

A RESOLUTION

APPROVING, FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE, THE RESTRUCTURING OF PRINCIPAL PAYMENTS IN CONNECTION WITH A TAX-EXEMPT LOAN PROVIDED IN 2015 THROUGH THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION TO THE UNIVERSITY OF THE INCARNATE WORD BY DNT ASSET TRUST (A DELAWARE BUSINESS TRUST AND WHOLLY OWNED SUBSIDIARY OF JPMORGAN CHASE BANK, N.A.)

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, UNIVERSITY OF THE INCARNATE WORD (the "*University*") is a Texas non-profit corporation and operates as an "institution of higher education" (within the meaning of the Act) within the corporate limits 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, such as the University, to enable the University 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, at the request of the University, on March 12, 2015, the Board of Directors of the Issuer adopted a resolution which approved and authorized the execution by the Issuer of certain documents relating to a tax-exempt loan transaction in the principal amount of \$12,325,000 (the "*Loan*") to be provided to the University by DNT ASSET TRUST (the "*Lender*"), a Delaware business trust and wholly owned subsidiary of JPMorgan Chase Bank, N.A. (the "*Bank*"), through the Issuer as a conduit issuer under the Internal Revenue Code of 1986, as amended (the "*Code*"), for the purpose of refinancing certain then outstanding obligations which were used by the University to finance certain educational and housing facilities as permitted by the Act; and

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WHEREAS, among the documents approved by the Issuer in connection with the Loan is the *Loan Agreement*, dated as of April 1, 2015, among the Issuer, the University and the Lender (the "*Original Loan Agreement*"); and

WHEREAS, all capitalized terms not otherwise defined herein shall have the meaning as set forth in the Original Loan Agreement; and

WHEREAS, the University has requested a restructuring of the Loan by deferring the scheduled April 1, 2019 principal payment (in the amount of \$2,500,000) to the April 1, 2020 final maturity date of the Loan, and the Lender has agreed to such request pending the Issuer's approval of this Resolution and a *Second Amendment to Loan Agreement* evidencing such principal restructuring; and

WHEREAS, the University is a "501(c)(3) organization" within the meaning of Section 145 of the Code; and

WHEREAS, Section 147(f) of the Code requires that the issuance of any "qualified 501(c)(3) bonds" be approved by the governing body of the City, or a designee of the City, after a public hearing following reasonable public notice, and the Issuer Loan was considered a "qualified 501(c)(3) bond" for purposes of Section 147(f) of the Code; and

WHEREAS, Bond Counsel to the Issuer in connection with the Loan (McCall, Parkhurst & Horton L.L.P.) has advised the Issuer, the University and the Lender that the restructuring of the Loan requested by the University will constitute a "reissuance" of the Issuer Loan under the Code; and

WHEREAS, in order to comply with certain requirements under the Code relating to the requested restructuring of the Issuer Loan, on February 26, 2019, the Issuer published notice of a public hearing relating to such restructuring (the "*Public Notice*") in a newspaper of general circulation in the jurisdiction of the City as required by Section 147(f) of the Code, and such public hearing was held on March 14, 2019, by an representative of the Issuer; and

WHEREAS, the University has represented to the Issuer and the City that the Loan provided by the Lender through the Issuer has been beneficial to the University by reducing the University's interest and transaction costs related to refinancing certain educational and housing facilities and that restructuring the Loan in the manner requested by the University will be beneficial to the University; and

WHEREAS, as provided in the Original Loan Agreement, the University has agreed and acknowledged that it is unconditionally obligated to the Issuer and the Lender to make or pay, or cause to be made or paid, without set-off, recoupment, or counterclaim, to the Lender the

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"Borrower Loan Payments" required by the Original Loan Agreement in amounts sufficient to pay the principal of and interest on the Borrower Loan, when due, and all other amounts required to be paid by the Original Loan Agreement; and

WHEREAS, on March 21, 2019, the Board of Directors of the Issuer adopted a resolution approving and authorizing the *Second Amendment to Loan Agreement*; 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

WHEREAS, it is hereby deemed necessary and advisable that this Resolution be adopted; **NOW THEREFORE:**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. SECTION 147(f) APPROVAL. The City hereby approves, solely for the purposes of satisfying Section 147(f) of the Code, the restructuring of certain principal payments of the Issuer Loan as requested by the University and set forth in the Second Amendment to Loan Agreement. The City shall have no liability in connection with the financing, construction or operation of the Projects financed with the Issuer Loan and shall not be required to take any further action with respect thereto.

SECTION 2. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City hereby incorporates such recitals as a part of this Resolution.

SECTION 3. SEVERABILITY. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 4. EFFECTIVE DATE. This Resolution shall become effective immediately upon passage by eight (8) affirmative votes. If passed by less than eight (8) affirmative votes, then this Resolution shall become effective on the tenth (10th) day following passage thereof.

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PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS ON THE 21ST DAY OF MARCH, 2019.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek, City Clerk

City Attorney

(City Seal)

Signature Page to the City of San Antonio's Resolution Relating to
Approving a Restructuring of Certain Principal Payments
for the Benefit of the University of the Incarnate Word

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
COUNTIES OF BEXAR, COMAL, AND MEDINA §
CITY OF SAN ANTONIO §

I, the undersigned City Clerk of the **CITY OF SAN ANTONIO, TEXAS** (the "**City**"), hereby certify as follows:

1. The City Council of the City (the "**City Council**") convened in Regular Meeting on March 21, 2019 (the "**Meeting**"), at the City Hall, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Ron Nirenberg	Mayor
Roberto C. Treviño	Councilmember, District 1
Art A. Hall	Councilmember, District 2
Rebecca J. Viagran	Councilmember, District 3
Rey Saldaña	Councilmember, District 4
Shirley Gonzales	Councilmember, District 5
Greg Brockhouse	Councilmember, District 6
Ana Sandonval	Councilmember, District 7
Manny Peláez	Councilmember, District 8
John Courage	Councilmember, District 9
Clayton Perry	Councilmember, District 10

and all of said officers and members of the City Council were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written Resolution No. **2019-03-21-_____R** (the "**Resolution**") entitled

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was duly introduced for the consideration of the City Council. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

AYES: _____ NOES: _____ ABSTENTIONS: _____

2. A true, full and correct copy of the Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Resolution has been duly recorded in the City Council's minutes of the Meeting; the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the passage of the Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Resolution would be introduced and considered for passage at the Meeting, and each of said officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 21st day of March, 2019.

(SEAL)

City Clerk
City of San Antonio, Texas