

**THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED
ORDINANCE OR RESOLUTION ADOPTED BY CITY COUNCIL.**

**A RESOLUTION OF THE
CITY OF SAN ANTONIO, TEXAS
EDUCATION FACILITIES CORPORATION**

**AUTHORIZING THE ISSUANCE OF UP TO \$50,000,000 IN PRINCIPAL
AMOUNT OF *CITY OF SAN ANTONIO, TEXAS EDUCATION
FACILITIES CORPORATION HIGHER EDUCATION REVENUE
IMPROVEMENT BONDS (TRINITY UNIVERSITY PROJECT), SERIES
2014*; AUTHORIZING THE EXECUTION OF AN AMENDED AND
RESTATED LOAN AGREEMENT, AN AMENDED AND RESTATED
INDENTURE OF TRUST, AND A PURCHASE CONTRACT;
APPROVING THE FORM OF AN OFFICIAL STATEMENT; AND
APPROVING OTHER MATTERS IN CONNECTION THEREWITH**

* * * * *

WHEREAS, the CITY OF SAN ANTONIO, TEXAS (the "*City*"), pursuant to Section 53.35(b), Texas Education Code (now amended and recodified as Section 53A.35(b), Texas Education Code, as amended), approved and created the CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION (the "*Issuer*") as a nonprofit corporation to exercise the powers enumerated and provided in Chapter 53, Texas Education Code (now amended and recodified as Chapter 53A, Texas Education Code, as amended - the "*Act*") for and on behalf of the City; and

WHEREAS, Section 53A.34 of the Act authorizes the Issuer to issue and execute revenue bonds or other obligations to loan or otherwise provide funds to an institution of higher education to enable an institution of higher education to acquire, construct, enlarge, extend, repair, renovate, or otherwise improve an "educational facility" or "housing facility" (as such terms are defined in the Act) or any facility incidental, subordinate, or related to or appropriate in connection with an educational facility or housing facility, or for acquiring land to be used for those purposes, or to create operating and debt service reserves for and to pay issuance costs related to the bonds or other obligations; and

WHEREAS, Section 53A.331 of the Act further authorizes the Issuer to refinance any educational facility or housing facility acquired, constructed, or improved; and

WHEREAS, Section 53A.35 further provides that the Issuer has all powers granted under the Texas Non-Profit Corporation Act for the purpose of aiding institutions of higher education in providing educational facilities and housing facilities and facilities incidental, subordinate, or related thereto or appropriate in connection therewith; and

WHEREAS, in furtherance of the purposes of the Act, the University requested the Issuer, and in 2011 the Issuer issued bonds, which are designated **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION HIGHER EDUCATION REVENUE REFUNDING BONDS (TRINITY UNIVERSITY PROJECT), SERIES 2011** (the "*Series 2011 Bonds*"), the proceeds of which were loaned to the University pursuant to the terms of the Original Agreement to enable the University (i) to refinance a portion of the costs of the projects originally financed or refinanced with proceeds of the Issuer's "*Higher Education Variable Rate Demand Revenue Refunding and Improvement Bonds (Trinity University Project) Series 2002*" which were issued in the original the aggregate principal amount of \$32,000,000 (the "*Series 2002 Bonds*"), by refunding \$20,000,000 in principal amount of the outstanding Series 2002 Bonds, and (ii) to pay certain of the costs of issuing the Series 2011 Bonds; and

WHEREAS, the Series 2011 Bonds were issued under and pursuant to and are secured by an Indenture of Trust dated as June 1, 2011 (the "*Original Indenture*"), from the Issuer to Wells Fargo Bank, National Association, as trustee thereunder (the "*Trustee*"); and

WHEREAS, in accordance with Section 7.01 of the Original Indenture, and so long as the Original Agreement is in effect and no Event of Default is then existing under the Original Agreement, one or more series of "Additional Bonds" may be delivered by the Issuer pursuant to the Original Indenture for the purposes provided in the Original Agreement and/or for the purpose of refunding any Outstanding Bonds, and such Additional Bonds shall be on a parity with respect to the Trust Estate and shall be payable by the Issuer solely from the revenues and other amounts derived pursuant to the Original Agreement (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Additional Bonds or to income from the temporary investment thereof); and

WHEREAS, pursuant to Section 6.3 of the Original Agreement, the University is permitted to incur additional "Long Term Indebtedness" (as defined therein and herein, which includes, but is not limited to, Additional Bonds as permitted by the Original Indenture) if, prior to incurring such additional Long Term Indebtedness, the chief financial officer of the University provides the Issuer and the Trustee with a certificate (i) stating that for the Fiscal Year immediately preceding the incurring or assumption of Long Term Indebtedness, the University was in compliance with the requirements of the Original Agreement, and (ii) demonstrating and concluding that, based on the University's most recent audited financial statements, the University's Expendable Financial Resources (as defined herein) are greater than 50% of all outstanding Long Term Indebtedness (including the Long Term Indebtedness proposed to be incurred); and

WHEREAS, on September 18, 2010, the Board of Trustees of the University approved a resolution expressing the University's intention to reimburse itself for costs related to certain capital improvements including renovating, replacing, and furnishing existing science facilities, and purchasing and installing equipment related thereto, including but not limited to fume hoods and special laboratory equipment (the "*Reimbursement Resolution*"); and

WHEREAS, as contemplated by the Reimbursement Resolution, the University is in the process of constructing and equipping certain science facilities generally known as the Center for Science and Innovation (CSI) complex, which is expected to be completed in 2014 (the "*Series 2014 Project*"); and

WHEREAS, on September 28, 2013, the Board of Trustees of the University adopted a resolution in which it found that it was appropriate and beneficial for the University to request the Issuer to issue up to \$75,000,000 in principal amount of fixed rate revenue bonds, the interest on which would be excludable from federal income taxation, the proceeds of which would be loaned to the University to be used to (i) pay costs to construct and equip the Series 2014 Project and reimburse the University for expenditures related to the Series 2014 Project which previously have been paid by the University, and (ii) pay costs of issuing the Bonds, and such Board of Trustees delegated to its Finance and Property Committee the authority to review and approve the financing documents and approve other details related thereto; and

WHEREAS, on October 10, 2013, the Finance and Property Committee of the University's Board of Trustees adopted a resolution in which it found that it was appropriate and beneficial for the University to request the Issuer to issue up to \$50,000,000 in principal amount of fixed rate revenue bonds having a maximum maturity not greater than 30 years from the date of issuance thereof; and

WHEREAS, the Board of Directors of the Issuer now deems it appropriate for the Issuer to assist the University with the financing of the Series 2014 Project by issuing a series of Additional Bonds as permitted by the Original Agreement and the Original Indenture, which shall be known as the CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION HIGHER EDUCATION REVENUE IMPROVEMENT BONDS (TRINITY UNIVERSITY PROJECT), SERIES 2014 (the "*Series 2014 Bonds*"); and

WHEREAS, the Vice President for Finance and Administration of the University, who is the chief financial officer of the University, has provided the Issuer and the Trustee with the certificate required by Section 6.3 of the Original Agreement in connection with incurring additional Long Term Indebtedness that is represented by the issuance of the Series 2014 Bonds; and

WHEREAS, pursuant to Section 11.03 of the Original Indenture, the Issuer and the Trustee may, without the consent of or notice to any of the Bond owners, consent to any amendment, change, or modification of the Original Agreement as may be required by the provisions of the Original Agreement and the Original Indenture in connection with the issuance of Additional Bonds, or for the purpose of complying with the provisions of the Original Agreement; and

WHEREAS, pursuant to Section 11.01 of the Original Indenture, the Issuer and the Trustee may, without the consent of or notice to any of the Bond owners, enter into an indenture

or indentures supplemental to the Original Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the purposes provided in such Section, including in connection with the issuance of Additional Bonds; and

WHEREAS, the Series 2014 Bonds are to be issued under and pursuant to, and are secured by, an *Amended and Restated Indenture of Trust*, dated as January 1, 2014, between the Issuer and the Trustee, which will serve as an indenture supplemental to the Original Indenture as permitted by Section 11.01 of the Original Indenture and will completely amend and restate the Original Indenture and provide for the issuance of the Series 2014 Bonds (the "**Indenture**"); and

WHEREAS, in compliance with Section 11.05 of the Original Indenture, prior to entering into this Agreement and the Indenture, which as noted above will completely amend and restate the Original Agreement and the Original Indenture, respectively, the Trustee must receive an opinion of Bond Counsel to the effect that such amendment, change, or modification will not cause the interest on any of the Bonds to become subject to federal income taxation and an opinion of counsel that such amendment, change, or modification is authorized by the Original Indenture and all conditions or consents required for the Trustee to enter into such amendment, change, or modification have been met; and

WHEREAS, Bond Counsel related to the issuance of the Series 2014 Bonds has assured the Issuer that, prior to the issuance and delivery of the Series 2014 Bonds and the Indenture, it will provide the Trustee with the opinion required by Section 11.05 of the Original Indenture; and

WHEREAS, the University has, pursuant to the Loan Agreement (defined below), agreed to make payments to the Issuer or its designee in amounts sufficient to pay debt service on the Series 2014 Bonds authorized hereby (as well as the outstanding Series 2011 Bonds) and to pay certain costs of administration and indemnification, if required, to hold the Issuer and the City harmless with respect to the issuance of the Bonds and the projects financed and refinanced thereby; and

WHEREAS, the issuance of the Series 2014 Bonds authorized hereby will enable the University to borrow funds at the lower costs available in the tax-exempt market and will reduce the University's interest expenses to finance the Projects at a fixed rate of interest than would otherwise be available to the University through a taxable financing; and

WHEREAS, there have been presented to the Issuer substantially final forms of each of the following documents:

1. The *Amended and Restated Loan Agreement*, dated as of January 1, 2014 (the "**Loan Agreement**"), by and between the Issuer and the University, including a promissory note from the University to the Issuer in the principal amount of the Series 2014 Bonds;

2. The Indenture;

3. The *Purchase Contract*, to be dated as of the date of execution by all parties (the "*Purchase Contract*"), by and among the Issuer, the University and underwriters of the Series 2014 Bonds identified therein; and

4. The Official Statement relating to the Series 2014 Bonds; and

WHEREAS, this Resolution, the Series 2014 Bonds, the Loan Agreement, the Indenture, and the Purchase Contract are collectively referred to herein as the "*Issuer Documents*"; and

WHEREAS, prior to the adoption of this Resolution a representative of the Issuer held a public hearing in connection with the issuance of the Bonds and the project to be financed with proceeds thereof in order to comply with the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "*Code*"), the compliance with which is required to permit the interest on the Bonds to be excludable from federal income taxation; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; and

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION THAT:

SECTION 1. APPROVAL OF LOAN AGREEMENT, INDENTURE, AND PURCHASE CONTRACT. The Board of Directors of the Issuer (the "*Board*" or the "*Board of Directors*") hereby approves the Loan Agreement, the Indenture, and the Purchase Contract in substantially the form and substance presented to the Board, and the President and Vice President of the Issuer each is hereby authorized and directed, for and on behalf of the Issuer, to date, sign, and otherwise execute the Loan Agreement, the Indenture and the Purchase Contract, and the Secretary and any Assistant Secretary each is authorized and directed, for and on behalf of the Issuer, to attest the Loan Agreement, the Indenture and the Purchase Contract, and such officers are hereby authorized to deliver such documents to the other parties thereto. Upon execution by the parties thereto and delivery thereof, the Loan Agreement, the Indenture and the Purchase Contract shall be binding upon the Issuer in accordance with the terms and provisions thereof.

SECTION 2. AUTHORIZATION TO ISSUE THE BONDS. The Bonds are authorized to be issued in an aggregate principal amount not to exceed **\$50,000,000**, maturing on the respective dates and principal amounts, and bearing interest at the respective per annum rates, and being subject to redemption, as determined and set forth in the Indenture. The Bonds are issued for the purpose of loaning the proceeds thereof to the University for the purposes as described in the recitals of this Resolution. The Board hereby approves the Bonds in substantially the form and substance set forth in the Indenture, and the President and Vice President, and the Secretary and

any Assistant Secretary, are hereby authorized and directed, for and on behalf of the Issuer, to execute the Bonds or have their facsimile signatures placed upon the Bonds, and such officers are hereby authorized and directed to deliver the Bonds, and the seal of the Issuer is hereby authorized and directed to be affixed or placed in facsimile on the Bonds. The Bonds shall be issued, executed, authenticated and delivered in the form and manner, and shall be dated, shall and may be redeemed prior to maturity, and shall have all of the characteristics, as provided in the Indenture. The Bonds shall be issued, authenticated and delivered as provided in the Indenture, and the Bonds shall be issued initially as one fully registered bond, without coupons, numbered as set forth in the Indenture.

SECTION 3. SALE OF BONDS. The Bonds are hereby authorized to be sold and delivered in accordance with the provisions of the Purchase Contract at the purchase price set forth therein.

SECTION 4. APPROVAL OF OFFICIAL STATEMENT. The Board hereby approves the Preliminary Official Statement in substantially the form and substance presented to the Board as it relates to the Issuer and the Bonds and further approves the distribution of the Preliminary Official Statement by the Underwriter in connection with the sale of the Bonds. The Board of Directors further approves the preparation and distribution of the final Official Statement (in substantially the form of the Preliminary Official Statement) incorporating all final terms of the Bonds and other changes deemed necessary by officers of the Issuer or the Bond Counsel related to the Bonds.

SECTION 5. AUTHORIZATION TO COMPLETE ISSUER DOCUMENTS AND APPROVE CHANGES. Bond Counsel related to the Bonds is hereby authorized to complete the Issuer Documents by incorporating the final terms of the Bonds therein and to make any other changes deemed necessary, provided that such changes are not inconsistent with this Resolution. The President and Vice President of the Board of Directors of the Issuer are hereby authorized to approve any changes made to the Issuer Documents and the Official Statement as they relate to the Issuer from the forms presented to and approved by the Board, such approval to be evidenced by the execution of the Issuer Documents, provided that such changes are not inconsistent with this Resolution.

SECTION 6. AUTHORIZATION TO APPROVE ADDITIONAL ACTIONS AND DOCUMENTS. All officers, employees, agents and representatives of the Issuer and its Board shall be and are hereby expressly authorized, empowered and directed from time to time, and at any time, to do and perform all such acts and things, and to execute and deliver in the name and under the official seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and of the Bonds, as well as the terms and provisions of the Issuer Documents.

SECTION 7. AUTHORIZATION TO AUTHENTICATE BONDS AND DELIVER TRANSCRIPT TO THE ATTORNEY GENERAL. The President and Vice President of the Board and the Executive Director of the Issuer each are individually hereby authorized to execute and deliver to the Trustee a written order of the Issuer for the authentication and delivery of the Bonds by the Trustee in accordance with the Indenture, and to deliver a transcript of proceedings to the Attorney General of the State of Texas, along with the initial Bond, which shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration upon Attorney General approval.

SECTION 8. APPROVAL AND RATIFICATION OF PUBLIC HEARING. The Board of Directors has been advised that a public hearing relating to the issuance of the Bonds was conducted on behalf of the Issuer on November 7, 2013, at the offices of Bond Counsel related to the Bonds (i.e., McCall, Parkhurst & Horton L.L.P., 700 N. St. Mary's, Suite 1525, San Antonio, Texas) in order to comply with the provisions of Section 147(f) of the Code and that Thomas K. Spurgeon served as the hearing officer for such public hearing. The Board of Directors hereby approves and ratifies the holding of such public hearing and Thomas K. Spurgeon serving as the hearing officer of such public hearing.

SECTION 9. RESOLUTION IRREPEALABLE. After any of the Bonds are issued, this Resolution shall be and remain irrevocable until the Bonds or the interest thereon shall have been fully paid or provision for payment shall have been made pursuant to the Indenture.

SECTION 10. ENFORCEABILITY OF RESOLUTION. If any section, paragraph, clause, or provision of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution. In case any obligation of the Issuer authorized or established by this Resolution or the Bonds is held to be in violation of law as applied to any person or any circumstance, such obligation shall be deemed to be the obligation of the Issuer to the fullest extent permitted by law.

SECTION 11. INCORPORATION OF RECITALS. The Board of Directors hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the board of Directors hereby incorporates such recitals as a part of this Resolution.

SECTION 12. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

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LOH
11/21/13
Item No. __

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION THIS 21ST DAY OF NOVEMBER, 2013.

President, Board of Directors

Attest:

Secretary, Board of Directors

(Seal)

DRAFT

Signature Page to the Resolution of the Issuer Relating to the
City of San Antonio, Texas Education Facilities Corporation
Higher Education Revenue Improvement Bonds (Trinity University Project), Series 2014