

CERTIFICATE FOR ORDINANCE

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

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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 September 21, 2017, at the City Hall (the "*Meeting*"), and the roll was called of the duly constituted officers and members of the City Council, to wit:

Ron Nirenberg, Mayor	Greg Brockhouse, Council Member - District 6
Roberto C. Treviño, Council Member - District 1	Ana Sandoval, Council Member - District 7
William "Cruz" Shaw, Council Member - District 2	Manny Pelaez, Council Member - District 8
Rebecca J. Viagran, Council Member - District 3	John Courage, Council Member - District 9
Rey Saldaña, Council Member - District 4	Clayton Perry, Council Member - District 10
Shirley Gonzales, Council Member - District 5	

and all of the officers and members of the City Council were present, except the following absentees: CONZALES AND PELAEZ, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$100,000,000 IN PRINCIPAL AMOUNT OF CITY OF SAN ANTONIO, TEXAS TAX NOTES, TAXABLE SERIES 2017, FOR THE PURPOSE OF FINANCING IMPROVEMENTS TO THE SAN ANTONIO INTERNATIONAL AIRPORT; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; APPROVING AND AUTHORIZING THE EXECUTION OF A REVOLVING INSTALLMENT DELIVERY NOTE PURCHASE AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO APPROVE CERTAIN FINAL TERMS AND THE INSTALLMENT DELIVERY OF SUCH NOTES; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE**

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

AYES: 9 NOES: 0 ABSTENTIONS: 0

2. A true, full and correct copy of the Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Ordinance 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 Ordinance; 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 Ordinance would be introduced and considered for passage at the Meeting, and each of the 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 21<sup>st</sup> day of September, 2017.



*Leticia M. Vaca*  
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City Clerk, City of San Antonio, Texas

AN ORDINANCE 2017-09-21-0702

**AUTHORIZING THE ISSUANCE OF UP TO \$100,000,000 IN PRINCIPAL AMOUNT OF CITY OF SAN ANTONIO, TEXAS TAX NOTES, TAXABLE SERIES 2017, FOR THE PURPOSE OF FINANCING IMPROVEMENTS TO THE SAN ANTONIO INTERNATIONAL AIRPORT; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; APPROVING AND AUTHORIZING THE EXECUTION OF A REVOLVING INSTALLMENT DELIVERY NOTE PURCHASE AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO APPROVE CERTAIN FINAL TERMS AND THE INSTALLMENT DELIVERY OF SUCH NOTES; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE**

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

*WHEREAS*, the CITY OF SAN ANTONIO, TEXAS (the "*City*") is a political subdivision of the State of Texas operating as a home-rule municipality pursuant to the Texas Local Government Code and its City Charter, which was initially approved by the qualified voters of the City on October 2, 1951, and which has been amended from time to time, with the most recent amendments being approved by the qualified voters of the City on May 9, 2015; and

*WHEREAS*, the City Council of the City hereby determines that it is necessary and desirable to acquire and construct improvements to the San Antonio International Airport (collectively, the "*Projects*"); and

*WHEREAS*, pursuant to Chapter 1431, Texas Government Code, as amended ("*Chapter 1431*"), the City Council of the City is authorized and empowered to issue anticipation notes to pay contractual obligations incurred or to be incurred (i) for the construction of any public work, and (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the City's authorized needs and purposes; and

*WHEREAS*, an anticipation note issued pursuant to Chapter 1431 is considered to be a "public security" as defined in Section 1201.002(2), Texas Government Code, inasmuch as it is "*a bond, certificate, note, or other type of obligation authorized to be issued by an issuer under a statute, a municipal home-rule charter, or the constitution of this state*"; and

*WHEREAS*, Section 1201.042(c), Texas Government Code, provides that "[p]roceeds from the sale of a public security issued to finance the acquisition, construction, equipping, or furnishing

*of a project or facility may be used to reimburse the issuer for a cost that is: (1) attributable to the project or facility; and (2) paid or incurred before the date of the public security's issuance"; provided, however, Section 1431.005 states that proceeds of an anticipation note issued pursuant to Chapter 1431 may not be used to "repay interfund or other borrowing that occurred earlier than 24 months before the date of the ordinance or order authorizing the issuance of the note"; and*

**WHEREAS**, Section 1431.003(b) of Chapter 1431, which applies only to certain political subdivisions, including municipalities with a population of 80,000 or more such as the City, provides that "[n]otwithstanding anything in this chapter to the contrary, the governing body may exercise the authority granted to the governing body of an issuer with regard to issuance of obligations under Chapter 1371, except that the prohibition in that chapter on the repayment of an obligation with ad valorem taxes does not apply to an issuer exercising the authority granted by this section"; and

**WHEREAS**, the powers granted pursuant to Chapter 1371, Texas Government Code, as amended ("**Chapter 1371**") are applicable only to certain issuers, including "a home-rule municipality that: (i) adopted its charter under Section 5, Article XI, Texas Constitution; (ii) has a population of 50,000 or more; and (iii) has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation"; and

**WHEREAS**, the City's 2010 Census population was 1,327,407, and the City's outstanding long-term general obligation indebtedness currently is rated (without regard to any credit enhancement) "AAA" by Fitch Ratings, "Aaa" by Moody's Investors Service, Inc., and "AAA" by S&P Global Services; accordingly, in addition to the authority provided in Section 1431.003(b) of the Chapter 1431, the City is further authorized to exercise the powers granted under Chapter 1371 in connection with the tax notes being authorized by this Ordinance, including but not limited to Section 1371.053(c) of Chapter 1371 which permits the City Council to authorize "one or more designated officers or employees of the issuer to act on behalf of the issuer from time to time in selling and delivering the obligation and setting the dates, price, interest rates, interest payment periods, and other procedures relating to the obligation, as specified in the obligation authorization"; and

**WHEREAS**, Section 1371.001(5) of Chapter 1371 defines the term "obligation" to mean "a public security as defined by Section 1201.002 or other obligation that may be issued by an issuer and that is expected to be rated, and before delivery is rated, by a nationally recognized rating agency for municipal securities in one of the three highest rating categories for a short-term debt instrument or one of the four highest rating categories for a long-term debt instrument. The term does not include an obligation payable wholly or partly from ad valorem taxes unless: (A) issuance of the obligation or an obligation refunded by the obligation has been approved by the voters of the issuer in an election held for that purpose; or (B) the issuer: (i) is authorized by law to issue public securities payable wholly or partly from ad valorem taxes for the purpose for which the obligation

*is to be issued; and (ii) has complied with any conditions imposed by law before its pledge of ad valorem taxes to pay the principal of or interest on the obligation"; and*

**WHEREAS**, the City expects to obtain a rating on the tax notes authorized pursuant to this Ordinance from at least one nationally recognized rating agency that will be rated in one of the three highest rating categories for a short-term debt instrument or in one of the four highest rating categories for a long-term debt instrument; accordingly, the tax notes issued hereunder will be considered "obligations" within the meaning of Chapter 1371; and

**WHEREAS**, Section 1371.001(1) of Chapter 1371 defines the term "credit agreement" to mean *"a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase obligations, purchase or sale agreement, interest rate management agreement, or other commitment or agreement authorized by a governing body in anticipation of, related to, or in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of some or all of an issuer's obligations or interest on obligations, or both, or as otherwise authorized by this chapter"; and*

**WHEREAS**, Section 1371.051 of Chapter 1371 provides that a governing body *"may issue, sell, and deliver an obligation to: (1) finance a project cost; [ and] (2) refund an obligation issued in connection with an eligible project . . ."; and*

**WHEREAS**, Section 1371.060 of Chapter 1371 provides that *"[a]n obligation, including accrued interest, or a credit agreement may from time to time be refinanced, renewed, or refunded by the issuance of another obligation or credit agreement"; and*

**WHEREAS**, Section 1371.056(a) of Chapter 1371 provides that *"[a]n issuer may execute and deliver any number of credit agreements in anticipation of, related to, or in connection with the authorization, issuance, security, purchase, payment, sale, resale, redemption, remarketing, or exchange of some or all of the issuer's obligations or interest on obligations, or both, at any time, without regard to whether the: (1) obligations have been authorized or issued; or (2) credit agreement was contemplated, authorized, or executed in relation to the initial issuance, sale, or delivery of the obligations"; and*

**WHEREAS**, Section 1371.056(c) of Chapter 1371 provides that *"[t]he governing body may delegate to any number of officers or employees of the issuer the authority to approve specific terms of, to execute and deliver, or to terminate or amend in accordance with its terms, a credit agreement or transactions under a credit agreement on the behalf of the issuer, subject to any condition the governing body specifies"; and*

**WHEREAS**, Section 1371.057(a) of Chapter 1371 provides that *"[b]efore an obligation may be issued or a credit agreement executed, a record of the proceedings of the issuer authorizing the*

*issuance, execution, and delivery of the obligation or credit agreement . . . must be submitted to the attorney general for review,"* Section 1371.057(b) provides that upon the Attorney General's approval of such proceedings and delivery of such proceedings to the Comptroller of Public Accounts, such obligation or credit agreement "*may be executed and delivered, exchanged, or refinanced from time to time in accordance with those authorizing proceedings,"* and Section 1371.058 of Chapter 1371 provides that "*[o]n receipt of the documents required by Section 1371.057(b), the comptroller shall register the record of the proceedings relating to the issuance of obligations or the execution of a credit agreement";* and

**WHEREAS**, Section 1371.057(c) provides that "*[i]f the authorization of an obligation or of a credit agreement provides that the issuer intends to refinance the obligation or a payment under the credit agreement with refunding bonds issued under Chapter 1207, then the obligation or payment shall be treated, for purposes of attorney general review and approval, as having the intended term and payment schedule of the refunding bonds";* and

**WHEREAS**, for purposes of satisfying the provisions of Section 1371.057(c) of Chapter 1371, the City Council hereby expresses its current intention to refinance the notes which are issued and delivered pursuant to this Ordinance by authorizing the issuance of refunding bonds within the next forty-eight (48) months, which refunding bonds currently are expected to have a final maturity of not later than July 1, 2048; and

**WHEREAS**, the City Council of the City considers it to be in the best interests of the City to authorize the issuance of up to \$100,000,000 in principal amount of tax notes issued pursuant to Chapter 1201, Texas Government Code, Chapter 1371 and Chapter 1431 in order to (i) finance the acquisition, construction, equipping and furnishing of the Projects, including reimbursing the City for costs of the Projects paid up to twenty-four (24) months prior to the date on which this Ordinance is approved by the City Council, and pay costs of issuance, and (ii) periodically refinance, renew or refund all or a portion of the principal amount of outstanding tax notes issued pursuant to this Ordinance; and

**WHEREAS**, Notes issued to finance the acquisition, construction, equipping and furnishing of the Projects, including reimbursing the City for costs of the Projects paid up to twenty-four (24) months prior to the date on which this Ordinance is approved by the City Council, and pay costs of issuance are herein referred to as "**Construction Notes**," and Notes issued to periodically refinance, renew or refund all or a portion of the principal amount of outstanding tax notes issued pursuant to this Ordinance are herein referred to as "**Replacement Notes**"; and

**WHEREAS**, the principal amount of each Replacement Note issued pursuant to this Ordinance shall not apply against the \$100,000,000 principal limitation set forth above and in Section 1 of this Ordinance; and

**WHEREAS**, each note issued pursuant to this Ordinance, whether such note is a Construction Note or a Replacement Note, shall mature on the August 1 which occurs immediately after the date on which such note is delivered to the purchaser thereof; and

**WHEREAS**, the City desires to deliver the Construction Notes authorized by this Ordinance from time to time in installments as the City's needs for funding occurs, and **BANK OF AMERICA, N.A.** (defined in Section 13 herein as the "*Purchaser*"), has agreed to purchase such Construction Notes in installments at the times requested by the City and in accordance with the terms of an "*Revolving Installment Delivery Note Purchase Agreement*" between the City and the Purchaser in substantially the form attached hereto as *Exhibit A*; and

**WHEREAS**, the Revolving Installment Delivery Note Purchase Agreement is a "credit agreement" within the meaning of Section 1371.001(1) of Chapter 1371 inasmuch as it is a "commitment to purchase obligations" or a "purchase or sale agreement" in connection with the "issuance, sale, . . . exchange, payment, [or] purchase" of the notes being issued hereunder; and

**WHEREAS**, the City Council of the City further considers it to be in the best interests of the City to delegate authority to certain authorized officers of the City, (i) pursuant to Section 1371.053(c) of Chapter 1371, to approve certain final terms of such tax notes, and (ii) pursuant to Section 1371.056(c) of Chapter 1371, to approve the delivery of such tax notes in installments in accordance with the terms of this Ordinance and the Revolving Installment Delivery Note Purchase Agreement; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Ordinance was passed 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;

**THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS:**

**SECTION 1. AMOUNT AND PURPOSE OF THE NOTES; DATED DATE AND MATURITY DATES; INSTALLMENT DELIVERIES; DELEGATION OF AUTHORITY TO CERTAIN OFFICIALS.** (a) Authorization to Issue Notes. Limited tax notes of the City are hereby authorized to be issued and delivered in the aggregate principal amount up to **\$100,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE SAN ANTONIO INTERNATIONAL AIRPORT, PERIODICALLY RENEW, REPLACE OR REFUND ALL OR A PORTION OF THE PRINCIPAL AMOUNT OF OUTSTANDING TAX NOTES ISSUED PURSUANT TO THIS ORDINANCE, AND PAY COSTS OF ISSUANCE** (defined in Section 2 herein as the "Notes"). Only the principal amount of Notes issued for the purpose of financing the acquisition and construction of improvements to the San Antonio International Airport and to pay costs of issuance (previously defined in the recitals of this Ordinance to as "*Construction Notes*") shall be applied

against the \$100,000,000 issuance limitation set forth above. Replacement Notes are issued to refinance, refund or renew Construction Notes and Replacement Notes.

(b) Dated Date; Maturity Date; Installment Deliveries. Each Note issued and delivered pursuant to this Ordinance shall be dated as of October 1, 2017, shall mature on the *August 1* which occurs immediately following the "*Date of Delivery*" (as defined in the Revolving Installment Delivery Note Purchase Agreement) of such Note (each a "*Maturity Date*"), but in no event later than August 1, 2024, and shall be delivered to the Purchaser from time to time pursuant to the terms of (i) the Revolving Installment Delivery Note Purchase Agreement in substantially the form attached hereto as *Exhibit A* between the City and the Purchaser, and (ii) the *Paying Agent/Registrar* described in Section 4 hereof and in substantially the form attached hereto as *Exhibit B*.

(c) Delegation of Authority to Approve Installment Deliveries and Determine Interest Rate. As authorized by Sections 1371.053(c) and 1371.056(c), Texas Government Code, the City Manager, each Deputy City Manager, each Assistant City Manager, the Chief Financial Officer and the Deputy Chief Financial Officer of the City (each a "*Designated Officer*") are hereby authorized, appointed, and designated as an officer of the City to act on behalf of the City, either individually or jointly with another Designated Officer, (i) to approve, from time to time, the installment delivery to the Purchaser of the Construction Notes authorized under this Ordinance, (ii) to determine the principal amount and interest rate to be borne on the Construction Note delivered on a single installment delivery date in accordance with the Revolving Installment Delivery Note Purchase Agreement but in no event at a fixed rate in excess of 8.00% per annum (the "*Maximum Rate*") (it being understood that all Notes issued from time to time to refinance, renew or refund an outstanding Construction Note (previously defined in the recitals of this Ordinance as "*Replacement Notes*") or a related Replacement Note shall bear interest at the same rate as set forth in the related Construction Note), and (iii) to execute such documents, certificates and notes deemed necessary to accomplish each such transaction in accordance with the terms of this Ordinance and the Revolving Installment Delivery Note Purchase Agreement. Notwithstanding the foregoing, in no event may a Designated Officer exercise the authority granted in this Section 1(c), nor shall any Construction Notes be delivered pursuant to the terms of this Ordinance and the Revolving Installment Delivery Note Purchase Agreement, unless at the time such action is taken the Notes are rated in one of the three highest rating categories for a short-term debt instrument or in one of the four highest rating categories for a long-term debt instrument by a nationally recognized rating agency for municipal securities. Furthermore, no Construction Notes may be authorized to be delivered after August 1, 2020 (it being understood that Replacement Notes may continue to be issued and delivered from time to time in accordance with the Revolving Installment Delivery Note Purchase Agreement in order to refinance, renew or refund a related Construction Note or a Replacement Note related to the same Construction Note which originally was issued on or before August 1, 2020 for the purpose of financing the acquisition, construction and equipping of the Projects).



(d) Determination Required by Section 1201.022(a)(3), Texas Government Code. In satisfaction of Section 1201.022(a)(3), Texas Government Code, the City Council hereby determines that the delegation of the authority to each Designated Officer to approve the installment deliveries is, and the decisions made by a Designated Officer pursuant to such delegated authority and incorporated in Exhibit A to the Revolving Installment Delivery Note Purchase Agreement and the Paying Agent/Registrar Agreement will be, in the City's best interests, and each Designated Officer is hereby authorized to make and include in such Exhibit A an appropriate finding to that effect.

**SECTION 2. DESIGNATION, DENOMINATIONS, AND NUMBERS OF NOTES.** Each Note issued pursuant to this Ordinance shall be designated and titled as **CITY OF SAN ANTONIO, TEXAS TAX NOTE, TAXABLE SERIES 2017**, shall be issued in the denomination of \$1,000,000 or any integral multiple of \$1,000,000 in excess thereof (except for Replacement Notes maturing on and after August 1, 2021, which shall be issued in denominations of \$1,000,000 or any integral multiple of \$100,000 in excess thereof), and shall be numbered consecutively from R-1 upward (with each Construction Note being further identified with the letter "A" and each related Replacement Note being further identified with the letters "B" and upward), payable to the registered owner thereof shown in Section 13 hereof, or to the registered assignee or assignees of the Notes or any portion or portions thereof (in each case, the "**Registered Owner**"). As used herein, the term "**Notes**" shall mean the notes issued and delivered pursuant to this Ordinance and the Revolving Installment Delivery Note Purchase Agreement, and all substitute notes exchanged therefor, as well as all other substitute notes and replacement notes issued pursuant hereto, and the term "**Note**" shall mean any of the Notes.

### **SECTION 3. INTEREST.**

(a) Notes Issued to Finance Construction Costs. Each Construction Note issued pursuant to this Ordinance and the Revolving Installment Delivery Note Purchase Agreement for the purpose of financing the acquisition and construction of improvements to the San Antonio International Airport shall bear interest calculated on the basis of a 360-day year composed of twelve (12) 30-day months from the respective "Date of Initial Delivery" of such Construction Note, as specified in the Certificate Authorizing Installment Delivery of Notes related to the Construction Note delivered on such Date of Initial Delivery, to the Maturity Date specified in such Certificate Authorizing Installment Delivery of Notes or the date of prepayment prior to the Maturity Date, at the fixed rate per annum equal to the "**Applicable Interest Rate**," as such term is defined in the Revolving Installment Delivery Note Purchase Agreement. Interest shall be payable on the February 1 occurring after the respective Date of Initial Delivery of each Construction Note and on the Maturity Date for such Note or the date of prepayment prior to the Maturity Date, and in the manner provided in the FORM OF NOTE set forth in this Ordinance.

The term "**Applicable Interest Rate**" referenced in the preceding paragraph means the fixed, per annum rate of interest, determined five (5) business days prior to the Date of Initial Delivery of

each Construction Note issued to finance construction costs pursuant to this Ordinance, that is established in accordance with the provisions of the Revolving Installment Delivery Note Purchase Agreement, but in no event shall be in excess of the Maximum Rate.

(b) Replacement Notes Issued to Refinance, Renew or Refund Outstanding Notes. Each Note issued to refinance, renew or refund an outstanding Note (i.e., each Replacement Note) shall bear interest calculated on the basis of a 360-day year composed of twelve (12) 30-day months at the same rate as set forth in such outstanding Note. Interest shall accrue from the Date of Delivery of such Replacement Note and shall be payable on the immediately following February 1 and on the Maturity Date for such Replacement Note or the date of prepayment prior to the Maturity Date, and in the manner provided in the FORM OF NOTE set forth in this Ordinance.

**SECTION 4. CHARACTERISTICS OF THE NOTES.** (a) Registration, Transfer, and Exchange; Authentication. The City shall keep or cause to be kept at the designated corporate trust or commercial banking office a financial institution approved by a Designated Officer to serve as the paying agent/registrar for the Notes (the "**Paying Agent/Registrar**") books or records for the registration of the transfer and exchange of the Series 2017 Bonds (the "**Registration Books**"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. Attached hereto as Exhibit B is a copy of the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar which is hereby approved in substantially final form, and the Mayor and the City Clerk of the City are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Note to which payments with respect to the Notes shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. Notwithstanding the foregoing, if requested by a registered owner, payments with respect to the Notes shall be made by such other customary banking arrangements (such as wire transfer) acceptable to the Paying Agent/Registrar and the registered owner as requested by the registered owner; provided, that the registered owner shall bear all risk and expenses of such other customary banking arrangements. The Paying Agent/Registrar shall hold all Notes issued under the Ordinance and the Revolving Installment Delivery Note Purchase Agreement on behalf and for the benefit of the registered owners thereof. If requested by a registered owner or if required under the terms of the Revolving Installment Delivery Note Purchase Agreement, the Paying Agent/Registrar shall provide the registered owner with a certified copy of a Note registered in its name indicating that such copy is a true and correct copy of the Note being held for the benefit of the registered owner. To the extent possible and under reasonable circumstances, all transfers of Notes shall be made within three (3) business days after

request and presentation thereof. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Note or Notes shall be paid as provided in the FORM OF NOTE set forth in this Ordinance. Registration of assignments, transfers and exchanges of Notes shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Ordinance. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Note shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Notes and Notes surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing transfer and exchange of any Note or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Notes in the manner prescribed herein, and said Notes shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Sections 1201.061 through 1201.067 of the Public Securities Code, Chapter 1201, Texas Government Code, the duty of transfer and exchange of Notes as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Notes which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Notes and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Notes, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Notes.

(c) In General. The Notes (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Notes to be payable only to the registered owners thereof, (ii) may be prepaid prior to their scheduled maturity (notice of which shall be given to the Paying Agent/Registrar by the City at least forty-five (45) days prior to any such prepayment date, unless a shorter period shall be acceptable to the Paying Agent/Registrar), (iii) may be transferred and assigned, (iv) may be exchanged for other Notes, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Notes shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Notes, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Ordinance and in the

Revolving Installment Delivery Note Purchase Agreement. The Paying Agent/Registrar shall execute on each Note the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE, which Certificate shall be evidence that the proceedings pursuant to which such Note is being issued have been duly approved by the Attorney General of the State of Texas and registered by the Comptroller and that such Note is a valid and binding obligation of the City.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered owners of the Notes that at all times while the Notes are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Notes under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. For so long as the Revolving Installment Delivery Note Purchase Agreement is in effect, the City shall maintain a Paying Agent/Registrar that is acceptable to the Purchaser (as defined herein). With prior written consent of the Purchaser, which consent shall not unreasonably be withheld, the City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred twenty (120) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Notes, the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Notes, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Notes, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Execution and Installment Delivery of Notes. Following the approval of the proceedings authorizing the issuance of the Notes by the Attorney General of Texas and the delivery to the Comptroller of Public Accounts of the State of Texas of a copy of the Attorney General's legal opinion stating such approval and the record of proceedings as required by law, the City shall, from time to time, deliver Notes to the Paying Agent/Registrar which shall be executed by manual or facsimile signature of the Mayor or Mayor Pro Tem of the City and attested by the City Clerk of the City, for further delivery in installments to the Purchaser upon payment thereof in accordance with the provisions of the Revolving Installment Delivery Note Purchase Agreement and the Paying Agent Agreement described in Section 14 hereof.

**SECTION 5. FORM OF NOTES.** The form of the Notes, including the form of Paying Agent/Registrar's Authentication Certificate and the form of Assignment, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

FORM OF NOTE

R-

**PRINCIPAL  
AMOUNT**  
\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTIES OF BEXAR, COMAL AND MEDINA  
CITY OF SAN ANTONIO, TEXAS  
TAX NOTE, TAXABLE SERIES 2017**

<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>DATE OF DELIVERY</u>	<u>MATURITY DATE</u>
_____ %	October 1, 2017	_____, 20__	August 1, 20__

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**DOLLARS**

*ON THE MATURITY DATE* specified above, the *CITY OF SAN ANTONIO, TEXAS* (the "City"), in Bexar, Comal and Medina Counties, Texas, being a political subdivision and home rule municipality of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "*Registered Owner*") the Principal Amount set forth above, and to pay interest thereon from the Date of Delivery of this Note specified above at the Interest Rate per annum specified above on the February 1 occurring after the Date of Delivery of this Note, if applicable, and on the Maturity Date specified above or the date of prior prepayment, except that if this Note is being issued in exchange for a Note that was previously issued and delivered and if on the date of authentication hereof the interest on the Note or Notes, if any, for which this Note is being exchanged or converted from is due but has not been paid, then this Note shall bear interest from the date to which such interest has been paid in full.

**THE PRINCIPAL OF AND INTEREST ON THIS NOTE** are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity or prepayment prior to maturity at the designated corporate trust or commercial banking office (the "**Designated Office**") of \_\_\_\_\_, which is the "**Paying Agent/Registrar**" for this Note. The payment of interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the order authorizing the issuance of the Notes (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the fifteenth (15<sup>th</sup>) day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Notwithstanding the foregoing, if requested by the Registered Owner, payments with respect to this Note shall be made by such other customary banking arrangements (such as wire transfer) acceptable to the Paying Agent/Registrar and the Registered Owner as requested by the Registered Owner; provided, that the Registered Owner shall bear all risk and expenses of such other customary banking arrangements. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Note appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the prepayment of this Note prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Note for prepayment to the Paying Agent/Registrar at the Designated Office (unless the prepayment date is a regularly scheduled interest payment date, in which case accrued interest on such prepaid Notes shall be payable in the regular manner described above). The City covenants with the Registered Owner of this Note that on or before each principal payment date and interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Notes, when due. Upon the occurrence of an "Event of Default" (as defined in the Revolving Installment Delivery Note Purchase Agreement), the Notes and the City's "Obligations" (as defined in the Revolving Installment Delivery Note Purchase Agreement) under the Revolving Installment Delivery Note Purchase Agreement shall bear interest at the "Default Rate" (as defined in the Revolving Installment Delivery Note Purchase Agreement) when and as provided in the Revolving Installment Delivery Note Purchase Agreement.

***IF THE DATE FOR ANY PAYMENT DUE*** on this Note shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

***THIS NOTE IS ONE OF A SERIES OF NOTES***, dated as of October 1, 2017, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount not to exceed ***\$100,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE SAN ANTONIO INTERNATIONAL AIRPORT, PERIODICALLY RENEW, REPLACE OR REFUND ALL OR A PORTION OF THE PRINCIPAL AMOUNT OF OUTSTANDING TAX NOTES ISSUED PURSUANT TO THIS ORDINANCE, AND PAY COSTS OF ISSUANCE.***

***ON AUGUST 1, 2020, OR ON ANY DATE THEREAFTER***, the Notes are subject to prepayment prior to their scheduled maturity at the option of the City, with funds derived from any available and lawful source, as a whole (i.e., all of the Notes then outstanding under the Ordinance and the Revolving Installment Delivery Note Purchase Agreement), at the prepayment price equal to the principal amount being prepaid plus unpaid accrued interest and the payment of any unpaid Obligations under the Revolving Installment Delivery Note Purchase Agreement.

***AT LEAST THIRTY (30) DAYS PRIOR*** to the date fixed for any prepayment of the Notes prior to maturity, a written notice of such prepayment shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Note to be prepaid at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of prepayment is mailed. The notice may state that it is conditioned upon the issuance of a series of obligations and the deposit of the proceeds of such obligations, in an amount equal to the amount necessary to effect the prepayment, with the Paying Agent/Registrar not later than the prepayment date. Any notice of prepayment so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. By the date fixed for any such prepayment, due provision shall be made with the Paying Agent/Registrar for the payment of the required prepayment price for the Notes, If such written notice of prepayment is mailed and if due provision for such payment is made, all as provided above, the Notes thereby automatically shall be treated as prepaid prior to their scheduled maturity, and they shall not bear interest after the date fixed for prepayment, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the prepayment price from the Paying Agent/Registrar out of the funds provided for such payment.

***ALL NOTES OF THIS SERIES*** are issuable solely as fully registered Notes, without interest coupons, in the denomination of \$1,000,000 or any integral multiple of \$1,000,000 in excess thereof except for "Replacement Notes" (as defined in the Ordinance) maturing on and after

August 1, 2021, which shall be issued in denominations of \$1,000,000 or any integral multiple of \$100,000 in excess thereof. As provided in the Ordinance, this Note may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Notes, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Note or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Note or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange of a Note (i) during the period commencing with the close of business on any Record Date immediately preceding a principal or interest payment date for such Note and ending with the opening of business on the next following principal or interest payment date, or (ii) if the Notes have been called for prepayment prior to maturity, within forty-five (45) days prior to their prepayment date.

***IN THE EVENT ANY PAYING AGENT/REGISTRAR*** for the Notes is changed by the City (with the consent of the "Purchaser," as defined in the Ordinance), resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor that is acceptable to the Purchaser, and cause written notice thereof to be mailed to the registered owners of the Notes.

***IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED*** that this Note has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Note have been performed, existed, and been done in accordance with law; that this Note is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all



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taxable property in the City, and have been pledged for such payment, within the limits provided by law.

**THE ISSUER HAS RESERVED THE RIGHT TO AMEND** the Ordinance as provided therein, with the approval of the Purchaser and the registered owners of a majority in aggregate principal amount of the outstanding Notes.

**BY BECOMING THE REGISTERED OWNER** of this Note, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between the Registered Owner hereof and the City.

**IN WITNESS WHEREOF**, the City has caused this Note to be signed with the manual or facsimile signature of the Mayor or Mayor Pro Tem of the City and countersigned with the manual or facsimile signature of the City Clerk of the City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Note.

\_\_\_\_\_  
(facsimile signature)  
City Clerk

\_\_\_\_\_  
(facsimile signature)  
Mayor [Pro Tem]

(SEAL)

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FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

It is hereby certified that this Note has been issued (i) under the provisions of the Ordinance described in the text of this Note, and (ii) in accordance with the proceedings of the Issuer that were originally approved by the Attorney General of the State of Texas and delivered to and registered by the Comptroller of Public Accounts of the State of Texas in accordance with applicable law.

Dated

\_\_\_\_\_  
\_\_\_\_\_, Texas  
as Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT:

**ASSIGNMENT**

**FOR VALUE RECEIVED**, the undersigned Registered Owner of this Note, or duly authorized representative or attorney thereof, hereby assigns this Note to

\_\_\_\_\_/\_\_\_\_\_  
(Assignee's Social Security or Taxpayer Identification) (Print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or any change whatsoever.

**SECTION 6. TAX LEVY; SECURITY INTEREST.** (a) Tax Levy. A special Interest and Sinking Fund (the "**Interest and Sinking Fund**") is hereby created solely for the benefit of the Notes and "Obligations" (as defined in the Revolving Installment Delivery Note Purchase Agreement) and shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Notes. All ad valorem taxes levied and collected for and on account of the Notes and all accrued interest and premium on the Notes received by the City from the Purchaser of the Notes, if any (excluding premium on the Notes that is used by the City to pay costs of issuance or that is applied against voted authorization, all in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended) shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Notes or interest thereon or Obligations under the Revolving Installment Delivery Note Purchase Agreement are outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Notes as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of such

Notes as such principal matures (but never less than 2% of the original principal amount of the Notes as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Notes or interest thereon or Obligations under the Revolving Installment Delivery Note Purchase Agreement are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Notes as such interest comes due and such principal matures are hereby pledged for such payment within the limits provided by law.

(b) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Notes and the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Notes or Obligations under the Revolving Installment Delivery Note Purchase Agreement are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Notes the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 7. CONSTRUCTION FUND.** There is hereby created and established in the depository of the City a fund to be called the *City of San Antonio, Texas Tax Notes (Taxable Series 2017) Construction Fund* (herein called the "Construction Fund"). All proceeds from the sale of the Construction Notes (other than proceeds representing accrued interest, if any, and any premium on the Construction Notes that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred in carrying out the purpose for which the Construction Notes are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Construction Notes and the issuance of the Notes. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds of the Construction Notes, if any, other than moneys on deposit therein that are subject to the provisions of Section 12(a)(8) of this Ordinance relating to "Excess Earnings," if any, shall be transferred to the Interest and Sinking Fund.

**SECTION 8. INVESTMENTS.** Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to

time in any investment authorized in the Public Funds Investment Act (Chapter 2256, Texas Government Code) and in compliance with the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the date the funds from such investments will be required to pay principal and interest next coming due, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Notes were issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Notes. It is further provided, however, that any interest earnings on Note proceeds which are required to be rebated to the United States of America pursuant to Section 12 hereof in order to prevent the Notes from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

**SECTION 9. DEFEASANCE OF NOTES.** (a) Any Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Note*") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a trust company or commercial bank that does not act as a depository for the City (the "*Future Escrow Agent*") in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Notes shall have become due and payable. Thereafter, the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such Defeased Note, including any insufficiency therein caused by the failure of the Future Escrow Agent under such Future Escrow Agreement to receive payment when due on the Defeasance Securities. At such time as a Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to prepay Defeased Notes that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Notes for

prepayment; (2) gives notice of the reservation of that right to the owners of the Defeased Notes immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any prepayment notices that it authorizes.

(b) Any moneys so deposited with the Future Escrow Agent may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Future Escrow Agent that is not required for the payment of the Notes and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Notes may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Future Escrow Agent which is not required for the payment of the Defeased Notes, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) The term "*Defeasance Securities*" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) Until all Defeased Notes shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Notes the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the City elects to defease less than all of the principal amount of Notes of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Notes by such random method as it deems fair and appropriate.

**SECTION 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTES.** (a) Replacement Notes. In the event any outstanding Note is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Note of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Note, in replacement for such Note in the manner hereinafter provided.

(b) Application for Replacement Notes. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Notes shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Note, the registered owner applying for a replacement Note shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Note, the registered owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Note. In every case of damage or mutilation of a Note, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Note shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Note, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Note) instead of issuing a replacement Note, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Notes. Prior to the issuance of any replacement Note, the Paying Agent/Registrar shall charge the registered owner of such Note with all legal, printing, and other expenses in connection therewith. Every replacement Note issued pursuant to the provisions of this Section by virtue of the fact that any Note is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Notes duly issued under this Ordinance.

(e) Authority for Issuing Replacement Notes. In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Notes is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Notes in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Notes issued in conversion and exchange for other Notes.

**SECTION 11. CUSTODY, APPROVAL, AND REGISTRATION OF PROCEEDINGS; BOND COUNSEL'S OPINION; CUSIP NUMBERS; AND OTHER MATTERS.** The Mayor or Chief Financial Officer of the City is hereby authorized to have control of all necessary records and proceedings pertaining to the Notes pending their investigation, examination, and approval by the Attorney General of the State of Texas, their registration by the Comptroller of Public Accounts of the State of Texas, and the delivery of the Notes to the Paying Agent/Registrar. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Clerk of the City) and the assigned CUSIP number, if any, may, at the option of the City, be printed on the Notes issued and delivered under this Ordinance, but

neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Notes. In addition, if bond insurance is obtained, the Notes may bear an appropriate legend as provided by the insurer.

**SECTION 12. NOTES ISSUED AS TAXABLE OBLIGATIONS.** The City does not intend to issue the Notes in a manner such that the Notes would constitute obligations described in section 103(a) of the Internal Revenue Code of 1986. Accordingly, interest on the Notes will be includable in gross income for purposes of federal income taxation.

**SECTION 13. SALE OF NOTES.** The Notes authorized hereunder are hereby authorized to be sold and shall be delivered in installments to **BANK OF AMERICA, N.A.** (the "**Purchaser**") at a price equal to the principal amount of the Notes delivered on each installment delivery date, and no accrued interest, and pursuant to the terms and provisions of the Revolving Installment Delivery Note Purchase Agreement. The Revolving Installment Delivery Note Purchase Agreement, substantially in the form attached hereto as Exhibit A, is hereby approved by the City Council, and the Mayor and City Clerk are hereby authorized and directed to execute the Revolving Installment Delivery Note Purchase Agreement on behalf of the City.

**SECTION 14. INSTALLMENT DELIVERY OF NOTES.** (a) Definitive Notes Held by Paying Agent/Registrar. Definitive Notes shall be held by the Paying Agent/Registrar pending the installment delivery of such Notes to the Purchaser in accordance with this Ordinance, the Revolving Installment Delivery Note Purchase Agreement and the Paying Agent/Registrar Agreement.

(b) Installment Delivery of Notes. After the record of proceedings authorizing the issuance of the Notes has been approved by the Attorney General and registered by the Comptroller of Public Accounts of the State of Texas, the Notes shall be delivered to the Purchaser from time to time in accordance with this Ordinance, the Revolving Installment Delivery Note Purchase Agreement and the Paying Agent/Registrar Agreement to finance the acquisition and construction of improvements to the San Antonio International Airport and to refinance, renew or refund outstanding Notes. On each Date of Initial Delivery of Notes, upon receipt from the Purchaser of a sum equal to the principal amount of the Construction Notes being delivered on such Date of Initial Delivery, and compliance with the conditions for delivery described in the Revolving Installment Delivery Note Purchase Agreement, shall deliver an installment of Construction Notes, which Construction Notes shall be held by the Paying Agent/Registrar in the name of and for the benefit of the Purchaser, in accordance with the procedures established in Article II of the Revolving Installment Delivery Note Purchase Agreement. Following the issuance of Construction Notes, the Paying Agent/Registrar shall deliver Replacement Notes in accordance with the procedures established in Article II of the Revolving Installment Delivery Note Purchase Agreement. The Paying Agent/Registrar shall keep in the Registration Books a record of which Notes have been delivered and the respective Dates of Delivery of such Notes.



**SECTION 15. FURTHER PROCEDURES.** The Mayor, the Mayor Pro Tem, the City Secretary, the City Manager, each Deputy City Manager, each Assistant City Manager, the Chief Financial Officer, and the Deputy Chief Financial Officer of the City shall be and they 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, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City 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 Ordinance, the Notes, and the Revolving Installment Delivery Note Purchase Agreement. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Chief Financial Officer of the City is further authorized to pay to the Attorney General of Texas prior to the delivery of the Notes, for the Attorney General's review of the transcript of proceedings related to the Notes, the amount required pursuant to Section 1202.004, Texas Government Code, as amended. Furthermore, at any time prior to the delivery of the Notes, the Mayor, the City Manager, the Chief Financial Officer, and the Deputy Chief Financial Officer of the City, and Bond Counsel for the City related to the issuance of the Notes each is hereby individually authorized and directed to approve any changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transaction contemplated and approved by this Ordinance, or reflect the final terms of the Notes authorized hereunder and approved by a Designated Officer, (ii) obtain a rating from a rating agency, (iii) obtain a municipal bond insurance policy to further secure the Notes, if any, or (iv) obtain the approval of the proceedings authorizing the issuance of the Notes by the Texas Attorney General's office.

**SECTION 16. ORDINANCE A CONTRACT; AMENDMENTS.** This Ordinance shall constitute a contract with the Purchaser and the Registered Owners of the Notes, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Note remains outstanding except as permitted in this Section. The City may, with the written consent of the Purchaser and the Registered Owners of a majority in aggregate principal amount of the Notes then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Ordinance; provided that without the consent of the Purchaser and all of the Registered Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Notes, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Note over any other Note, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Notes required for consent to any such amendment, change, modification, or rescission. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Purchaser and the Registered Owners, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Purchaser and the Registered Owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument

or instruments in writing executed by the Purchaser and the Registered Owners of a majority in aggregate principal amount of the Notes then outstanding affected by any such amendment, addition, or rescission requiring the consent of the Purchaser and the Registered Owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. Neither the Purchaser nor the Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 17. REMEDIES IN EVENT OF DEFAULT.** In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Notes or Obligations under the Revolving Installment Delivery Note Purchase Agreement, and such default continues for five (5) business days, (ii) commits an Event of Default as such term is defined under the Revolving Installment Delivery Note Purchase Agreement, (iii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iv) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the failure to perform which materially, adversely affects the rights of the registered owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and, with respect to the defaults described in clauses (iii) and (iv), the continuation of such default for a period of thirty (30) days after notice of such default is given by any owner to the City or becomes known to any officer of the City (each of clauses (i) through (iv) an "Event of Default"), the Holders of any of the Notes shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance. During any period in which the City commits an Event of Default in the payment of the principal, premium, if any, or interest on the Notes or Obligations under the Revolving Installment Delivery Note Purchase Agreement, such Notes or Obligations under the Revolving Installment Delivery Note Purchase Agreement shall bear interest at the Default Rate as provided in the Revolving Installment Delivery Note Purchase Agreement.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

**SECTION 18. NO RULE 15c2-12 UNDERTAKING.** The City has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**") in connection with the issuance of the Notes inasmuch as the Purchaser is not acting as an "underwriter in a primary offering of municipal securities" within the meaning of the Rule. The City is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the City or the Notes; however, so long as the Purchaser or its assignee is the sole Registered Owner of the Notes, unless waived by the Purchaser, the City shall provide the following to the Purchaser:

(a) Audited financial statements, to be provided within six (6) months after the close of each fiscal year ending on and after September 30, 2017; and

(b) Such other financial information regarding the City as the Purchaser shall reasonably request.

**SECTION 19. INTERESTED PARTIES.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the registered owners of the Notes, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the registered owners of the Notes.

**SECTION 20. INCORPORATION OF RECITALS.** The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

**SECTION 21. SEVERABILITY.** The provisions of this Ordinance are severable and if any provision or the applicability thereof to any person or circumstance is ever held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Ordinance and the application of such provisions to other persons or circumstances shall not be affected thereby.

**SECTION 22. CHOICE OF LAW.** This Ordinance shall be governed by and construed in accordance with the laws of the State of Texas.

**SECTION 23. EFFECTIVE DATE.** Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

*[The remainder of this page intentionally left blank]*

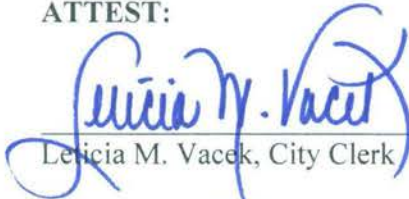
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*PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AT A REGULAR MEETING ON THIS 21<sup>ST</sup> DAY OF SEPTEMBER, 2017.*



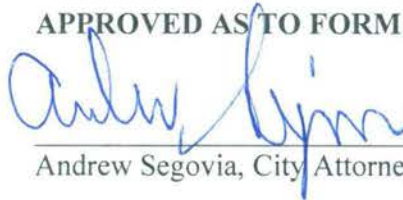
M A Y O R  
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

(City Seal)



\*\* \*\* \*\* \*\* \*\*

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EXHIBIT A

**FORM OF REVOLVING INSTALLMENT DELIVERY  
NOTE PURCHASE AGREEMENT**

THE REVOLVING INSTALLMENT DELIVERY NOTE PURCHASE AGREEMENT  
IS OMITTED AT THIS POINT AS IT APPEARS IN EXECUTED FORM ELSEWHERE  
IN THIS TRANSCRIPT OF PROCEEDINGS.

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**EXHIBIT B**

**FORM OF PAYING AGENT/REGISTRAR AGREEMENT**

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT  
AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT OF PROCEEDINGS.

<b>Agenda Item:</b>	38 ( in consent vote: 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 18A, 18B, 18C, 18D, 19, 20, 21, 22, 24A, 24B, 25, 26, 27, 28, 29, 30, 31, 32, 33, 35, 38, 40, 41, 42, 43, 44, 45, 47, 50A, 50B, 51B, 52A, 52B, 52C, 52D, 52E, 52F, 52G, 52H )						
<b>Date:</b>	09/21/2017						
<b>Time:</b>	09:45:52 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance authorizing the issuance of up to \$100,000,000.00 in principal amount of City of San Antonio, Texas Tax Notes, Taxable Series 2017, for the purpose of financing improvements to the San Antonio International Airport; securing the payment thereof by authorizing the levy of an annual ad valorem tax; approving and authorizing the execution of a Revolving Installment Delivery Note Purchase Agreement, a Paying Agent/Registrar Agreement, and all other instruments and procedures related thereto; delegating authority to certain City officials to approve certain final terms and the installment delivery of such notes; and providing for an immediate effective date. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5	x					
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8	x					
John Courage	District 9		x				
Clayton H. Perry	District 10		x				