custodian.....  
(Cust) (Minor)  
under Iowa Uniform Transfers to Minors Act.....  
(State)

December 20, 2010

EXHIBIT C

FORM OF SERIES 2010C NOTES

REGISTERED  
Note No. R- \_\_\_\_

STATE OF IOWA  
CITY OF DES MOINES  
AVIATION SYSTEM REVENUE CAPITAL LOAN NOTE  
TAXABLE SERIES 2010C

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

<u>Rate</u>	<u>Maturity</u>	<u>Note Date</u>	<u>Cusip No.</u>
	June 1, ____		

REGISTERED OWNER: CEDE & CO.  
PRINCIPAL AMOUNT: DOLLARS

The City of Des Moines, Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to the registered owner identified above, or registered assigns, only upon presentation and surrender hereof at the office of the City Treasurer, Paying Agent of this issue, or his successor, the principal amount identified above with interest on said sum from the date hereof until paid at the rate per annum specified above, payable on June 1, 2011, and semiannually thereafter on the 1st day of June and December in each year.

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Interest and principal shall be paid to the registered holder of the Series 2010C Note as shown on the records of ownership maintained by the Registrar as of the 15th day preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

THE ISSUER DOES NOT INTEND OR REPRESENT THAT THE INTEREST ON THE BONDS WILL BE EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, AND THE ISSUER IS NOT OBLIGATED TO TAKE ANY ACTION TO ATTEMPT TO SECURE ANY SUCH EXCLUSION. THE HOLDER OF THIS BOND THEREFORE SHOULD TREAT THE INTEREST THEREON AS BEING SUBJECT TO FEDERAL INCOME TAXATION.

This Series 2010C Note is issued pursuant to the provisions of Chapter 384 of the Code of Iowa, as amended, for the purpose of paying costs of refunding and refinancing of the outstanding Aviation System Revenue Bonds, Taxable Series 1998C, dated April 1, 1998, and to pay costs of issuance, in conformity to a Master Resolution of the City Council of said Issuer duly passed and approved on December 20, 2010 (the "Resolution"). Capitalized terms not defined herein shall have the meanings given to them in the Resolution.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a limited purpose trust company ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Series 2010C Notes are not subject to optional redemption.

Ownership of this Series 2010C Note may be transferred only by transfer upon the books kept for such purpose by the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Series 2010C Note at the office of the Registrar as



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designated below, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered Noteholders of such change. All Series 2010C Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration and transfer contained in the Resolution.

### **STATEMENT OF INSURANCE**

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Note to the City of Des Moines, Iowa, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Note acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

The Series 2010C Notes and such other revenue bonds of the Issuer as may in the future be issued on a parity therewith, are equally and ratably secured by pledge of the "Pledged Revenues" of the Aviation System, which is defined in the Resolution to include Net Revenues, certain amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, and moneys and securities from time to time on deposit in the funds and accounts established in the Resolution, but excluding any amounts required in the Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated with respect to any such rebate requirement.

**THE SERIES 2010C NOTES AND THE INTEREST THEREON ARE PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. NEITHER THE PAYMENT OF THE PRINCIPAL NOR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY**

December 20, 2010

OR CHARTER PROVISION WHATSOEVER. THE ISSUER HAS NO AUTHORITY TO LEVY ANY TAXES TO PAY THE SERIES 2010C NOTES.

The Resolution contains a more particular statement of the covenants and provisions securing the Series 2010C Notes, the conditions under which the owner of this Series 2010C Note may enforce covenants (other than the covenant to pay Principal of and interest on this Series 2010C Note when due from the sources provided, the right to enforce which is unconditional), the conditions upon which additional revenue bonds may be issued on a parity or achieve parity status with this Series 2010C Note under the Resolution, and the conditions upon which the Resolution may be amended with the consent of the owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding or the issuer of any Credit Facility, if any, of such Notes. Upon the occurrence of an Event of Default under the Resolution, the owner of this Series 2010C Note shall be entitled to the remedies provided by the Resolution.

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Series 2010C Note, have been existent, had, done and performed as required by law.

IN TESTIMONY WHEREOF, said Issuer by its City Council has caused this Series 2010C Note to be signed by the manual signature of its Mayor and attested by the manual signature of its Clerk, with the seal of said Issuer impressed hereon, and authenticated by the manual signature of an authorized representative of the Registrar, the City Treasurer.

ATTEST:

CITY OF DES MOINES, IOWA

By: \_\_\_\_\_

Mayor

By: \_\_\_\_\_

Clerk

December 20, 2010

(SEAL)

Date of authentication: \_\_\_\_\_

This is one of the Series 2010C Notes described in the within mentioned Resolution, as registered by the City Treasurer.

CITY TREASURER, Registrar

By: \_\_\_\_\_  
Authorized Signature

Registrar and Transfer Agent: City Treasurer  
Paying Agent: City Treasurer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Social Security or Tax Identification No. \_\_\_\_\_) the within Revenue Refunding Capital Loan Note and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney in fact to transfer the said Revenue Refunding Capital Loan Note on the books kept for registration of the within Revenue Refunding Capital Loan Note, with full power of substitution in the premises.

Dated \_\_\_\_\_.

\_\_\_\_\_

\_\_\_\_\_  
(Person(s) executing this Assignment sign(s) here)

December 20, 2010

SIGNATURE        )  
GUARANTEED     ) \_\_\_\_\_

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or note(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) \_\_\_\_\_  
Address of Transferee(s) \_\_\_\_\_  
Social Security or Tax Identification  
Number of Transferee(s) \_\_\_\_\_  
Transferee is a(n):  
Individual\* \_\_\_\_\_ Corporation \_\_\_\_\_  
Partnership \_\_\_\_\_ Trust \_\_\_\_\_

\*If the Note is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

December 20, 2010

IA UNIF TRANS MIN ACT - .....Custodian.....  
(Cust) (Minor)  
under Iowa Uniform Transfers  
to Minors Act.....  
(State)

December 20, 2010

EXHIBIT D

FORM OF SERIES 2010D NOTES

REGISTERED  
Note No. R-\_\_\_\_

STATE OF IOWA  
CITY OF DES MOINES  
AVIATION SYSTEM REVENUE CAPITAL LOAN NOTES  
SERIES 2010D

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

<u>Rate</u>	<u>Maturity</u>	<u>Note Date</u>	<u>Cusip No.</u>
	June 1, _____		

REGISTERED OWNER: CEDE & CO.  
PRINCIPAL AMOUNT: DOLLARS

The City of Des Moines, Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to the registered owner identified above, or registered assigns, only upon presentation and surrender hereof at the office of the City Treasurer, Paying Agent of this issue, or his successor, the principal amount identified above with interest on said sum from the date hereof until paid at the rate per annum specified above, payable on June 1, 2011, and semiannually thereafter on the 1st day of June and December in each year.

December 20, 2010

Interest and principal shall be paid to the registered holder of the Series 2010D Note as shown on the records of ownership maintained by the Registrar as of the 15th day preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Series 2010D Note is issued pursuant to the provisions of Chapter 384 of the Code of Iowa, as amended, for the purpose of paying costs of constructing a portion of the Series 2010 Project, to pay the costs of refunding and refinancing a portion of the Issuer's outstanding Series C Subordinate Notes, to make a deposit to the Debt Service Revenue Fund, and to pay costs of issuance, in conformity to a Master Resolution of the City Council of said Issuer duly passed and approved on December 20, 2010 (the "Resolution"). Capitalized terms not defined herein shall have the meanings given to them in the Resolution.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a limited purpose trust company ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

All Series 2010D Notes maturing on or after June 1, 2021, may be called for redemption by the Issuer and paid before maturity on June 1, 2020 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be 100% of par, plus accrued interest to date of call.

Thirty days' notice of any optional redemption shall be given by first class mail to the registered owner of the Series 2010D Note. Failure to give such notice by mail to any registered owner of the Series 2010D Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Series 2010D Notes. All Series 2010D Notes or portions thereof called for redemption will cease to bear interest after the

December 20, 2010

specified redemption date, provided funds for their redemption are on deposit at the place of payment.

If selection by lot within a maturity is required, the Registrar shall designate the Series 2010D Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Series 2010D Notes to be called has been reached.

Term Bonds maturing in 2035 are subject to mandatory redemption and payment at par and accrued interest, in the principal amounts set forth in the Resolution, on June 1st of the years 2033 to 2035, inclusive.

The principal amount of Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the Board shall determine.

Ownership of this Series 2010D Note may be transferred only by transfer upon the books kept for such purpose by the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Series 2010D Note at the office of the Registrar as designated below, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered Noteholders of such change. All Series 2010D Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration and transfer contained in the Resolution.

#### **STATEMENT OF INSURANCE**

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Note to the City of Des Moines, Iowa, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained



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from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Note acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

The Series 2010D Notes and such other revenue bonds of the Issuer as may in the future be issued on a parity therewith, are equally and ratably secured by pledge of the "Pledged Revenues" of the Aviation System, which is defined in the Resolution to include Net Revenues, certain amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, and moneys and securities from time to time on deposit in the funds and accounts established in the Resolution, but excluding any amounts required in the Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated with respect to any such rebate requirement.

THE SERIES 2010D NOTES AND THE INTEREST THEREON ARE PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. NEITHER THE PAYMENT OF THE PRINCIPAL NOR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION WHATSOEVER. THE ISSUER HAS NO AUTHORITY TO LEVY ANY TAXES TO PAY THE SERIES 2010D NOTES.

The Resolution contains a more particular statement of the covenants and provisions securing the 2010D Notes, the conditions under which the owner of this Series 2010D Note may enforce covenants (other than the covenant to pay Principal of and interest on this Series 2010D Note when due from the sources provided, the right to enforce which is unconditional), the conditions upon which additional revenue bonds may be issued on a parity or achieve parity status with this Series 2010D Note under the Resolution, and the conditions upon which the Resolution may be amended with the consent of the owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding or the issuer of any Credit Facility, if any, of such Notes. Upon the occurrence of an Event of Default under the Resolution, the owner of this Series 2010D Note shall be entitled to the remedies provided by the Resolution.

December 20, 2010

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Series 2010D Note, have been existent, had, done and performed as required by law.

IN TESTIMONY WHEREOF, said Issuer by its City Council has caused this Series 2010D Note to be signed by the manual signature of its Mayor and attested by the manual signature of its Clerk, with the seal of said Issuer impressed hereon, and authenticated by the manual signature of an authorized representative of the Registrar, the City Treasurer.

ATTEST: CITY OF DES MOINES, IOWA

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Clerk

(SEAL)

Date of authentication: \_\_\_\_\_

This is one of the Series 2010D Notes described in the within mentioned Resolution, as registered by the City Treasurer.

CITY TREASURER, Registrar

By: \_\_\_\_\_  
Authorized Signature

December 20, 2010

Registrar and Transfer Agent: City Treasurer

Paying Agent: City Treasurer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Social Security or Tax Identification No. \_\_\_\_\_) the within Revenue Refunding Capital Loan Note and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney in fact to transfer the said Revenue Refunding Capital Loan Note on the books kept for registration of the within Revenue Refunding Capital Loan Note, with full power of substitution in the premises.

Dated \_\_\_\_\_.

\_\_\_\_\_

\_\_\_\_\_  
(Person(s) executing this Assignment sign(s) here)

SIGNATURE        )  
GUARANTEED     ) \_\_\_\_\_

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or note(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.

December 20, 2010

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) \_\_\_\_\_

Address of Transferee(s) \_\_\_\_\_

Social Security or Tax Identification

Number of Transferee(s) \_\_\_\_\_

Transferee is a(n):

Individual\* \_\_\_\_\_ Corporation \_\_\_\_\_

Partnership \_\_\_\_\_ Trust \_\_\_\_\_

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IA UNIF TRANS MIN ACT - .....Custodian.....

(Cust) (Minor)

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(State)

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