

ORDINANCE NO. 2016-19-15-____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AMENDING CERTAIN TERMS OF THE ORDINANCE AUTHORIZING THE ISSUANCE OF OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS WATER SYSTEM VARIABLE RATE JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2013F (NO RESERVE FUND)” AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*) has heretofore issued, and there are currently outstanding, revenue bonds supported by a first and prior lien on and pledge of the pledged revenues (the *Pledged Revenues*) of the City’s combined water and wastewater utility systems (the *System*), on a parity with certain currently outstanding revenue bonds and revenue and refunding bonds (the *Senior Lien Obligations*); and

WHEREAS, the City Council of the City has heretofore issued, and there are currently outstanding, revenue and refunding bonds (the *Junior Lien Obligations*) supported by a junior lien on and pledge of the net revenues (the *Net Revenues*) of the System; and

WHEREAS, the City Council of the City has heretofore issued, and there are related obligations currently outstanding supported by a subordinate lien on and pledge of the Net Revenues of the System (the *Subordinate Lien Obligations*); and

WHEREAS, the City Council has heretofore issued, and there are currently outstanding, series of commercial paper notes (the *Commercial Paper*) which are equally and ratably secured by a lien on and pledge of the Net Revenues of the System subordinate to the lien securing the payment of the Senior Lien Obligations and Junior Lien Obligations but on parity with the lien thereon securing the Subordinate Lien Obligations; and

WHEREAS, pursuant to the provisions of Chapters 1207 and 1371, as amended, Texas Government Code (*Chapter 1207* and *Chapter 1371*, respectively, and, together, the *Act*), the City Council, on September 19, 2013, adopted an ordinance (the *2013F Ordinance*) authorizing the issuance of the “City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund) (the *2013F Bonds*), which 2013F Bonds were initially issued on November 6, 2013 and the proceeds therefrom used to (i) building, improving, extending, enlarging, and repairing the System, (ii) discharging and making final payment of then-outstanding Commercial Paper and (iii) paying the costs of their issuance; and

WHEREAS, the 2013F Bonds are variable rate demand obligations, initially issued in a SIFMA Index Mode expiring on October 31, 2016, and as a result thereof, the 2013F Bonds are subject to mandatory tender by the current Holders thereof, without right of retention, on November 1, 2016 (at which time the 2013F Bonds will be remarketed into a new variable rate interest period (the *New Interest Period*) in accordance with the provisions of the 2013F Ordinance); and

WHEREAS, the Board of Trustees of the San Antonio Water System (the *Board*) has, pursuant to a resolution adopted on September 13, 2016 (the *Remarketing Resolution*), approved the terms of the remarketing of the Series 2013F Bonds and also recommended that the City take action to amend the 2013F Ordinance in accordance with its terms to enhance the financial and operational efficiency of the 2013F Bonds, as a result in changes in law and market conditions, while they remain outstanding; and

WHEREAS, given changes in law and market conditions and as requested by the Board, the City Council desires to amend the 2013F Bond Ordinance to conform the terms of the 2013F Bonds with such changes in law and market conditions; and

WHEREAS, the City Council hereby finds that the adoption of this Ordinance is in the best interest of the residents of the City; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS THAT:

SECTION 1: Amendments to the 2013F Ordinance Authorized. To accommodate changes in the terms governing the Bonds, the City hereby approves the hereinafter-specified amendments to the 2013F Bond Ordinance, which amendments will become effective as to the designated 2013F Bonds upon the Rate Adjustment Date applicable to the 2013F Bonds that are remarketed into a New Interest Period on November 1, 2016, that notice of such amendments be delivered to the Paying Agent/Registrar, that 2013F Bonds reflecting such amended terms, as applicable or necessary, are delivered to the Paying Agent/Registrar in accordance with Section 7.2(B) of the 2013F Ordinance, and that any other prerequisites to the effectiveness of such amendments as specified in Article VII of the 2013F Ordinance are satisfied.

(a) The definition of ***Maximum Rate*** as contained in Section 1.1 of the Series 2013F Ordinance is amended and restated in its entirety as follows:

Maximum Rate for any Interest Period for Bonds means the lesser of (a) 8% per annum or (b) the maximum net effective interest rate permitted by law to be paid thereon as provided by Texas Government Code, Section 1204.006, as amended, or the maximum nonusurious rate of interest permitted to be charged by the Liquidity Bank by applicable federal of Texas law (whichever shall permit the higher lawful rate) from time to time in effect.

(b) The following sentence shall be added to the end of Section 2.4(F):

Notwithstanding any provision hereof to the contrary, and with respect to redemptions of Bonds effected on a Rate Adjustment Date, the notice of mandatory tender provided in accordance with Section 2.5B shall serve as sufficient notice of redemption to the Holders of any such redeemed Bonds.

(c) Section 7.1 of the Series 2013F Ordinance is amended and restated in its entirety as follows:

A. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Bonds. This Ordinance shall constitute a contract with the Holders from time to time, binding on the City and its successors and assigns, and it shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. Without limiting the foregoing, the City may amend and supplement this Ordinance without notice or consent of any Holder: (1) to modify this Ordinance or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States; (2) to authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to this Ordinance regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature; (3) to increase or decrease the number of days specified for the giving of notices in Sections 2.2 and 7.4 and to make corresponding changes to the period for notice of redemption of the Bonds provided that no decreases in any such number of days shall become effective except while the Bonds bear interest at a Term Rate and until 30 days after the Paying Agent/Registrar has given notice to the Owners of the Bonds; (4) to provide for an uncertificated system of registering the Bonds or to provide for the change to or from a Book-Entry-Only System for the Bonds; (5) to make any change to this Ordinance when (i) all Bonds have been tendered to the Remarketing Agent pursuant to the terms of this Ordinance, but have not been remarketed following such tender; provided, however, that the Remarketing Agent has received notice of such amendment or supplement; or (6) effective upon any Rate Adjustment Date in connection with a remarketing of Bonds to a new Variable Rate Mode or Fixed Rate Mode to make any amendment hereto provided that such amendment affects only the Bonds then-being converted.

In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; *provided* that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission.

SECTION 2: Reoffering Memorandum. The City hereby approves, ratifies and confirms the form and content of the remarketing memorandum (the *Remarketing Memorandum*), presented to the Board with this Ordinance, in substantially the same form attached hereto as Exhibit A, and prepared for use in connection with the remarketing of the 2013F Bonds into their New Interest Period during which the 2013F Bonds then remaining

outstanding will bear interest of a variable rate pursuant to the 2013F Ordinance and the Remarketing Resolution.

SECTION 3: Additional Actions Authorized; Designated Financial Officers. Pursuant to the authority provided by Chapter 1371 and the 2013F Ordinance, the Chairman or Vice Chairman of the Board, the President/Chief Executive Officer of the Board, or the Senior Vice President/Chief Financial Officer of the Board are hereby identified and designated as *Designated Financial Officers* under this Ordinance. The Designated Financial Officers, and all other appropriate officers, agents and representatives of the Board, are hereby authorized and directed to take any and all other actions as may be necessary and appropriate to provide for the effectuation of the substance of this Ordinance. In addition and with respect to accomplishing the foregoing, each Designated Financial Officer is hereby authorized and directed to execute, deliver, and accept on behalf of the City (acting by and through the Board) all agreements, certificates, consents, waivers, receipts, notices, requests and other documents as may be necessary or appropriate to carry out the actions contemplated by this Resolution.

SECTION 4: Definition of Terms. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the 2013F Ordinance.

SECTION 5: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 6: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Resolution are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City.

SECTION 7: Effective Date. This Ordinance shall be in force and effect from and after its passage on the date shown below.

* * * *

PASSED AND ADOPTED by an affirmative vote of _____ members of the City Council of the City of San Antonio, Texas, this the 15th day of September, 2016.

CITY OF SAN ANTONIO, TEXAS

Mayor

ATTEST:

City Clerk

(CITY SEAL)

I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Ordinance prior to its adoption and passage as aforesaid.

Andrew Segovia, City Attorney
City of San Antonio, Texas

INDEX OF SCHEDULES AND EXHIBITS

Exhibit A..... Remarketing Memorandum

EXHIBIT A

Remarketing Memorandum

See Tab No. __