

## CERTIFICATE OF CITY CLERK

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

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 8<sup>th</sup> day of December, 2016 the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) convened in regular session at its regular meeting place in the City Hall of the City (the *Meeting*), the duly constituted members of the Council being as follows:

Ivy R. Taylor	Mayor
Roberto C. Treviño	Councilmember
Alan E. Warrick, II	Councilmember
Rebecca J. Viagran	Councilmember
Rey Saldaña	Councilmember
Shirley Gonzales	Councilmember
Ray Lopez	Councilmember
Cris Medina	Councilmember
Ron Nirenberg	Councilmember
Joe Krier	Councilmember
Mike Gallagher	Councilmember

and all of such persons were present at the Meeting, except the following: Medina, thus constituting a quorum. Among other business considered at the Meeting, the attached ordinance (the *Ordinance*) entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$47,000,000 OF "CITY OF SAN ANTONIO, TEXAS VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016"; PROVIDING FOR THE PAYMENT OF THE CERTIFICATES BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND FURTHER SECURING THE CERTIFICATES BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE CITY'S PARK SYSTEM; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE CERTIFICATES, INCLUDING THE APPROVAL OF A PURCHASE AND INVESTMENT LETTER; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, REMARKETING AGREEMENT, AND A TENDER AGENT AGREEMENT; COMPLYING WITH THE REQUIREMENTS IMPOSED BY THE LETTER OF REPRESENTATIONS PREVIOUSLY EXECUTED WITH

THE DEPOSITORY TRUST COMPANY; AND PROVIDING AN EFFECTIVE  
DATE

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the Ordinance, a motion was made by Councilmember Treviño that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember Warrick and carried by the following vote:

10 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council of the City on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was open to the public and was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

\* \* \* \*



IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 8<sup>th</sup> day of December, 2016.



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

**2016-12-08-0973**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$47,000,000 OF "CITY OF SAN ANTONIO, TEXAS VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016"; PROVIDING FOR THE PAYMENT OF THE CERTIFICATES BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND FURTHER SECURING THE CERTIFICATES BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE CITY'S PARK SYSTEM; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE CERTIFICATES, INCLUDING THE APPROVAL OF A PURCHASE AND INVESTMENT LETTER; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, REMARKETING AGREEMENT, AND A TENDER AGENT AGREEMENT; COMPLYING WITH THE REQUIREMENTS IMPOSED BY THE LETTER OF REPRESENTATIONS PREVIOUSLY EXECUTED WITH THE DEPOSITORY TRUST COMPANY; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *City* or the *Issuer*) has caused notice to be given of its intention to issue certificates of obligation in the maximum principal amount of \$52,000,000 for the purpose of providing funds for the payment of contractual obligations of the Issuer to be incurred for making permanent public improvements and for other public purposes, to-wit: (i) acquiring an existing building known as Frost Tower to be used to consolidate City administration into a single facility, and (ii) the payment of professional services (including closing costs) related to the acquisition and financing of the aforementioned project, which notice has been duly published in a newspaper hereby found and determined to be of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first publication of such notice being not less than thirty (30) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates of obligation; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in this notice, signed by at least five percent (5%) of the qualified electors of the Issuer, has been presented to or filed with the City Clerk prior to the date tentatively set in such notice for the passage of this Ordinance; and

WHEREAS, the Governing Body hereby finds and determines that the certificates of obligation in the principal amount of \$47,000,000 described in such notice should be issued and sold at this time; and

WHEREAS, the Governing Body hereby finds and determines that the issuance of the certificates of obligation and the adoption of this Ordinance are in the best interests of the residents of the City; NOW THEREFORE



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

## ARTICLE I DEFINITIONS

### SECTION 1.1. *Definitions.*

For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Section have the meanings assigned to them in this Section, certain terms defined in other sections of and the preamble to this Ordinance have the meanings assigned to them in such sections and preamble, and all such terms include the plural as well as the singular; (ii) all references in this Ordinance to designated *Sections, Schedules, Exhibits*, and other subdivisions are to the designated Sections, Schedules, Exhibits, and other subdivisions of this Ordinance as originally adopted; and (iii) the words *herein, hereof, and hereunder* and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

*Act* means the Certificate of Obligation Act, codified as Subchapter C of Chapter 271, Texas Local Government Code, as amended.

*Additional Limited Pledge Revenues Obligations* means (i) obligations hereafter issued by the City payable wholly or in part from and secured by a lien on and pledge of the Pledged Revenues, and (ii) obligations hereafter issued to refund any of the foregoing as determined by the Governing Body in accordance with any applicable law.

*Authorized Officials* means any of the Mayor, the City Manager, the Chief Financial Officer, the City Clerk, or the Deputy Chief Financial Officer.

*Book-Entry-Only Certificate* means any Certificate registered in the name of the Securities Depository or its nominee.

*Business Day* for the Certificates or portions thereof means any day other than (i) a Saturday or a Sunday, (ii) a legal holiday or the equivalent on which banking institutions generally are authorized or required to close in the Place of Payment or in the city in which is located the corporate trust office of the Paying Agent/Registrar, or (iii) a day on which the New York Stock Exchange is closed.

*Certificate Fund* shall mean the special fund or account created and established by the provisions of *Section 5.1*.

*Certificates* mean the CITY OF SAN ANTONIO, TEXAS VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016, dated December 1, 2016, authorized by this Ordinance.

*City* means the City of San Antonio, Texas, and, where appropriate, the Governing Body of the City.



**Closing Date** means the date of physical delivery of the Initial Certificate in exchange for the payment in full by the Purchasers, anticipated to occur on or about December 19, 2016.

**Code** means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date.

**Collection Date** means, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

**Conversion Date** shall mean, as applicable: (i) with respect to the Fixed Rate Period, the Fixed Rate Conversion Date, and (ii) with respect to the Term Rate Period, the Term Rate Conversion Date.

**Conversion Ordinance** means an ordinance adopted by the Governing Body authorizing the conversion of Certificates from an existing Interest Mode and Interest Period to another Interest Mode and Interest Period (and specifying the terms applicable to the Certificates in such new Interest Mode and Interest Period).

**Debt Service Requirements** means, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof (being the Maximum Rate with respect to the Certificates) and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

**Depository** means an official depository bank of the City.

**DTC Participant** means those broker-dealers, banks, and other financial institutions reflected on the books of the Securities Depository.

**Fiscal Year** means the annual financial accounting period for the City now ending on September 30th of each year; provided, however, the Governing Body may change such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes or is required by applicable law.

**Fitch** means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **Fitch** shall mean any other nationally recognized securities rating agency designated by the City.

**Fixed Mode** for any Certificate or portion thereof means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Certificate or portion thereof accrues at the Fixed Rate therefor.



**Fixed Rate** means the fixed rate of per annum interest borne by a Certificate during a Fixed Mode and for the duration of the Fixed Rate Period.

**Fixed Rate Conversion Date** shall mean the date on which the Certificates begin to bear interest at the Fixed Rate pursuant to *Section 2.2D*, which Fixed Rate Conversion Date shall be an Interest Payment Date on which interest is payable for the Term Rate Period from which the conversion is made.

**Fixed Rate Period** shall mean the period beginning on the Fixed Rate Conversion Date and ending at the Stated Maturity or Maturities or date or dates of prior redemption of the Certificates, during which the Certificates bear interest at the applicable Fixed Rate or Fixed Rates.

**Government Securities** shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (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 adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Certificates.

**Gross Revenues** means all income and revenue received by the City by virtue of the operation of the System, including concessions, rentals, admission fees, recreation fees, permits, and other revenue sources.

**Holder** or **Holders** means the registered owner, whose name appears in the Security Register, for any Certificate.

**Ineligible Owner** of Certificates means (i) the City, (ii) any person (whether for-profit or not-for-profit) which controls or is controlled by or is under common control with the City, and (iii) any person who owns such Certificates on behalf or for the benefit or account of the City or a person described in the preceding *Clause (ii)*. For purposes of this definition, a person controls another person when the first person possesses or exercises, directly or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other person, whether through the ownership of voting rights, membership, the power to appoint members, trustees, or directors, by contract, or otherwise.

**Inferior Lien Obligations** means (i) bonds, notes, warrants, or other obligations hereafter issued by the City payable and equally and ratably secured wholly or in part from a pledge of and lien on certain surplus revenues of the System which is subordinate and inferior to the lien on



and pledge of Net Revenues securing the payment of the Limited Pledge Obligations and any Revenue Obligations or Additional Limited Pledge Obligations hereafter issued, and (ii) any obligations issued to refund the foregoing payable and equally and ratably secured from a junior and inferior lien on and pledge of such surplus revenues described above as determined by the Governing Body in accordance with any applicable law.

***Initial Certificate*** has the meaning stated in *Section 2.8*.

***Interest Mode*** means either a Term Mode or Fixed Mode during either of which the Certificates bear interest at a Taxable Rate or a Tax-Exempt Rate.

***Interest Payment Date*** for any Certificate or portion thereof means the date specified in such Certificate as a fixed date on which interest on such Certificate or portion is due and payable.

***Interest Period*** for any Certificate or portion thereof means the period of time from and including the Closing Date or any Rate Adjustment Date for such Certificate or portion thereof, as applicable, to but excluding the next succeeding Rate Adjustment Date for, or the date of Maturity of, such Certificate or portion thereof, as applicable.

***Limited Pledge Revenue Obligations*** means (i) the currently outstanding obligations designated as:

1. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2007", dated November 1, 2007, originally issued in the aggregate principal amount of \$106,755,000;
2. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2008", dated December 1, 2008, originally issued in the aggregate principal amount of \$85,005,000;
3. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2010", dated June 1, 2010, originally issued in the aggregate principal amount of \$38,375,000;
4. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2011", dated July 1, 2011, originally issued in the aggregate principal amount of \$79,780,000;
5. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2012", dated July 1, 2012, originally issued in the aggregate principal amount of \$19,340,000;
6. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2013", dated July 1, 2013, originally issued in the aggregate principal amount of \$15,145,000;



7. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2015, dated July 1, 2015, originally issued in the aggregate principal amount of \$36,360,000;
8. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2015", dated July 1, 2015, originally issued in the aggregate principal amount of \$43,820,000;
9. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016", dated August 1, 2016, originally issued in the aggregate principal amount of \$24,830,000;
10. "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016", dated August 1, 2016, originally issued in the aggregate principal amount of \$84,855,000; and
11. Upon issuance, the Certificates;

and (ii) obligations hereafter issued to refund the foregoing as determined by the Governing Body in accordance with any applicable law.

**Maturity** when used with respect to any Certificate means the date on which the principal of such Certificate becomes due and payable as therein or herein provided, whether at the Stated Maturity, call for redemption, or otherwise, but does not include payment of the portion of the Purchase Price corresponding to principal of such Certificate pursuant to *Section 2.5*.

**Maximum Rate** for any Interest Period for Certificates means the lesser of (a) 15% 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 net effective interest rate permitted by applicable law at the time of issuance of the Certificates (whichever shall permit the higher lawful rate) from time to time in effect.

**Moody's** means Moody's Investors Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **Moody's** shall be deemed to refer to any other nationally recognized Rating Service designated by the City.

**Net Revenues** means the Gross Revenues less the expenses of operation and maintenance, including all salaries, labor, materials, repairs and improvements necessary to maintain and operate the System; provided, however, that only such repairs and improvements as in the judgment of the Governing Body, reasonably and fairly exercised, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical action or condition which would otherwise impair the security of any bonds or other obligations payable from and secured by a lien on the Net Revenues derived from the ownership and operation of the System shall be deducted in determining Net Revenues.



**Opinion of Counsel** means a written opinion of counsel to the City who may (except as otherwise expressly provided in this Ordinance) and, when given with respect to the status of interest on any Certificate under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law.

**Ordinance** means this ordinance adopted by the Governing Body on December 8, 2016 authorizing the issuance of the Certificates.

**Outstanding** means when used in this Ordinance with respect to Certificates shall mean, as of the date of determination, all Certificates issued and delivered under this Ordinance, except:

1. those Certificates canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
2. those Certificates for which payment has been duly provided by the City in accordance with the provisions of this Ordinance; and
3. those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in this Ordinance.

**Paying Agent/Registrar** means the financial institution specified in *Section 2.3* or its herein permitted successors and assigns.

**Place of Payment** for Certificates means the city in which is located the office designated by the Paying Agent/Registrar at which principal of the Certificates shall be paid at Maturity or earlier redemption.

**Pledged Revenues** means during the entire period the Certificates or interest thereon remain Outstanding and unpaid, shall mean an amount of Net Revenues not in excess of \$1,000.

**Pledged Revenue Amount** means the total amount, not to exceed \$1,000 while the Certificates are Outstanding, of Net Revenues that are deposited into the Revenue Fund pursuant to this Ordinance and that may be transferred by the City, in any given Fiscal Year, to the Certificate Fund.

**Predecessor Certificate** has the meaning stated in *Section 2.7H*.

**Purchase Contract** has the meaning stated in *Section 2.12*.

**Purchase Date**, when used with respect to any Certificate or portion thereof, means the date upon which the Paying Agent/Registrar is obligated to effect the purchase of such Certificate or portion thereof on the terms described in *Section 2.5A*.

**Purchase Fund** means the fund of the Tender Agent so defined in *Section 2.5C*.



**Purchase Price** of any Certificate (or portion thereof) required to be purchased pursuant to the terms of *Section 2.5A* means an amount equal to one hundred percent (100%) of the principal amount of such Certificate (or portion thereof), plus interest, if any, accrued thereon to the Purchase Date (but at such time otherwise unpaid) from the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for.

**Purchasers** shall mean the initial purchaser of the Certificates named in *Section 2.12*.

**Rate Adjustment Date** for any Certificate or portion thereof means each day on which such Certificate or portion will begin to bear interest at a new Term Rate or Fixed Rate, whether or not such rate is different from the interest rate previously in effect with respect to such Certificates.

**Rate Determination Date** for any Certificate or portion thereof means each date the City is required to make a determination of the Term Rate or Fixed Rate to be borne by such Certificate or portion thereof.

**Rating Service** means any of Fitch, Moody's, S&P, or any other nationally recognized securities rating service which at the time has a credit rating assigned to the Certificates, if any.

**Record Date** has the meaning stated in *Section 2.3*.

**Remarketing Agent** means the party selected from time to time by the City to serve as the remarketing agent for the Certificates pursuant to *Section 2.5H*.

**Remarketing Agreement** means the Remarketing Agreement between the City and any Remarketing Agent pertaining to the remarketing of the Certificates.

**Revenue Obligations** means: (i) bonds or other obligations payable from and secured by a lien on and pledge of the Net Revenues not limited to a pledge of the Pledged Revenues as provided in this Ordinance and being prior and superior to the lien on and pledge thereof securing the payment of the currently outstanding Limited Pledge Revenue Obligations and any Additional Limited Pledge Revenue Obligations or Inferior Lien Obligations hereafter issued by the City; and (ii) obligations hereafter issued to refund any of the foregoing as determined by the Governing Body in accordance with any applicable law.

**S&P** means S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **S&P** shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

**Securities Depository** means The Depository Trust Company or any successor person appointed by ordinance of the Governing Body to act as Holder of the Certificates, directly or through a nominee, to maintain a system for recording and transferring beneficial interests in such Certificates and distributing payments thereon and notices in respect thereof.

**Security Register** has the meaning stated in *Section 2.3*.



**Special Payment Date** has the meaning stated in *Section 2.3*.

**Special Record Date** has the meaning stated in *Section 2.3*.

**Stated Maturity** has the meaning stated in *Section 2.2A*.

**Stepped Rate** means, with respect to Certificates in a Term Mode, the interest rate applicable to such Certificates upon the conclusion of the then-applicable Interest Period when there has occurred a failed remarketing of all or a portion of the affected Certificates, which Stepped Rate shall be established by the City in connection with the initial sale or conversion of Certificates into a Term Mode (but which shall never exceed the Maximum Rate). The Stepped Rate applicable to the Certificates in their initial Term Mode is 8.61% from February 1, 2020 through July 31, 2020 and the Maximum Rate thereafter.

**System** means the land and improvements (real property, fixtures, and personal property) constituting the City's public park system.

**Taxable Fixed Rate** means a Fixed Rate that results in interest on a Certificate that is not excluded from the gross income of the Holder thereof for purposes of federal income taxation.

**Taxable Rate** means a Taxable Fixed Rate or a Taxable Term Rate.

**Taxable Term Rate** means a Term Rate that results in interest on a Certificate that is not excluded from the gross income of the Holder thereof for purposes of federal income taxation.

**Tax-Exempt Fixed Rate** means a Fixed Rate that results in interest on a Certificate that is excluded from the gross income of the Holder thereof for purposes of federal income taxation.

**Tax-Exempt Rate** means a Tax-Exempt Fixed Rate or a Tax-Exempt Term Rate.

**Tax-Exempt Term Rate** means a Term Rate that results in interest on a Certificate that is excluded from the gross income of the Holder thereof for purposes of federal income taxation.

**Tender Agent** shall mean, initially, Regions Bank, Birmingham, Alabama, or any successor thereto, being a financial institution performing the duties specified in *Section 2.5I*.

**Tender Agent Agreement** shall mean the Tender Agent Agreement, dated as of December 8, 2016, between the City and the initial Tender Agent and in substantially the form attached hereto as *Exhibit C*, pertaining to the Certificates or any similar agreement entered into from time to time with any successor Tender Agent.

**Term Mode** for any Certificate or portion thereof means any period of time, determined in accordance *Section 2.2C*, during which interest on such Certificate or portion thereof accrues at the Term Rate therefor. All Certificates are initially issued in a Term Mode.



**Term Rate** means the fixed rate of per annum interest borne by a Certificate during a Term Mode and for the duration of the applicable Term Rate Period. The Term Rate applicable to the Certificates in their initial Term Mode, which is a Taxable Term Rate, is 2.64%.

**Term Rate Period** means, with respect to the initial Term Rate Period, the period beginning on the Closing Date and ending on January 31, 2020 (unless earlier terminated pursuant to *Section 2.2D.3*), and thereafter, the period beginning on the Rate Adjustment Date for a new Term Mode and ending on the date preceding the Rate Adjustment Date for a new Interest Period applicable to Certificates then in such Term Mode.

**Untendered Certificates** has the meaning stated in *Section 2.5G*.

## ARTICLE II THE CERTIFICATES

### SECTION 2.1. *Authorization.*

Certificates of the City shall be and are hereby authorized to be issued in the aggregate principal amount of FORTY-SEVEN MILLION AND NO/100 DOLLARS (\$47,000,000), to be designated and bear the title of CITY OF SAN ANTONIO, TEXAS VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016, pursuant to this Ordinance for the purpose of (i) acquiring an existing building known as Frost Tower to be used to consolidate City administration into a single facility, and (ii) the payment of professional services (including closing costs) related to the acquisition and financing of the aforementioned project. The Certificates shall be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and additionally from a pledge of and lien on certain City revenues derived from its ownership and operation of the System. The Certificates are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly, the Act, Chapters 1201 and 1502, as amended, Texas Government Code, the City's Home Rule Charter, and this Ordinance.

### SECTION 2.2. *Terms.*

A. **Denominations; Date; Stated Maturity.** The Certificates shall be issuable in fully registered form only in denominations of \$5,000 or any integral multiple thereof; provided, however, that so long as the City's requirement to comply with the Rule (as defined herein) is suspended pursuant to *Section 6.4G*, Certificates shall only be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Certificates shall be dated December 1, 2016 (the *Certificate Date*). The Certificates shall become due and payable on February 1, 2046; provided, however, in the event of a conversion of Certificates to a Fixed Mode, the converted Certificates shall become due and payable on February 1 of each year specified in the Conversion Ordinance accomplishing such conversion (each such date of maturity herein referred to as the *Stated Maturity*).

B. **Interest.** The Certificates are issued as multimodal interest rate obligations in one or more Term Modes, a Fixed Mode, or a combination of Term Mode and Fixed Mode and shall



bear interest from the Closing Date or the applicable Rate Adjustment Date at the rates, and which interest is payable on the Interest Payment Dates, all as described in the following text. The Certificates are initially issued in a Term Mode commencing on the Closing Date and ending on January 31, 2020 (unless earlier terminated by the City, as herein permitted, on or after February 1, 2018), during which the Certificates will bear interest at a Taxable Term Rate of 2.64%.

Provisions relating to the payment of interest, as well as certain other provisions regarding interest rate determination, calculation, and payment are included in the Initial Certificate (defined herein) and the applicable form of definitive Certificate referred to in *Section 3.1*.

**C. *Determination of Interest Modes and Interest Periods; Other Interest Provisions.***

1. ***Conditions Applicable to All Conversions.*** The City shall, pursuant to a Conversion Ordinance, change the Interest Mode for the Certificates or any portion thereof to a new Term Mode or Term Modes (including Term Modes with Interest Periods of different duration) and, if such new Interest Mode is a Term Mode, designate the duration of the Interest Period therefor, and with respect to any such new Interest Mode determine if Certificates shall bear interest at a Taxable Rate or a Tax-Exempt Rate, with notice of the foregoing, by a written instrument herein described, to be delivered to the Paying Agent/Registrar, the Remarketing Agent, if any, and the Tender Agent, not less than five (5) Business Days prior to such change and specifying:

- a. ***Affected Certificates:*** the current Interest Mode and Interest Periods, and the respective principal amounts of each, with respect to which such designation is being made;
- b. ***Effective Date:*** the first day of the newly designated Interest Mode or Interest Period(s);
- c. ***Designation:*** that the City has determined that, effective on such day, a Term Mode or Fixed Mode, as the case may be, shall take effect for such Certificates or portions thereof and any Term Rate, Stepped Rate, or Fixed Rate applicable to Certificates in such new Term Mode or Fixed Mode;
- d. ***Interest Period:*** if the designated Interest Mode is a Term Mode, the duration of such Interest Period; and
- e. ***Tax Treatment Under the Code:*** whether the Certificates in such designated Interest Mode shall bear interest at a Taxable Rate or a Tax-Exempt Rate for the duration of such Interest Period.

Upon delivery of such notices, the Interest Mode or Interest Period for such Certificates shall, *subject* to the other provisions of this subsection, be automatically converted on the day



specified in such Conversion Ordinance to the Interest Mode and Interest Period specified therein without any further act.

No change to any Interest Mode or Interest Period for any Certificates shall become effective unless:

i. **Opinion of Counsel:** (a) if (but only if) such Certificate in the then-existing Interest Mode bears interest at a Tax-Exempt Rate and will also bear interest at a Tax-Exempt Rate in the new Interest Mode, there is delivered to the Paying Agent/Registrar and the Remarketing Agent on the first day of such Interest Mode or Interest Period an Opinion of Counsel to the effect that such change in the Interest Mode or Interest Period will not adversely affect any exclusion of interest on any Certificate from the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes, and (b) there is delivered to the Paying Agent/Registrar and the Remarketing Agent on the first day of such Interest Mode or Interest Period an Opinion of Counsel to the effect that such change in the Interest Mode or Interest Period is authorized by applicable Texas law;

ii. **Remarketing Agent:** the City shall, in the Conversion Ordinance, have appointed a Remarketing Agent and, with respect thereto, entered into a Remarketing Agreement therewith (which may specify the obligation of the Remarketing Agent thereunder representing a best efforts or a firm financial arrangement and/or commitment of such Remarketing Agent) or with the purchaser of remarketed Certificates identified by the Remarketing Agent under a "best efforts" arrangement with respect to such remarketing; and

iii. **Settlement:** by 12:30 p.m., New York, New York time, on the date of such change, the Tender Agent shall have received the Purchase Price of all Certificates or portions thereof tendered or deemed tendered for purchase on such date in accordance with *Section 2.5A*.

If, after notice to any person of any change in the Interest Mode or Interest Period for any Certificate or portion thereof, such change may not be effected on the date specified therefor because of any failure to satisfy the conditions of this Section, then the Interest Mode then in effect for such Certificate or portion shall remain unchanged and, *except* for the mandatory tender thereof required by *Section 2.5*, the Holder of such Certificate or portion and all other persons shall be restored to their original positions to the same extent as if the Conversion Ordinance specifying such change had not been given pursuant to this Section. Notwithstanding the foregoing, a failure to remarket Certificates in a Term Mode for a reason other than those provided above, then such Certificates shall remain in a Term Mode, as applicable, bearing interest at the Stepped Rate, as herein described.

**2. Additional Provisions Applicable to the Conversion of Certificates to a Fixed Rate Mode.** If the City by Conversion Ordinance converts all or a portion of the Certificates to a Fixed Rate Mode, the following provisions shall apply:

- a. In the event of a partial conversion, the Paying Agent/Registrar shall select by lot or other customary random method the Certificates to be converted to a Fixed Rate in order to effectuate a pro rata allocation of the redemption schedule as set



forth in *Section 2.4D* hereof between the Certificates to be converted to a Fixed Mode and the Certificates remaining in a Term Mode.

- b. The Fixed Rate Conversion Date shall be an Interest Payment Date on which interest is payable for the Term Rate Period from which the conversion is to be made or an Interest Payment Date on which interest is payable for all Certificates.
- c. At its option, the City also may determine the serial or term maturities, redemption provisions and other terms which shall be applicable to the Certificates on and after the Fixed Rate Conversion Date. Serial maturities shall be determined by the Governing Body at the time of the conversion to a Fixed Rate. Following the Fixed Rate Conversion Date, the Certificates shall be subject to optional redemption in whole or in part on such dates as shall be determined at the time of the conversion. These provisions shall be evidenced in a Conversion Ordinance authorizing such Fixed Rate conversion.

**3. *Tax Status upon Conversion of the Certificates; Tax Covenants Effective on Conversion to a Tax-Exempt Interest Rate.*** In a Conversion Ordinance, the City may specify that (i) Certificates previously bearing interest at a Taxable Rate in a prior Interest Mode may bear interest at a Tax-Exempt Rate in a new Interest Mode, or (ii) Certificates previously bearing interest at a Tax-Exempt Rate in a prior Interest Mode may bear interest at a Taxable Rate in a new Interest Mode. A conversion of Certificates previously bearing interest at a Taxable Rate to bear interest in a new Interest Mode at a Tax-Exempt Rate shall not be effective unless:

- a. bond counsel to the City delivers an Opinion of Counsel that, as of such Conversion Date, interest on such Certificates is excludable from gross income for federal income tax purposes under existing law;
- b. bond counsel to the City shall have received a federal tax certificate in a form sufficient to support its Opinion of Counsel described above; and
- c. bond counsel to the City shall have received such other certifications from the City and the purchaser of such remarketed and converted Certificates, including issue price certificates, if any and as may be necessary to support its Opinion of Counsel described above.

In the event that the City converts Certificates to an Interest Mode and Interest Period during which such Certificates bear interest at a Tax-Exempt Rate, then the covenants regarding preservation of federal income tax exclusion during such Interest Period as set forth in *Section 6.3B* (with such changes as are necessary to allow issuance of the Opinion of Counsel referenced in *Clause 3.a* above) shall become effective as of such Conversion Date and be applicable to such Certificates. It is intended that upon such conversion, the affected Certificates will be treated as reissued, solely for federal tax purposes, as Certificates bearing interest at the applicable Tax-Exempt Rate.



D. ***Duration of Interest Modes and Interest Periods.***

1. ***Interest Modes.*** Each Interest Mode for any Certificate or portion thereof, other than the Fixed Mode, shall extend through the day prior to the effective date of any other Interest Mode therefor established in accordance with this Section. Any Fixed Mode for any Certificate or portion thereof shall extend to the Stated Maturity or date of prior redemption of such Certificate.

2. ***Interest Periods Generally.*** No Interest Period for any Certificate (or portion thereof) during a Term Mode therefor shall extend beyond the day prior to the effective date of any other Interest Mode to become effective for such Certificates or portion thereof pursuant to a Conversion Ordinance under this *Section 2.2*.

3. ***Interest Periods During Term Modes.*** Each Interest Period for any Certificates or portion thereof which are in a Term Mode shall commence on the first day of such Term Mode (being, initially, the Closing Date, and with respect to Term Modes thereafter, the Rate Adjustment Date for such Term Mode). The initial Term Mode shall conclude on January 31, 2020, unless the City elects, in a Conversion Ordinance, to effect the earlier termination of such initial Term Mode on or after February 1, 2018. Each successive Interest Period during a Term Mode shall extend to the expiration date for such Interest Period specified in the applicable Conversion Ordinance (unless the City is permitted under the terms of the remarketing in such successive Interest Period the ability to early terminate such Interest Period but has not so elected in a subsequent Conversion Ordinance).

4. ***Fixed Mode.*** No Interest Period shall extend beyond February 1, 2046.

E. ***Determination of Interest Rates by Remarketing Agent.***

1. ***Term Rate; Fixed Rate.*** On any date designated by the City, which is not more than sixty (60) days preceding nor later than the sixth (6th) Business Day preceding the end of the then-applicable Interest Period for Certificates (or any portion thereof) in a Term Mode (whether such end of the applicable Interest Period shall be by expiration of its term or by earlier termination by direction of the City to redeem Certificates or cause their mandatory tender for purchase, as applicable), the City, in cooperation with the Remarketing Agent, shall establish the new Term Rate or Fixed Rate for the Certificates in their new Interest Period. The new Term Rate or Fixed Rate shall be established in the manner described in *Subsection E.2.* of this Section, on such day for such Certificates or portion thereof during such Interest Period. In no event shall a Term Rate or Fixed Rate for the Certificates ever exceed the Maximum Rate.

2. ***Premium/Discount Term Mode and Fixed Mode Certificates.*** In determining the Term Rate or Fixed Rate for Certificates in an Interest Period, the Remarketing Agent may determine the minimum rate necessary to be borne by such Certificates to their date of mandatory tender for purchase or Stated Maturity (as applicable) to produce a bid for such Certificates equal to either a premium (that does not exceed costs of the Interest Mode change and then-present remarketing of such Certificates or that otherwise produces the lowest yield on the Certificates) to or a discount (if, in the judgment of the City, a discount would produce a



lower yield on such Certificates to Maturity) from the Purchase Price thereof, in either case as and in the amount to be memorialized in a Conversion Ordinance, *provided* that (1) in the case of Certificates to be sold at a discount, the City shall have transferred to the Tender Agent on or before the Conversion Date for such subsequent Interest Period for deposit to the Purchase Fund an amount equal to such discount in immediately available funds and (2) in the case of Certificates to be sold at a premium, the Remarketing Agent shall transfer the premium to the Paying Agent/Registrar for credit to the Purchase Fund to pay a portion of the Purchase Price then due and owing on such Purchase Date and the balance to the Certificate Fund to pay interest on the Certificates when due, and costs of changing the Interest Mode for and remarketing of such Certificates on such Purchase Date. Any premium at which Certificates may be remarketed in accordance with this Section is hereby allocated to the costs of changing the Interest Mode for such Certificates to the Term Mode or Fixed Mode (as applicable) and remarketing such Certificates, redeeming then-Outstanding Certificates on the next occurring Rate Adjustment Date, and the other purposes heretofore specified as authorized uses of any such premium (but not to produce excess proceeds that the use of which would be violative of applicable Texas law).

At such time as a Term Rate is established, the Remarketing Agent (in cooperation with the City) shall be establish the Stepped Rate applicable to such new Term Mode Interest Period, which Stepped Rate shall never exceed the Maximum Rate.

3. The Paying Agent/Registrar or Tender Agent, as applicable, shall provide a copy of each notice given pursuant to this subdivision to each transferee of an affected Certificate or portion thereof that is authenticated by it on or after the date of such notice and prior to the effective date of the change described therein.

The Paying Agent/Registrar shall provide the rate of interest constituting the Term Rate or Fixed Rate, for any Certificate, or any portion thereof, from time to time to each Holder thereof who requests such information.

F. ***Effect of Determinations.*** Each designation of an Interest Mode or the duration of an Interest Period made pursuant to this Section and each determination of a Term Rate, Stepped Rate, or Fixed Rate made pursuant to this Section shall be conclusive and binding upon the City, the Paying Agent/Registrar, the Tender Agent, and the Holders, and none of the City, the Remarketing Agent, Paying Agent/Registrar, or the Tender Agent shall have any liability to any such person for any such determination, whether due to any error in judgment, failure to consider any information, opinion, or other resource, or otherwise.

### **SECTION 2.3. *Payment of Certificates; Paying Agent/Registrar.***

The principal of, premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of and interest on the Certificates shall be without exchange or collection charges to the Holder of the Certificates.



The selection and appointment of Regions Bank, Birmingham, Alabama, to serve as the initial Paying Agent/Registrar for the Certificates is hereby approved and confirmed. The City agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (hereby referred to as the *Security Register*) for the registration, payment, and transfer of the Certificates, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement entered into by the City and the Paying Agent/Registrar. The form and terms of Paying Agent/Registrar Agreement attached hereto as *Exhibit B* are hereby approved, and any Authorized Official is authorized to execute and deliver the Paying Agent/Registrar Agreement substantially in such form attached hereto as *Exhibit B* and to such effect in the name of the City.

The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Certificates remain unpaid. Any successor Paying Agent/Registrar shall be either (i) a national or state banking institution, or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

The City reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a City ordinance terminating its agency. Additionally, the City agrees promptly to cause a written notice of any such substitution to be sent to each Holder of the Certificates by United States Mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar. No removal or replacement of the Paying Agent/Registrar shall be effective until a successor shall have been appointed and qualified as such.

Principal of, premium, if any, and interest on each Certificate, due and payable by reason of Stated Maturity, redemption or otherwise, shall be payable only to the Holder in whose name such certificate is registered on the Security Register (i) as of the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date (the *Record Date*), in the case of interest, and (ii) on the date of surrender of the Certificates, in the case of payment of principal. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Certificate for purposes of receiving payment and (unless otherwise expressly stated herein) all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar nor any agent of either shall be affected by notice to the contrary.

Principal of and premium, if any, on the Certificates shall be payable only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its corporate trust office, except as otherwise agreed with the Securities Depository in the case of partial redemptions. Interest on the Certificates or any portions thereof due on any Interest Payment Date shall be paid to the person in whose name such Certificates are registered in the Security Register at the close of business on the Record Date for such interest, and shall be paid (i) by check sent by United States Mail, first-class postage prepaid, by the Paying Agent/Registrar to the address of such person appearing in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by such person at such person's risk and expense.



If the date for the payment of the principal of, premium, if any, or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where 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 day. Payment on such date shall have the same force and effect as if made on the original date any such payment on the Certificates was due.

In the event interest due on an Interest Payment Date is not paid or duly provided for by the City for thirty (30) days thereafter, a new record date for such interest (herein referred to as 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 (herein referred to as the *Special Payment Date*, which shall be fifteen (15) days after the Special Record Date) shall be sent by the Paying Agent/Registrar 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 Holder appearing on the Security Register at the close of business on the fifteenth (15th) day next preceding the date of mailing of such notice.

#### **SECTION 2.4.     *Redemption.***

A.     ***Optional Redemption Generally.*** The City may, on any Rate Adjustment Date or any day on which the Certificates bear interest at a Stepped Rate, redeem prior to their Stated Maturity, in whole or in part, the Certificates at a price equal to one hundred percent (100%) of the principal amount thereof together with interest, if any, accrued thereon from the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for to the specified redemption date.

B.     ***Optional Redemption During the Initial Interest Period.*** During their initial Interest Period, the Certificates are subject to redemption, in whole or in part, on February 1, 2018 or any date thereafter at a price equal to one hundred percent (100%) of the principal amount thereof together with interest, if any, accrued thereon from the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for to the specified redemption date.

C.     ***Optional Redemption in Subsequent Interest Periods.*** The applicable Conversion Ordinance shall specify optional redemption features, if any, applicable to the Certificates during an Interest Period other than the initial Interest Period.

D.     ***Sinking Fund Redemption.*** The City shall redeem Certificates on February 1 in the following years, in the aggregate principal amount set forth opposite such year below, at a price equal to one hundred percent (100%) of principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to which interest thereon has been paid or duly provided for to the Redemption Date:



<u>Years of Stated Maturity</u>	<u>Principal Amounts</u>
2020	1,210,000
2021	1,240,000
2022	1,275,000
2023	1,310,000
2024	1,345,000
2025	1,380,000
2026	1,415,000
2027	1,455,000
2028	1,495,000
2029	1,535,000
2030	1,575,000
2031	1,615,000
2032	1,660,000
2033	1,705,000
2034	1,750,000
2035	1,795,000
2036	1,845,000
2037	1,895,000
2038	1,945,000
2039	1,995,000
2040	2,050,000
2041	2,105,000
2042	2,160,000
2043	2,220,000
2044	2,280,000
2045	2,340,000
2046	2,405,000

*provided, however*, that the principal amount of Certificates so to be redeemed in any year shall be reduced upon written request of the City delivered to the Paying Agent/Registrar by an amount equal to the principal amount of Certificates (1) surrendered uncanceled and in transferable form by the City to the Paying Agent/Registrar not less than fifty (50) days prior to such redemption date or (2) selected (not less than five (5) days prior to the last day for mailing notice of such redemption date) for redemption in or prior to such year pursuant to the optional redemption features applicable to such Certificates, if in either case such Certificates shall not have previously served as the basis for any such reduction.

E. ***Exercise of Redemption Option.*** At least forty-five (45) days prior to a date set for the redemption of Certificates at the option of the City (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar or the Certificates to be redeemed are Certificates in a Term Mode bearing interest at a Stepped Rate), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Certificates, the principal amount to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise



its right to redeem Certificates, other than (i) Certificates in a Term Mode bearing interest at a Stepped Rate, or (ii) Certificates that have been redeemed as a result of the generation of a premium in connection of the remarketing of Certificates from one Interest Period to another (which redemption(s) resulting from premium generation shall be evidenced in the Conversion Ordinance), shall be entered in the minutes of the Governing Body.

F. ***Selection of Certificates for Redemption.*** If less than all Outstanding Certificates are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Certificates to be redeemed, treating each Certificate as representing a number of Certificates outstanding which is obtained by dividing the principal amount of such Certificate by the authorized denomination therefor.

G. ***Notice of Redemption.*** Not less than thirty (30) days, and not more than sixty (60) days prior to a redemption date for Certificates (other than Certificates in a Term Mode bearing interest at a Stepped Rate), a notice of redemption shall be sent by United States Mail, first-class postage prepaid, in the name of the City and at the City's expense, by the Paying Agent/Registrar to each Holder of a Certificate to be redeemed, in whole or in part, at the address of the Holder thereof appearing on the Security Register at the close of business on the Business Day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder. All notices of redemption shall (i) specify the date of redemption, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the Interest Mode, and principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates or the portion of the principal amount thereof to be redeemed shall become due and payable on the redemption date specified, and in that case the interest thereon (or on the portion of the principal amount thereof to be redeemed) shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates or the principal amount thereof to be redeemed shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

The City hereby reserves the right, in the case of an optional redemption, to make such redemption conditional and/or to rescind the notice of its election or direction to redeem Certificates. Such notice may state that the redemption is conditioned upon the deposit of money and/or authorized Government Securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar and/or that such notice may be rescinded by the City not later than one (1) Business Day prior to the scheduled redemption date by written directive to the Paying Agent/Registrar. If rescinded, such notice and redemption shall be of no force and effect and the Certificates shall thereafter remain Outstanding. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the Holders of affected Certificates. A rescission of a notice of redemption shall not constitute an event of default hereunder or the affected Certificates. Further, in case of a conditional redemption, the failure of the City to make money and/or Government Securities available in part or in whole on or before the scheduled redemption date shall not constitute an event of default hereunder or the affected Certificates.



Notwithstanding any provision hereof to the contrary, and with respect to redemptions of Certificates 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 Certificates.

H. ***Effect of Redemption.*** If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable on the redemption date, and if money sufficient for the payment of such Certificates (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on said Certificates (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Certificates shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance.

I. ***Transfer/Exchange.*** Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Certificate during a period beginning forty-five (45) days prior to the date fixed for redemption of Certificates or (2) to transfer or exchange any Certificate selected for redemption; *provided, however*, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate which is subject to redemption in part.

## **SECTION 2.5. *Purchase of Certificates.***

A. ***Tender and Purchase; Mandatory Tender.*** For Certificates in a Term Mode, the Tender Agent shall, in accordance with the provisions of this *Section 2.5*, effect the purchase of such Certificates (or portions thereof in principal amount equal to, and leaving unpurchased, an authorized denomination) from any person (other than an Ineligible Owner thereof), at the Purchase Price therefor, payable in immediately available funds by the close of business on the applicable Purchase Date, but solely from and to the extent of the funds described in *Subsection C* of this *Section 2.5*, for the account of the persons described in *Subsection D* of this *Section 2.5*. Certificates in a Term Mode shall be subject to mandatory tender (or constructive tender pursuant to *Subsection E* of this *Section 2.5*) by the Holders thereof, without right of retention thereby, upon the City's conversion of the affected Certificates to a new Interest Mode and Interest Period. Certificates in a Term Mode shall be tendered for purchase on the first Business Day of the succeeding Interest Period (notwithstanding that the Rate Adjustment Date for such Certificates may have previously occurred, if such Rate Adjustment Date was not a Business Day).

Each owner of Certificates or any portion thereof (other than an Ineligible Owner thereof), upon notice given by the Tender Agent pursuant to *Subsection B* of this *Section 2.5*, shall tender, and in any event shall be deemed to have tendered, to the Tender Agent at the Place of Payment, as agent for the persons which purchase the same pursuant to *Subsection D* of this *Section 2.5*, such Certificates or portions for purchase pursuant to this Subsection. Any Book-Entry-Only Certificate (or portion thereof) which is required to be tendered for purchase



pursuant to this Section shall be deemed tendered to the Tender Agent endorsed in blank when the Securities Depository shall have received sufficient instruction from the person to whose account at the Securities Depository such Certificate or portion is credited to transfer beneficial ownership of such Certificate (or portion) in blank or for the account of the Tender Agent, and payment of the Purchase Price of such Certificate (or portion) shall be deemed to be made when the Tender Agent or the Paying Agent/Registrar gives sufficient instructions to (while maintaining sufficient funds at or delivering such funds to) the Securities Depository to credit such Purchase Price to the account of such person at the Securities Depository. Notwithstanding the foregoing, any Book-Entry-Only Certificate may be so tendered, transferred, and paid for in accordance with the delivery order procedures of the Securities Depository.

B. **Notice of Mandatory Tender.** The Tender Agent shall give notice of each Purchase Date for Certificates or portions thereof described in *Subsection A* of this *Section 2.5* to the Paying Agent/Registrar, the Remarketing Agent, and each Holder of Certificates affected thereby by mail (first-class postage prepaid), facsimile, or electronic mail, not less than thirty (30) days prior to such Purchase Date (other than any Certificate in a Term Mode bearing interest at Stepped Rate, in which case, only one day notice need be provided), and in either case not more than sixty (60) days preceding such Purchase Date, stating:

1. **Purchase Date:** the date of such Purchase Date;
2. **Identification:** the Certificates to be purchased and, if less than all of the Certificates are to be tendered for purchase on such Purchase Date, an identification (by Certificate and CUSIP number (if any), Stated Maturity, Closing Date or Rate Adjustment Date, and Interest Mode) and the principal amount of the Certificates or portions thereof so to be tendered;
3. **Termination of Rights:** that each such Certificate or portion thereof not tendered for purchase pursuant to *Subsection A* of this *Section 2.5* by 12:00 noon, New York, New York time, on such Purchase Date shall be deemed to have been tendered for purchase on such Purchase Date at the Purchase Price therefor, and that, if due provision is made for the payment of such Purchase Price on such Purchase Date, such Holder shall not be entitled to any payment (including any interest accrued subsequent thereto) in respect of such Certificate or portion other than the Purchase Price therefor;
4. **Payment Provisions:** the time and place for the tender of such Certificates or portions thereof and the then current names and addresses of the Tender Agent and the Paying Agent/Registrar for such Certificates; and
5. **Interest Mode or Interest Period Change:** if applicable, the matters described in *Section 2.2*.

During the initial Interest Period (and in subsequent Term Rate Interest Periods if provided in the applicable Conversion Ordinance relating to Certificates in such subsequent Term Rate Interest Periods), the Certificates are subject to mandatory tender, without right of retention and at the direction of the City, on the first Business Day after the immediately



succeeding Interest Period, in accordance with and as provided in *Section 2.2C*, but in no event later than the Last Purchase Date (defined herein). With respect to any notice of mandatory tender delivered in accordance with this *Section 2.5A* in connection with a Purchase Date scheduled to occur prior to the latest Purchase Date permitted hereunder or under a Conversion Ordinance for Certificates in such applicable Interest Period (being the Purchase Date to occur on the first Business Day of the immediately succeeding Interest Period; such latest Purchase Date, the *Last Purchase Date*), the City may rescind any such notice of mandatory tender so long as such rescission occurs at least one (1) Business Day prior to the scheduled Purchase Date. In the event of such rescission, the Certificates shall continue to bear interest at the applicable rate then in effect (including, with respect to Certificates in the initial Interest Period, at the initial Term Rate) through the remainder of the scheduled duration of the then applicable Interest Period. A rescission of a notice of mandatory tender relating to a scheduled tender of Certificates on the Last Purchase Date shall occur in the manner, and the effect of such rescission shall be as, provided in *Section 2.5E* hereof.

Notwithstanding the foregoing (and provided the Holders of Certificates subject to tender have not been granted an optional right to retain), a notice of mandatory tender delivered in accordance with the Ordinance shall serve as notice of redemption of Certificates, if any such redemption is to occur at the option of the City, on the Rate Adjustment Date occurring immediately after the conclusion of such applicable Interest Period.

C. ***Purchase Fund; Purchase of Tendered Certificates.*** The Tender Agent shall establish and maintain for the account of the persons described in *Subsection D* of this *Section 2.5* a special trust fund designated the "City of San Antonio, Texas Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016 Purchase Fund" (herein referred to as the *Purchase Fund*). The money deposited to the account of the Purchase Fund shall be held in trust separate and apart from all other funds held by the Tender Agent and applied solely as provided in this Subsection.

The Tender Agent shall deposit to the credit of the Purchase Fund the following funds (and no other funds) promptly upon receipt and shall apply the money in the Purchase Fund on each Purchase Date to pay the Purchase Price of the Certificates (or portions thereof) and which are tendered pursuant to *Subsection A* of this *Section 2.5* from the following sources in the following order of priority:

1. ***Remarketing Proceeds:*** *first*, proceeds of the remarketing of such Certificates or portions thereof, and

2. ***City Advances:*** *second*, if sufficient amounts for the payment of the unpaid Purchase Price have not been deposited to the Purchase Fund by 4:00 p.m., New York, New York, time on the Purchase Date, from payments, ***if any***, elected to be made by the City.

Upon tender for purchase of any Certificate or portion thereof on the Purchase Date therefor or of any Untendered Certificate (defined herein) on or after the Purchase Date therefor in accordance with *Subsection A* of this *Section 2.5*, endorsed in blank (or accompanied by a bond power executed in blank) to the extent of the portion to be purchased, the Tender Agent



shall pay to the Holder of such Certificate or such Untendered Certificate the Purchase Price therefor or for such portion on behalf of the purchaser thereof specified in *Subsection D* of this *Section 2.5* from funds available for such purchase held in the Purchase Fund.

Upon constructive tender for purchase in accordance with *Subsection D* of this *Section 2.5* of any Book-Entry-Only Certificate or portion thereof to be purchased in accordance with *Subsection A* of this *Section 2.5*, the Tender Agent shall pay to the Securities Depository, for credit to all accounts to which such Certificates or portions are credited (other than accounts and in amounts specified by the Tender Agent), the Purchase Price therefor on behalf of the purchaser thereof specified in *Subsection D* of this *Section 2.5* from funds available for such purchase held in the Purchase Fund.

The Tender Agent shall hold all money delivered to it hereunder and deposited (or required to be deposited) to the Purchase Fund for the purchase of the Certificates or portions thereof in trust solely for the benefit of the respective persons which shall have so delivered such money until the Certificates or portions thereof purchased with such money are delivered pursuant to *Subsection D* of this *Section 2.5* and, thereafter, in the order specified above, for the benefit of the persons to whom such money is to be paid hereunder.

Amounts deposited to the Purchase Fund for the payment of the Purchase Price of Certificates or portions thereof which have been sold pursuant to a Remarketing Agreement shall be promptly applied to effect the purchase thereof from the Remarketing Agent or the purchasers of such remarketed Certificates, as applicable. If, at 4:30 p.m., New York, New York time, on any Purchase Date or upon any earlier payment of the Purchase Price of all Certificates or portions thereof required by this Section to be purchased on such Purchase Date, any balance remains in the accounts of the Purchase Fund in excess of any unsatisfied purchase obligation under this Section, such excess shall be promptly disbursed to the City to the extent of any remaining balance. Money held for the credit of the Purchase Fund shall be held by the Tender Agent without investment.

D. ***Disposition of Tendered Certificates.*** Certificates or portions thereof tendered or deemed tendered pursuant to *Subsection A* of this *Section 2.5*, the Purchase Price for which has been paid pursuant to *Subsection C* of this *Section 2.5*, shall have been purchased:

1. ***Remarketing:*** by the Remarketing Agent, if the obligation of the Remarketing Agent to remarket the Certificates under the Remarketing Agreement represents a firm financial arrangement or commitment and, if not, by the persons to whom Certificates or portions thereof have been remarketed to the extent the Purchase Price for such Certificates or portions has been paid pursuant to *Subsection C.1* of this *Section 2.5*, and

2. ***City:*** otherwise, by the City (if the City has, in its discretion, so elected to purchase).

Whenever any Certificate or portion thereof (other than a Book-Entry-Only Certificate) tendered or deemed tendered pursuant to *Subsection A* of this *Section 2.5* is purchased pursuant to this *Section 2.5*, the City shall execute, and the Paying Agent/Registrar shall authenticate and



deliver, in the name of and to the person deemed to have purchased the same or its designee, one or more new Certificates (in applicable form) of any authorized denomination and same Interest Mode, bearing interest at the same rate and for the same Interest Period, and of a like aggregate principal amount pursuant to *Section 2.7*. Whenever any Book-Entry-Only Certificate or portion thereof tendered or deemed tendered and is purchased pursuant to this *Section 2.5*, the Paying Agent/Registrar shall cause such Certificate or portion to be credited to the Security Register or, with respect to Certificates registered as Book-Entry-Only, the account at the Securities Depository of the person deemed to have purchased the same or any nominee thereof specified by such person.

The Tender Agent shall hold all Certificates delivered to it hereunder in trust solely for the benefit of the respective Holders which have so delivered such Certificates until money representing the Purchase Price of such Certificates shall have been delivered to or for the account of or to the order of such Holders.

In carrying out its respective responsibilities under this Section, the Tender Agent and the Paying Agent/Registrar shall be acting solely as the agent of the Holders and owners from time to time of the Certificates or portions thereof tendered or deemed tendered pursuant to this *Section 2.5* and of the persons purchasing the same pursuant to this *Section 2.5*, respectively. No delivery of Certificates to the Tender Agent pursuant to this *Section 2.5* shall constitute a redemption of Certificates or other extinguishment of the debt evidenced thereby.

E. ***Failed Remarketing in Certain Term Modes.*** If the Certificates in a Term Mode are tendered for purchase in connection with a conversion to a new Interest Mode and Interest Period, then the Certificates shall be subject to mandatory tender on the first Business Day of such subsequent Interest Period pursuant to *Section 2.5A*. In the event that such Certificates are not converted and remarketed to new purchasers on such scheduled date of mandatory tender, the City shall have no obligation to purchase the Certificates tendered on such date, the failed conversion and remarketing shall not constitute an event of default under this Ordinance or the Certificates, the mandatory tender will be deemed to have been rescinded for that date with respect to the Certificates subject to such failed remarketing only, and such Certificates (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Certificates, (iii) will, while bearing interest at Stepped Rate, be subject to redemption and mandatory tender for purchase on any date upon which a conversion occurs (which shall occur at the City's discretion upon delivery of at least one day's notice to the Holders thereof), and (iv) will be deemed to continue in a Term Mode, as applicable, for all other purposes of this Ordinance, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of this Ordinance. In the event of a failed conversion and remarketing as described above, the City will cause the Certificates to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at par, in such Interest Mode or Modes as the City directs, at a rate not exceeding the Maximum Rate. All other provisions of this Ordinance applicable to Certificates in a Term Mode, as applicable, shall apply to and govern Certificates described in this *Section 2.5E* to the extent such terms are not in conflict with those included herein.



F. **Notice of Stepped Rate.** If the Paying Agent/Registrar has not received from the City the notice required by *Section 2.2C.1* by the time specified therein, the Paying Agent/Registrar shall promptly provide notice to the Holders of Certificates to be tendered for purchase, which notice shall be in writing or by facsimile or other electronic form, so that the Holders are informed of the possibility of a failed remarketing causing the effectiveness of the Stepped Rate with respect to such affected Certificates.

G. **Untendered Certificates.** Any Certificate (or portion thereof) which is required to be but which is not tendered for purchase on a Purchase Date by the time specified in this *Section 2.5* (such Certificates or portions herein referred to as *Untendered Certificates*) shall, upon deposit in the Purchase Fund of an amount sufficient to pay the Purchase Price of such Certificate or portion on such Purchase Date, be deemed to have been tendered and sold on such Purchase Date to the person specified in *Subsection D* of this *Section 2.5*, and thereafter (i) the Holder thereof shall not be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than the Purchase Price for such Certificate or portion thereof, and such Untendered Certificate (except any Certificate issued in lieu thereof pursuant to *Subsection D* of this *Section 2.5*) shall no longer be entitled to the benefit of this Ordinance, except for the purpose of payment of the Purchase Price therefor, and (ii) the City shall execute, and the Paying Agent/Registrar shall authenticate and deliver, in the name of the person specified in *Subsection D* of this *Section 2.5*, one or more new Certificates of any authorized denomination, with same aggregate principal amount, in the same Interest Mode, having the same Stated Maturity, and bearing interest at the same rate.

H. **Remarketing.** The Governing Body hereby authorizes each Authorized Official to identify and select, from time to time, a qualified financial institution to serve as Remarketing Agent while the Certificates are in a Term Mode. In each Conversion Ordinance, the City shall appoint or ratify a prior appointment of a Remarketing Agent for the Certificates, with power to act in the determination of the duration of each Term Rate and Fixed Rate for each Certificate or portion thereof pursuant to *Section 2.2D*, and to offer and resell Certificates or portions thereof tendered or deemed tendered pursuant to this Section, and authorize the execution of a remarketing agreement to memorialize the terms of such agreement. Each Remarketing Agent, in the case of a firm financial commitment (and not "best efforts") of such Remarketing Agent, shall at all times be a bank or trust company or a member of the New York Stock Exchange or the Financial Industry Regulatory Authority and shall have a minimum capitalization of \$15,000,000 and be authorized by law to perform all the duties imposed by this Ordinance on a Remarketing Agent.

The form of any Remarketing Agreement to be entered into with any substitute Remarketing Agent shall be approved by the City in a Conversion Ordinance.

Any corporation into which the Remarketing Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation, or conversion to which the Remarketing Agent shall be a party, or any corporation succeeding to the corporate trust business of the Remarketing Agent, shall be the successor of the Remarketing Agent hereunder and under any applicable Conversion Ordinance, if such successor corporation



is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Remarketing Agent or successor.

I. ***Tender Agent.*** Whenever Certificates are in or are to be converted to a new Term Mode, there shall be a Tender Agent (which may be the Paying Agent/Registrar, if qualified for such appointment hereunder) appointed by the City.

The Tender Agent shall at all times be a commercial bank or trust company that, in either case, has an office in the Place of Payment and is organized and doing business under the laws of the United States or of any state, has a combined capital and surplus of at least \$50,000,000, is authorized under such laws to exercise corporate trust powers, and is subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this *Section 2.5* the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Regions Bank, Birmingham, Alabama, is appointed Tender Agent. The form of Tender Agent Agreement attached hereto as *Exhibit C* is incorporated herein by reference for all purposes and is hereby approved as to form and content, and any Authorized Official is hereby authorized to execute and deliver a Tender Agent Agreement substantially in such form and to such effect with the Tender Agent on behalf of the City as the act and deed of the Governing Body.

Any person into which any Tender Agent may be merged or converted or with which it may be consolidated, or any person resulting from any merger, consolidation, or conversion to which any Tender Agent shall be a party, or any person succeeding to the corporate trust or debt securities administration business of any Tender Agent, shall be the successor of the Tender Agent hereunder, if such successor person is otherwise eligible under this Section, without the execution or filing of any further document on the part of the parties hereto or the Tender Agent or such successor person.

Any Tender Agent may resign by giving thirty (30) days prior written notice of such resignation to the Paying Agent/Registrar and the City. The City may terminate the agency of any Tender Agent by giving written notice of such termination to such Tender Agent and the Paying Agent/Registrar. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Tender Agent shall cease to be eligible under this Section, the City shall promptly appoint a successor Tender Agent and give written notice of such appointment to the Remarketing Agent (if at such time serving) and the Paying Agent/Registrar (who shall then give written notice of such appointment to the Holders). A successor Tender Agent shall be appointed hereunder unless all Certificates are in a Fixed Mode.

No such resignation or removal shall take effect until a successor Tender Agent shall have been appointed and accepted such appointment. If no successor Tender Agent has accepted appointment within thirty (30) days after the Tender Agent has given notice of its resignation or has been removed as provided above, the Tender Agent may petition any court of competent jurisdiction for the appointment of a temporary successor Tender Agent, provided that any



Tender Agent so appointed shall immediately and without further act be superseded by any Tender Agent appointed by the City as provided above. If the Tender Agent does elect to act to petition a court of competent jurisdiction for the appointment of a temporary successor Tender Agent, it will do so only to the extent that it is indemnified to its satisfaction against the cost and expense of such defense or initiation, including attorneys' fees.

#### **SECTION 2.6.     *Book-Entry-Only System.***

The Certificates may be registered so as to participate in a securities depository system (herein referred to as the *DTC System*) with The Depository Trust Company, New York, New York, or any successor entity thereto (herein referred to as *DTC*), as set forth herein. Each Stated Maturity of the Certificates or Certificates in different Interest Modes or Interest Periods of different duration, or bearing interest at different interest rates, shall be issued (following cancellation of the Initial Certificate described in *Section 2.8*) in the form of a separate single definitive Certificate. Upon issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Certificates shall be registered in the name of Cede & Co., as the nominee of DTC. The City and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations with DTC attached hereto as *Exhibit E* (herein referred to as the *Representation Letter*).

With respect to the Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Certificates from time to time as securities depository (herein referred to as a *Direct Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Certificates (herein referred to as an *Indirect Participant*). Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Direct Participant with respect to any ownership interest in the Certificates, or (ii) the delivery to any Direct Participant or any other person, other than a registered owner of the Certificates, as shown on the Security Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the delivery to any Direct Participant or any Indirect Participant or any other person, other than a Holder of a Certificate, of any amount with respect to principal of, premium, if any, or interest on the Certificates. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Certificate evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the Representation Letter shall be terminated for any reason, or (iii) DTC or the City determines that it is in the best



interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the City shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of the Certificates, and the Certificates shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the City may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the City, or such depository's agent or designee, and if the City and the Paying Agent/Registrar do not select such alternate securities depository system then the Certificates may be registered in whatever name or names the Holders of Certificates transferring or exchanging the Certificates shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the Representation Letter.

#### **SECTION 2.7.     *Execution; Registration; Transfer; and Exchange.***

A.     ***Execution.*** The Certificates shall be executed on behalf of the City by its Mayor, its seal reproduced or impressed thereon, and attested by the City Clerk. The signature of either officer on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of individuals who were, at the time of the Certificate Date, the proper officers of the City shall bind the City, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Certificates to the Purchasers (defined herein), or subsequent purchasers pursuant to a remarketing, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

B.     ***Registration Certifications.*** No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the applicable form provided in *Exhibit A*, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in *Exhibit A*, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified or registered and delivered.

C.     ***Registration; Beneficial Owners.*** The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Certificates, or, if appropriate, the nominee thereof. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.



D. **Transfer.** Upon surrender for transfer of any Certificate at the corporate trust office of the Paying Agent/Registrar, the City shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Certificate or Certificates surrendered for transfer.

E. **Exchange.** At the option of the Holder, Certificates may be exchanged for other Certificates of the same series and of authorized denominations and having the same Stated Maturity, bearing the same rate of interest, in the same Interest Mode and Interest Period, and of like aggregate principal amount as the Certificates surrendered for exchange upon surrender of the Certificates to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the City shall execute, and the Paying Agent/Registrar shall register and deliver, the Certificates, to the Holder requesting the exchange.

F. **Effect of Transfers and Exchange.** All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid and binding obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered upon such transfer or exchange.

G. **Expenses of Transfer and Exchange.** All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any fee, tax or other governmental charges required to be paid with respect to such transfer or exchange.

H. **Predecessor Certificates.** Certificates canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Certificates, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Certificates shall include any Certificate registered and delivered pursuant to *Section 2.11* in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

#### **SECTION 2.8. *Initial Certificate; Definitive Certificates.***

The Certificates herein authorized shall be issued initially as one fully-registered Certificate in the principal amount of Certificates authorized hereby numbered T-1 (herein referred to as the *Initial Certificate*), dated the Certificate Date and registered in the name of the Purchasers or the designee thereof. The Initial Certificate shall be the Certificate submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas, and delivered to the initial purchaser. Any time after the delivery of the Initial Certificate, the Paying



Agent/Registrar shall cancel the Initial Certificate delivered hereunder and exchange therefor definitive Certificates in the applicable form as referenced in *Section 3.1* of authorized denominations, principal amounts, and interest rates, all pursuant to and in accordance with such written instructions from the Purchasers or purchasers under a subsequent remarketing of Certificates, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

**SECTION 2.9.     *Certificates Are Negotiable Instruments.***

Each of the Certificates authorized herein shall be deemed and construed to be a "security" and as such a negotiable instrument with the meaning of the Chapter 8 of the Texas Uniform Commercial Code.

**SECTION 2.10.   *Cancellation.***

Except for Certificates tendered for purchase from time to time pursuant to *Section 2.5*, Certificates surrendered for payment, transfer, redemption, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Certificates held by the Paying Agent/Registrar shall be destroyed as directed by the City.

**SECTION 2.11.   *Mutilated, Destroyed, Lost, and Stolen Certificates.***

If (i) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the Paying Agent/Registrar receives evidence to its satisfaction of the destruction, loss, or theft of any Certificate, and (ii) there is delivered to the Paying Agent/Registrar such security or indemnity as may be required to save each of the City and the Paying Agent/Registrar harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

Upon the issuance of any new Certificate or payment in lieu thereof, under this *Section 2.11*, the City may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.



Every new Certificate issued pursuant to this *Section 2.11* in lieu of any mutilated, destroyed, lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates.

The provisions of this *Section 2.11* are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Certificates.

**SECTION 2.12. *Sale of Certificates; Approval of a Purchase Contract.***

The Certificates authorized by this Ordinance are hereby sold by the City to Regions Commercial Equipment Finance LLC, Birmingham, Alabama (the *Purchasers*, having all the rights, duties, and obligations of a *Holder*) in accordance with the provisions of a Purchase and Investment Letter dated December 8, 2016 (the *Purchase Contract*, having all the rights, duties, and obligations of a *Holder*) attached hereto as *Exhibit D* and incorporated herein by reference as a part of this Ordinance for all purposes. The Initial Certificate shall be registered in the name of Regions Commercial Equipment Finance LLC. The pricing and terms of the sale of the Certificates are hereby found and determined to be the most advantageous reasonably obtainable by the City. The Certificates are initially issued in an Interest Period during which the Certificates bear interest in a Term Mode commencing on the Closing Date (anticipated to occur on or about December 19, 2016) and concluding (unless earlier terminated by the City in accordance with the provisions of this Ordinance) on January 31, 2020.

Any Authorized Official is hereby authorized and directed to execute the Purchase Contract for and on behalf of the City and as the act and deed of the Governing Body, and in regard to the approval and execution of the Purchase Contract, the Governing Body hereby finds, determines and declares that the representations, warranties, and agreements of the City contained in the Purchase Contract are true and correct in all material respects and shall be honored and performed by the City. Delivery of the Certificates to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Purchase Contract.

**SECTION 2.13. *Application of Certificate Proceeds.***

After payment of reasonable costs of issuance pertaining to the Certificates in an amount of \$15,000.00, the remaining balance of the proceeds from the sale of the Certificates shall, promptly upon receipt by the City, be deposited into the special construction account or accounts created for the projects to be constructed with the proceeds of the Certificates. This special construction account shall be established and maintained at the Depository and shall be invested in accordance with the provisions of *Section 5.3*. Interest earned on the proceeds of the Certificates pending completion of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such



amounts shall be deposited into the Certificate Fund and expended in accordance with *Section 5.1*.

**SECTION 2.14.   *Control and Custody of Certificates.***

The Mayor shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Certificates pending their approval by the Attorney General of the State of Texas, the registration thereof by the Comptroller of Public Accounts of the State of Texas and the delivery of the Certificates to the Purchasers.

Furthermore, any Authorized Official or any combination of them are hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Certificates, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the City's Bond Counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Certificate to the Purchasers.

**ARTICLE III  
FORMS OF CERTIFICATES**

**SECTION 3.1.   *Forms Generally.***

The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Initial Certificate, the Certificate of Registration, the form of Assignment, and the Notice of Demand Privilege and Mandatory Tender to be reproduced on Certificates in a Term Mode shall be substantially in the forms set forth in *Exhibit A*, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including insurance legends in the event the Certificates are insured, identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association, and such legends and endorsements (including any reproduction of an Opinion of Counsel) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The Certificates shall be printed, lithographed, or engraved, produced by any combination of these methods, or typed or produced in any other manner, all as determined by the officers executing the Certificates as evidenced by their execution thereof.



## ARTICLE IV SECURITY

### SECTION 4.1. *Tax Levy.*

To provide for the payment of the Debt Service Requirements on the Certificates, being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of two percent (2%) (whichever amount shall be the greater), there shall be and there is hereby levied for the Fiscal Year commencing October 1, 2017 and each succeeding year thereafter while the Certificates or any interest thereon shall remain Outstanding, a sufficient tax, within the limitations prescribed by law, on each one hundred dollars' (\$100) valuation of taxable property in the City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund and are thereafter pledged to the payment of the Certificates. The Governing Body hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

Prior to the date the Governing Body establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the Governing Body shall determine:

- i. the amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year;
- ii. the amount on deposit in the Certificate Fund after: (i) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied; and (ii) adding thereto the amount of the Pledged Revenue Amount, and other lawfully available City funds, if any, to be appropriated and allocated during such year to pay such Debt Service Requirements, if any, prior to the Collection Date for the ad valorem taxes to be levied; and
- iii. the amount of Pledged Revenue Amount and other lawfully available City funds, if any, appropriated and set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding Fiscal Year.

The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (i) above less the sum total of the amounts established in paragraphs (ii) and (iii), after taking into consideration delinquencies and costs of collecting such annual taxes.



#### **SECTION 4.2.     *Pledge of Pledged Revenues***

A.     The City hereby covenants and agrees that (i) the Pledged Revenue Amount is (within the limitation of a total amount not to exceed \$1,000 during the time the Certificates or interest thereon remain Outstanding and unpaid), hereby irrevocably pledged to the payment of the principal of and interest on the Certificates (subject to the provisions of *Section 5.1*), and (ii) the pledge of Pledged Revenue Amount herein made for the payment of the Certificates shall constitute a lien on and pledge of the Pledged Revenue Amount in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the City. The City has previously authorized the issuance of the Limited Pledge Revenue Obligations that are payable from and secured, in part, by a lien on and pledge of the Pledged Revenue Amount as defined in the ordinances authorizing the issuance of the Limited Pledge Revenue Obligations.

B.     Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Certificates and the pledge of ad valorem taxes and the Pledged Revenues granted by the City under *Subsection (A)* of this *Section 4.2*, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the ad valorem taxes and Pledged Revenues granted by the City 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 Certificates the perfection of the security interest in this 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, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

#### **SECTION 4.3.     *Satisfaction of Obligation of City.***

The Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at Stated Maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have, in the case of a net defeasance, been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof for the Certificates. In the event of a gross defeasance of the Certificates, the City shall deliver a certificate from its Co-Financial Advisors, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Certificates. The City covenants that no deposit of money or



Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as arbitrage bonds within the meaning of section 148 of the Code.

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Certificates such money was deposited and is held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Certificates that is made in conjunction with the payment arrangements specified in (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Certificates immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Certificates, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Certificates.

#### **SECTION 4.4.     *Security of Funds.***

All money on deposit in the funds or accounts for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and money on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

#### **SECTION 4.5.     *Remedies in Event of Default.***

In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (i) defaults in the payments to be made to the Certificate Fund, or (ii) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Certificates shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Governing Body and other officers of the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

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.

All money on deposit in the funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and money on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

## **ARTICLE V FUNDS AND ACCOUNTS; PAYMENT**

### **SECTION 5.1.     *Certificate Fund; Investments.***

The City agrees to maintain, at a Depository, a separate and special fund or account to be created and known as the "City of San Antonio, Texas Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016 Interest and Sinking Fund" (the *Certificate Fund*). Authorized Officials of the City are hereby authorized and directed to make withdrawals from said Certificate Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before each Interest Payment Date and principal payment date for the Certificates.

Accrued interest, if any, received from the Purchasers of the Certificates shall be deposited in the Certificate Fund and ad valorem taxes levied and collected shall be deposited in the Certificate Fund. In addition, any surplus proceeds, along with any investment income thereon, from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sum otherwise required to be deposited in the Certificate Fund from ad valorem taxes, Pledged Revenues, or other lawfully available funds.

### **SECTION 5.2.     *Revenue Fund for Pledged Revenues.***

The City covenants and agrees that there shall, from time to time be deposited into a special fund or account designated as "City of San Antonio, Texas Pledged Revenue Fund" (the *Revenue Fund*) previously created, established, and maintained by the City amounts whose sum shall not exceed, in the aggregate, \$1,000 which shall constitute the Pledged Revenue Amount. The amounts on deposit in the Revenue Fund shall be pledged and appropriated to the extent required to the payment of the amounts required to be deposited in the Certificate Fund.



Pledged Revenues, and income earned thereon, in the Revenue Fund in excess of the amounts required to fully discharge and satisfy the foregoing requirements may be used for any lawful purpose.

**SECTION 5.3.     *Investments.***

Funds held in any Fund or account created, established, or maintained pursuant to this Ordinance shall, at the option of the City, be placed in time deposits, certificates of deposit, guaranteed investment contracts or other contractual agreements as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund or account will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within forty-five (45) days of the close of each Fiscal Year. All interest and income derived from deposits and investments in the Certificate Fund immediately shall be credited to, and any losses debited to, the Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

**ARTICLE VI  
COVENANTS**

**SECTION 6.1.     *Application of the Special Covenants.***

The City hereby covenants that:

A.     it has the lawful power to pledge the ad valorem taxes (within the limitations prescribed by law) and Pledged Revenues of the System supporting the Certificates and has lawfully exercised this power under the laws of the State of Texas, including power existing under Chapters 1201 and 1502, as amended, Texas Government Code; the Act; this Ordinance; and Section 98 of the City's Home Rule Charter; and

B.     other than for the payment of the Outstanding Limited Pledge Revenue Obligations, the Inferior Lien Obligations, and the Certificates, the Net Revenues have not in any manner been pledged to the payment of any debt or obligation of the City.



**SECTION 6.2.     *Additional Obligations Payable from System Revenues.***

A.     The City expressly reserves the right to hereafter issue Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien Obligations without limitation as to principal amount, but subject to any terms, conditions or restrictions applicable thereto under law or otherwise.

B.     Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien Obligations, if issued, may be payable, in whole or in part, from Net Revenues (without impairment of the obligation of contract with the Holders of the Limited Pledge Revenue Obligations or the Certificates) upon such terms and conditions as the Governing Body may determine. Additional Limited Pledge Revenue Obligations, if issued and payable, in whole or in part from Pledged Revenues (as defined in the same or similar terms as the term Pledged Revenues is defined in this Ordinance), shall not, in any event, be construed as payable from the Pledged Revenues required by this Ordinance to be budgeted and appropriated for the payment of the Certificates and interest thereon. Any Inferior Lien Obligations hereafter issued shall be payable from and secured by a lien on and pledge of certain surplus revenues of the System that is subordinate and inferior to the lien on and pledge of the Net Revenues securing the payment of the Outstanding Limited Pledge Revenue Obligations or any Revenue Obligations or Additional Limited Pledge Revenue Obligations hereafter issued by the City.

**SECTION 6.3.     *Certificates' Tax Status.***

The City retains the ability to determine to cause the Certificates to bear interest, from time to time, at a Taxable Rate or a Tax-Exempt Rate. Dependent upon such determination, the following provisions, as applicable, will control.

A.     ***Taxable Certificates.*** In the event the City determines to cause such or all of the Certificates to bear interest at a Taxable Rate (the *Taxable Certificates*), such Certificates are not "state or local bonds" within the meaning of section 103(a) and (c) of the Code; therefore, the interest on the Taxable Certificates is not excludable from the gross income of the Holders thereof for federal income tax purposes. The Taxable Certificates in their initial Interest Mode and Interest Period are issued as Taxable Certificates, being obligations of the type described in this *Section 6.3A*.

B.     ***Tax-Exempt Certificates.*** In the event the City determines, in connection with its conversion of the Certificates to a new Interest Mode and Interest Period, to cause Certificates to bear interest at a Tax-Exempt Rate, then the following provisions and covenants apply to such Certificates (each of which are referred to herein as *Tax-Exempt Certificates*):

i.     ***Definitions.*** When used in this Section, the following terms have the following meanings:

***Computation Date*** has the meaning set forth in Section 1.148-1(b) of the Regulations.



**Gross Proceeds** means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Tax-Exempt Certificates.

**Investment** has the meaning set forth in Section 1.148-1(b) of the Regulations.

**Nonpurpose Investment** means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Tax-Exempt Certificates are invested and which is not acquired to carry out the governmental purposes of the Tax-Exempt Certificates.

**Rebate Amount** has the meaning set forth in Section 1.148-1(b) of the Regulations.

**Regulations** means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Tax-Exempt Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

**Yield** of any Investment has the meaning set forth in Section 1.148-5 of the Regulations.

ii. **Not to Cause Interest to Become Taxable.** The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Tax-Exempt Certificate to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written Opinion of Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Tax-Exempt Certificate, the City shall comply with each of the specific covenants in this *Subsection 6.3B*.

iii. **No Private Use or Private Payments.** Except to the extent that it will cause the Tax-Exempt Certificates to become "private activity bonds" within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity, date of redemption, or Purchase Date of Tax-Exempt Certificates:

a. exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Tax-Exempt Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other



than a state or local government, unless such use is solely as a member of the general public; and

b. not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Tax-Exempt Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

iv. **No Private Loan.** Except to the extent that it will cause the Tax-Exempt Certificates to become "private activity bonds" within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Tax-Exempt Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

v. **Not to Invest at Higher Yield.** Except to the extent that it will cause the Tax-Exempt Certificates to become "arbitrage bonds" within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Tax-Exempt Certificates directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield on any Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, materially exceeds the Yield of the Tax-Exempt Certificates.

vi. **Not Federally Guaranteed.** Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Tax-Exempt Certificates to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

vii. **Information Report.** The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary of the Treasury may prescribe.

viii. **Rebate of Arbitrage Profits.** Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

a. The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all



records of accounting for at least six (6) years after the day on which the last Outstanding Tax-Exempt Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Tax-Exempt Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

b. Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Tax-Exempt Certificates until six (6) years after the final Computation Date.

c. As additional consideration for the purchase of Tax-Exempt Certificates by the purchasers of Tax-Exempt Certificates in a remarketing of such Tax-Exempt Certificates and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Certificate Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

d. The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (b) and (c), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

ix. ***Not to Divert Arbitrage Profits.*** Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Tax-Exempt Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to *Clause viii* of this *Subsection 6.3B* because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Tax-Exempt Certificates not been relevant to either party.

x. ***Tax-Exempt Certificates Not Hedge Bonds.***



a. The City reasonably expects to spend at least eighty-five percent (85%) of the spendable proceeds of the Tax-Exempt Certificates within three (3) years after such Tax-Exempt Certificates are issued for federal tax purposes.

b. Not more than fifty percent (50%) of the proceeds of the Tax-Exempt Certificates will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of four (4) years or more.

xi. **Elections.** The City hereby directs and authorizes each Authorized Official, or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document. Such elections shall be deemed to be made on the settlement date for remarketed Tax-Exempt Certificates.

#### **SECTION 6.4. Continuing Disclosure Undertaking.**

A. **Definitions.** As used in this Section, the following terms have the meanings ascribed to such terms below:

**EMMA** means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

**MSRB** means the Municipal Securities Rulemaking Board.

**Rule** means SEC Rule 15c2-12, as amended from time to time.

**SEC** means the United States Securities and Exchange Commission.

B. **Annual Reports.** The City shall file annually with the MSRB, (1) within six (6) months after the end of each Fiscal Year of the City ending in or after 2016, financial information and operating data of the general type being the information described in *Exhibit G* hereto, and if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in *Exhibit G* hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall file unaudited financial statements within such period and audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such statements becomes available.

If the City changes its Fiscal Year, it will file notice thereof with the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.



C. ***Notice of Certain Events.*** The City shall file notice of any of the following events with respect to the Certificates, to the MSRB in a timely manner and not more than ten (10) Business Days after occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates (unless the Certificates are Taxable Certificates);
7. Modifications to rights of Holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has



assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City shall file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by this Section.

D. ***Limitations, Disclaimers, and Amendments.*** The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit that causes the Certificates to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATES OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

E. ***Amendments.*** The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a



change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The City may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule. If the City so amends the provisions of this Section, the City shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

F. ***Information Format – Incorporation by Reference.*** The City information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the United States Securities and Exchange Commission.

G. ***Suspension of Continuing Disclosure Undertaking; Agreement to Deliver Annual Financial Information.*** The Certificates are being initially sold pursuant to a private placement with the Purchasers, generally in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, to less than thirty-five sophisticated investors, and therefore the Rule is not applicable to the initial offering of the Certificates. In addition, subsequent remarketings of the Certificates may also be exempt from compliance with the Rule. As a result, during the initial Interest Period, and for the duration of any subsequent initial Interest Period that a nationally recognized bond counsel firm has determined that the provisions of the Rule are also not applicable, the requirements of *Section 6.4A-F* hereof are suspended and the City shall not be obligated to comply therewith for such time.



Notwithstanding the foregoing, the City shall, for the duration of any Interest Period (including the initial Interest Period) for which the Rule is not applicable, provide annually to each Owner, within six (6) months after the end of each fiscal year ending in or after 2016, the City's Comprehensive Annual Financial Report; provided, however, that such financial statements so to be provided shall be (i) prepared in accordance with the generally accepted accounting principles, or such other accounting principles as the City may be required to employ from time to time pursuant to Texas law or regulations, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide (i) unaudited financial statements for the applicable fiscal year within six (6) months after the end of such fiscal year, and (ii) audited financial statements for the applicable fiscal year to the Purchaser when and if the audit report on such statements become available.

## **ARTICLE VII MISCELLANEOUS**

### **SECTION 7.1.     *Ordinance a Contract; Amendments.***

The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Certificates. 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 Certificate remains Outstanding except as permitted in this Section.

Without notice to or the consent of any Holder, the City may, at any time, amend this Ordinance to cure any ambiguity or cure, correct, or supplement any defective or inconsistent provision contained in this Ordinance or make any other change that does not, in the Opinion of Counsel, in any respect, materially and adversely affect the interests of the Holder. Without limiting, and in addition to , the foregoing, the City may amend or supplement this Ordinance without notice to or the consent of any Holder:

A.     to modify this Ordinance or the Certificates 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 Certificates for sale under the securities laws of any state of the United States;

B.     to authorize different authorized denominations of the Certificates and to make correlative amendments and modifications to this Ordinance regarding exchangeability of Certificates of different authorized denominations, redemptions of portions of Certificates of particular authorized denominations and similar amendments and modifications of a technical nature;

C.     to increase or decrease the number of days specified for the giving of notices and to make corresponding changes to the period for notice of redemption of the Certificates provided that no decreases in any such number of days shall become effective except while the



Certificates bear interest at a Term Rate and until thirty (30) days after the Paying Agent/Registrar has given notice to the Holders of the Certificates;

D. to provide for an uncertificated system of registering the Certificates or to provide for the change to or from a Book-Entry-Only System for the Certificates; or

E. effective upon any Conversion Date to a new Interest Mode and Interest Period to make any amendment affecting only the Certificates being converted.

In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates 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 Certificates, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates, 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 Certificates, (ii) give any preference to any Certificate over any other Certificate, or (iii) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

#### **SECTION 7.2. *Opinion.***

The Purchasers' obligation to accept delivery of the Certificates is subject to its being furnished a final opinion from Norton Rose Fulbright US LLP, as Bond Counsel, approving certain legal matters as to the Certificates, said opinion to be dated and delivered as of the date of initial delivery and payment for such Certificates. Printing of a true and correct copy of said opinion on each of said Certificates, with appropriate certificate pertaining thereto executed by facsimile signature of the City Clerk, is hereby approved and authorized.

#### **SECTION 7.3. *CUSIP Numbers.***

CUSIP numbers (if any) may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

#### **SECTION 7.4. *Notices.***

A. ***General.*** Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first-class postage prepaid, or electronic mail (i.e., email) to the address of each Holder as it appears in the Security Register. In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event



with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

B. ***Notices to Beneficial Owners.*** The Paying/Agent Registrar shall send to the beneficial owners of Certificates who have registered their ownership of Certificates with the Paying Agent/Registrar pursuant to *Section 2.7C*, at the mailing or email address so registered, a copy of each notice sent (or required by this Ordinance to be sent) by the Paying Agent/Registrar to the Holders or the Rating Services (to the extent any such Rating Service at such time has provided a rating on the Certificates) contemporaneously with such notice to Holders.

C. ***Notice to Rating Agencies.*** At any time during which the Certificates are rated by any Rating Agency, the Paying Agent/Registrar shall notify such Rating Agency (unless the applicable notice event occurs in connection with an event that is the subject of an action by such Rating Agency) promptly of (i) any change in the Paying Agent/Registrar, Tender Agent, or Remarketing Agent, (ii) the expiration, termination, extension or any other material change to this Ordinance, a Conversion Ordinance, or the Remarketing Agreement, and (iii) the redemption, defeasance, or payment of all of the Certificates or conversion of the Certificates to a Fixed Rate. Any such notice shall be sent by first-class mail, postage prepaid, to: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Attention: Public Finance Group—Texas Local Ratings; S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10004, Attention: Municipal Structured Finance, email [pubfin\\_structured@standardandpoors.com](mailto:pubfin_structured@standardandpoors.com); and Fitch Ratings, Inc. One State Street Plaza, New York, New York, 10004, Attention: Municipal Structured Finance.

#### **SECTION 7.5. *Effect of Headings.***

The Section headings herein are for convenience only and shall not affect the construction hereof.

#### **SECTION 7.6. *Benefits of Ordinance.***

Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, Bond Counsel, Paying Agent/Registrar, any Remarketing Agent, the Tender Agent, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, Bond Counsel, Co-Financial Advisors, the Paying Agent/Registrar, the Tender Agent, any Remarketing Agent, and the Holders.

#### **SECTION 7.7. *Inconsistent Provisions.***

All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters ordained herein.



**SECTION 7.8.     *Governing Law.***

This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**SECTION 7.9.     *Severability.***

If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Ordinance would have been enacted without such invalid provision.

**SECTION 7.10.    *Incorporation of Preamble Recitals.***

The recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

**SECTION 7.11.    *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 7.12.    *No Recourse Against City Officials***

No recourse shall be had for the payment of principal of, premium, if any, or interest on any Certificate or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Certificate.

**SECTION 7.13.    *Further Procedures.***

The officers and employees of the City (including any Authorized Official) are hereby 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 initial sale and delivery of the Certificates, the Tender Agent Agreement, the Paying Agent/Registrar Agreement, and the Purchase Contract. In addition, prior to the initial delivery of the Certificates, each Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical 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 transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the Rating Services, or (iii) obtain the approval of the Certificates by the Texas Attorney General's office. In case any officer of the City whose



signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

**SECTION 7.14.    *Unavailability of Authorized Publication.***

If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

**SECTION 7.15.    *City's Consent to Provide Information and Documentation to the Texas MAC.***

The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Authorized Official, the City's Bond Counsel, and/or the City's Co-Financial Advisors to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Certificates; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Certificates.

**SECTION 7.16.    *Construction of Terms.***

If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

**SECTION 7.17.    *Effective Date.***

The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Ordinance shall take effect immediately if passed by eight (8) affirmative votes; otherwise, this Ordinance shall take effect ten (10) days from the date of passage.

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



PASSED AND ADOPTED by an affirmative vote of 10 members of the Governing Body of the City of San Antonio, Texas, this the 8<sup>th</sup> day of December, 2016.

CITY OF SAN ANTONIO, TEXAS

Ally R. Taylor  
Mayor

ATTEST:

Leah M. Hunt  
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.

[Signature]  
City Attorney  
City of San Antonio, Texas



<b>Agenda Item:</b>	<b>21</b>						
<b>Date:</b>	12/08/2016						
<b>Time:</b>	11:53:19 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance authorizing the issuance of approximately \$52,000,000 "City of San Antonio, Texas Variable Rate Certificates of Obligation, Series 2016" (the "Certificates") and levying an annual ad valorem tax, within the limitations prescribed by law, for the payment of the Certificates; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the Certificates; authorizing the execution of a Paying Agent/Registrar Agreement and a Purchase and Investment Letter; and providing for an effective date. [Ben Gorzell, Jr., Chief Financial Officer; Troy Elliott, Deputy 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>
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x			x	
Alan Warrick	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7	x					
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				



**EXHIBIT A**

**FORM OF TERM RATE DEFINITIVE CERTIFICATE**

**REGISTERED  
AMOUNT  
NO.** \_\_\_\_\_

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

**United States of America  
State of Texas  
Counties of Bexar, Comal, and Medina  
CITY OF SAN ANTONIO, TEXAS  
VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF  
OBLIGATION, SERIES 2016**

<b>[Taxable/Tax- Exempt] Rate:</b>	<b>[Closing Date/ Rate Adjustment] Date:</b>	<b>Term Mode Expiration Date:</b>	<b>First Tender Date:</b>	<b>Last Tender Date:</b>	<b>CUSIP No.</b>
.....	_____, 20__	_____, 20__	_____, 20__	_____, 20__	.....

**STATED MATURITY: FEBRUARY 1, 2046**

**REGISTERED OWNER:** \_\_\_\_\_

**PRINCIPAL AMOUNT:** \_\_\_\_\_ **DOLLARS**

The City of San Antonio, Texas (herein referred to as the *City*), a body corporate and municipal corporation located in Bexar, Comal, and Medina Counties, Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above (herein referred to as the *Holder*), or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the [Closing/Rate Adjustment] Date specified above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the per annum rate or rates of interest and to the persons hereinafter described until payment thereof is made or duly provided for at or after the Stated Maturity or any earlier redemption date therefor. Principal of and premium, if any, on this Certificate shall be payable upon presentation and surrender of this Certificate at a corporate trust office of Regions Bank, Birmingham, Alabama (the *Paying Agent/Registrar*) executing the registration certificate appearing hereon, or a successor thereof, in a city designated by it for such purpose (herein after referred to as the *Place of Payment*).

If the specified date for any payment hereon shall be a Saturday, Sunday, or legal holiday or the equivalent (other than a moratorium) on which banking institutions generally are authorized to close in the Place of Payment or shall otherwise be a day other than a Business Day, as herein defined, then such payment may be made on the next succeeding day which is not



one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

1. ***Series, Purpose, and Authority.*** This Certificate is one of a duly authorized issue of Certificates of the City designated as its "Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016" issued in the aggregate principal amount of FORTY-SEVEN MILLION AND NO/100 DOLLARS (\$47,000,000) (herein referred to as the *Certificates*) pursuant to an ordinance adopted by the governing body of the City (referred to as the *Ordinance*) for the purpose of providing funds for (i) acquiring an existing building known as Frost Tower to be used to consolidate City administration into a single facility, and (ii) the payment of professional services (including closing costs) related to the acquisition and financing of the aforementioned project. The Certificates are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through 271.064, Chapters 1201 and 1502, as amended, Texas Government Code, Section 98 of the Home Rule Charter of the City, and the Ordinance.

2. ***Interest.***

A. ***Interest Generally.*** The interest payable, and punctually paid or duly provided for, on any Interest Payment Date herefor will, as provided in the Ordinance herein referred to, be paid to the person in whose name this Certificate (or one or more Predecessor Certificates representing the same debt) is registered at the end of the day on the Record Date for such interest specified herein. Any such interest otherwise so payable to the Holder on such Record Date which is not so punctually paid or duly provided for within thirty (30) days of the due date therefor shall forthwith cease to be payable to the Holder on such Record Date, and may be paid to the person in whose name this Certificate (or one or more Predecessor Certificates) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice thereof being given to Holders not less than ten (10) days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in said Ordinance. All such interest shall be payable at the Place of Payment and shall be paid by check or draft mailed to the address of such person specified in the Security Register or pursuant to other arrangements made by (and at the risk and expense of) such person and acceptable to the Paying Agent/Registrar, *except* that, if the registered owner hereof is the Securities Depository and upon the written request of any other Holder of not less than \$1,000,000 aggregate principal amount of Certificates provided to such Paying Agent/Registrar not less than fifteen (15) days prior to the relevant Interest Payment Date, interest due on any Interest Payment Date herefor shall be made by federal funds wire transfer to any designated account within the United States of America.

During the period from and including the first day of each Term Mode for this Certificate or any portion hereof described below to and excluding the first day of the next Interest Mode herefor designated by the City [(unless made subject to mandatory tender or redeemed, at the City's option, in accordance with the provisions of the Ordinance or a Conversion Ordinance)],



the principal of this Certificate (or such portion) shall bear interest at the corresponding [Taxable/Tax-Exempt] Term Rate specified above. Interest accrued hereon shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest hereon or on any portion hereof shall accrue from and including the later of the [Closing/Rate Adjustment] Date (specified above) or the most recent Interest Payment Date therefor to which interest has been paid or duly provided for."

B. ***Establishment of Interest Modes and Interest Periods.*** From the [Closing/Rate Adjustment] Date specified above through the Term Mode Expiration Date specified above, this Certificate shall be in a Term Mode. As provided in the Ordinance and subject to certain conditions therein set forth, the Interest Mode for this Certificate or any portion hereof then in effect shall, at the election of the City and pursuant to a Conversion Ordinance, be converted to a new Interest Mode and Interest Period. At the time of such conversion, this Certificate shall be subject to mandatory tender without right of retention by the Holder hereof. This Certificate will be replaced with a replacement Certificate if converted to a new Term Mode or to a Fixed Mode. Accordingly, this Certificate only includes a description of the method of calculating interest hereon in the Term Mode in this *subparagraph 2B*. Reference is made to the Ordinance for calculation of interest on the Certificates in a Fixed Mode.

C. ***Interest Rate Computation and Payment.*** This Certificate is issued in [the initial/a new] Interest Period in a Term Mode during which this Certificate will bear interest at the [Taxable/Tax-Exempt] Rate specified above.

Interest accrued on this Certificate or any portion hereof during any Interest Period while it is in a Term Mode shall be payable semiannually on each February 1 and August 1, commencing on February 1, 2017, and on the day immediately following the last day of such Interest Mode. The Record Date for interest paid on each such Interest Payment Date shall be the fifteenth (15th) day of the month next preceding such Interest Payment Date.

Not sooner than sixty (60) days nor less than six (6) Business Days prior to the tender date for the Certificates, established by the City (pursuant to the Ordinance (but not later than the Last Tender Date specified above)), the City, in conjunction with or by and through the Remarketing Agent, shall remarket the Certificates into a new Interest Mode or Interest Modes in accordance with the applicable provisions of the Ordinance.

If the Remarketing Agent is unable to remarket the Certificates then Outstanding to new Holders in a new Interest Period on the established tender date (which shall not be sooner than the First Tender Date nor later than the Last Tender Date specified above), the City shall have no obligation to purchase this Certificate tendered on such date, the failed conversion and remarketing shall not constitute an Event of Default under the Ordinance or this Certificate, the notice of and requirement for mandatory tender will be deemed to have been rescinded for that date with respect to this Certificate if subject to such failed remarketing only, and such Certificate shall bear interest at the [Taxable/Tax-Exempt] Term Rate specified above (if such tender date occurs prior to the Last Tender Date) until the Last Tender Date and from the Last Tender Date at the Stepped Rate. While bearing interest at the Stepped Rate, this Certificate (i) will continue to be Outstanding, (ii) will be purchased at the Purchase Price upon the availability



of funds to be received from the subsequent remarketing of this Certificate, (iii) will be subject to redemption and mandatory tender for purchase on any date upon which a conversion occurs (which shall occur at the City's discretion upon delivery of at least one (1) Business Day's notice to the Holder hereof), and (iv) will be deemed to continue in a Term Mode for all other purposes under the Ordinance (including terms relating to timing of interest payments), though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Ordinance.

The Stepped Rate applicable to this Certificate is 8.61% from February 1, 2020 through July 31, 2020 and the Maximum Rate thereafter, all as described and specified in the [Ordinance/Conversion Ordinance].

If the Paying Agent/Registrar has not received from the City the notice required by *Section 2.2C.1* of the Ordinance, the Paying Agent/Registrar shall promptly provide notice to the Holders of Certificates to be tendered for purchase, which notice shall be in writing or by facsimile or other electronic form, so that the Holders are informed of the possibility of a failed remarketing causing the effectiveness of the Stepped Rate with respect to such affected Certificates.

D. **Definitions.** Capitalized, but undefined, terms used in this Certificate shall have the meaning ascribed thereto in the Ordinance. Additionally, and as used herein:

(i) **Business Day** for this Certificate or any portion hereof means any day other than (a) a Saturday or a Sunday, (b) a legal holiday or the equivalent on which banking institutions generally are authorized or required to close in the Place of Payment therefor or in the city in which is located the corporate trust office of the Paying Agent/Registrar for the Certificates, or (c) a day on which the New York Stock Exchange is closed;

(ii) **Certificate Date** means December 1, 2016; and

(iii) **Interest Period** for any Certificate or portion thereof, including this Certificate and any portion hereof, means the period from and including the initial issuance of the Certificates or any Rate Adjustment Date for such Certificate or portion thereof to but excluding the next succeeding Rate Adjustment Date for or the Stated Maturity of such Certificate (the initial Interest Period for the Certificates extending from and including the Closing Date and extending to but excluding February 1, 2020).

Terms defined in the Notice of Demand Privilege and Mandatory Tender appearing hereon have the meanings described in such notice.

E. **Usury Savings Clause.** Notwithstanding anything herein or in the Ordinance or any Conversion Ordinance to the contrary, however, in no event shall the aggregate of the interest on the Certificates plus any other amounts paid in connection therewith which are deemed "interest" under the laws of the State of Texas and the United States of America in effect on the Certificate Date specified above permitting the charging and collecting of the highest non-usurious interest rate on the Certificates (hereinafter referred to as *Applicable Law*) ever exceed



the Maximum Rate, being the maximum amount of interest which could be lawfully charged and paid on the Certificates under the Ordinance, and if any amount of interest taken or received by the Holder hereof shall be in excess of the maximum amount of interest which, under Applicable Law, could lawfully have been collected and paid hereon, then the excess shall be deemed to have been the result of a mathematical error by the City, the Paying Agent/Registrar, and such Holder and shall be refunded promptly to the Paying Agent/Registrar for the account of the City. All amounts paid or agreed to be paid in connection with the indebtedness evidenced by the Certificates which under Applicable Law would be deemed "interest" shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated, and spread throughout the full term of the Certificates.

[F. **Tax-Exempt Certificates.** This Certificate bears interest at the Tax-Exempt Rate specified above and is, therefore, subject to the obligations set forth in *Section 6.3B* of the Ordinance.]\*

3. **Redemption.** The Certificates are subject to (a) mandatory sinking fund redemption on February 1 of the years and in the aggregate principal amounts specified in the Ordinance, and (b) redemption at the option of the City (i) [on \_\_\_\_\_, 20\_\_ or any date thereafter during the initial Interest Period, (ii)] in whole or in part on any Rate Adjustment Date, and [(ii)/(iii)] as a whole or from time to time in part on any day for Certificates in a Term Mode that are bearing interest at a Stepped Rate.

Written notice of redemption of Certificates shall be delivered to the Holders, in all cases on not less than thirty (30) days (except Certificates in a Term Mode that are bearing interest at a Stepped Rate, which may be redeemed on one (1) Business Day's prior written notice), and not more than sixty (60) days prior written notice given as provided in the Ordinance, upon payment of the redemption price, which shall consist of one hundred percent (100%) of the principal amount of the Certificates or parts thereof so redeemed plus interest, if any, accrued thereon from the [Closing/Rate Adjustment] Date specified above or the most recent Interest Payment Date to which the interest thereon has been paid or duly provided for to the redemption date.

The Ordinance requires this Certificate to be tendered by the Holder for purchase upon each Purchase Date described under "*Mandatory Tender*" in the "*Notice of Demand Privilege and Mandatory Tender*" appearing hereon. By accepting this Certificate the Holder agrees to all such provisions.

Notwithstanding the foregoing, a notice of mandatory tender for this Certificate shall also serve as sufficient notice of redemption to the Holder hereof on the indicated mandatory tender date.

4. **Security.** The Certificates of this series are payable from the levy of an ad valorem tax, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the System, such lien

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\* Applicable to Tax-Exempt Certificates only.



on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien thereon and pledge thereof providing for the payment and security of any Revenue Obligations hereafter issued by the City, but prior and superior to the lien thereon and pledge thereof securing the payment of the currently outstanding Inferior Lien Obligations and any Inferior Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the Limited Pledge Revenue Obligations that are payable from a lien on and pledge of a limited amount of Net Revenues of the System as described in the ordinances authorizing the issuance of the Limited Pledge Revenue Obligations. In the Ordinance, the City retains the right to issue Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

5. ***Provisions of Ordinance.*** Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the terms and conditions relating to the transfer or exchange of the Certificates; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be deemed to be no longer Outstanding thereunder; and the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

6. ***Transfer.*** This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof or his duly authorized agent, and thereupon one or more new fully registered Certificates of the same Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

7. ***Conclusive Owner.*** The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on each Record Date for the payment of interest hereon as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner hereof for purposes of receiving payment of principal hereof at Stated Maturity, or redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the City nor the Paying Agent/Registrar nor any such agent of either shall be affected by notice to the contrary.

8. ***Representations.*** It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Certificate in order to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law; that issuance of the Certificates does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest



on the Certificates by a pledge of and lien on ad valorem taxes (within the limitations prescribed by law) and the Net Revenues. In case any provision in this Certificate or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

9. **Governing Law.** The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

Unless either a Registration Certificate of the Comptroller of Public Accounts of the State of Texas hereon has been executed by such Comptroller or her duly authorized agent or a Certificate of Authentication hereon has been executed by the Paying Agent/Registrar, in each case by manual signature, this Certificate shall not be entitled to any benefit under the Ordinance or be valid or obligatory for any purpose.

*[Signature page follows]*



IN WITNESS WHEREOF, the Governing Body of the City has caused this Certificate to be duly executed under the official seal of the City.

CITY OF SAN ANTONIO, TEXAS

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

ATTEST:

\_\_\_\_\_  
City Clerk

(CITY SEAL)



## CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Ordinance, a Predecessor Certificate for which has been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Date of Authentication:

REGIONS BANK, Birmingham, Alabama, as  
Paying Agent/Registrar

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

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto  
(Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

(Social Security or other identifying number): \_\_\_\_\_  
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Certificate on the books kept for  
registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

NOTICE: The signature on this assignment  
must correspond with the name of the  
registered owner as it appears on the face of  
the within Certificate in every particular.

Signature guaranteed:

\_\_\_\_\_



## NOTICE OF DEMAND PRIVILEGE AND MANDATORY TENDER

A. ***Tender.*** The Tender Agent is required by the Ordinance to purchase, but solely from and to the extent of the sources of funds hereinafter described, for the account of one or more purchasers specified in the Ordinance, at the Purchase Price hereinafter described, the attached Certificate (or any portion thereof which in principal amount is equal to an authorized denomination), unless (and to the extent) such Certificate or portion is owned by or on behalf or for the benefit or account of the City or certain affiliates described in the Ordinance, upon tender for purchase by the Holder.

In each case upon presentment of such Certificate endorsed in blank (or accompanied by a bond power executed in blank) by such Holder at the office of the Tender Agent or, in the case of a Certificate registered in the name of the Securities Depository or its nominee, upon credit of the beneficial ownership of such Certificate to the account of the Tender Agent at the Securities Depository or any direct or indirect participant thereof other than such beneficial owner, in each case to the extent of the portion to be purchased, not later than 12:00 noon, New York, New York time, on such Purchase Date, such notice in each case stating the principal amount and Interest Mode of such Certificate to be tendered, the Purchase Date therefor, and the name of the registered Holder thereof (or, if such Certificate is registered in the name of the Securities Depository or its nominee, the name of the beneficial owner thereof and the name and number of the account at the Securities Depository to which the beneficial ownership of such Certificate or portion thereof is then credited). The "*Purchase Price*" at which such Certificate or portion thereof is to be so purchased is equal to one hundred percent (100%) of the principal amount thereof plus interest, if any, accrued thereon from the [Closing Date/Rate Adjustment Date] specified above or the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for to, and including, the last day of the Interest Period applicable to this Certificate, payable in immediately available funds on such Purchase Date, *provided* that such Purchase Price shall be payable solely from and to the extent of available funds realized from the remarketing of Certificates or, at the election of the City, funds advanced by the City.

B. ***Mandatory Tender.*** As provided in the Ordinance, this Certificate (or the applicable portion thereof specified below) is required to be tendered for purchase (except to the extent such Certificate or any portion thereof is registered in the name of the City) in the manner and place and for the account of the persons specified below, at the Purchase Price, but solely from and to the extent of available funds realized from the remarketing of Certificates, at the election of the City, funds advanced by the City, on the first Business Day of each new Interest Mode for such Certificate or portion thereof for which notice is given to the Holder, whether or not such new Interest Mode is effected, and upon presentment of such Certificate endorsed in blank (or accompanied by a bond power executed in blank) by such Holder at the corporate trust office of the Tender Agent or, in the case of a Certificate registered in the name of the Securities Depository or its nominee, upon credit of the beneficial ownership of such Certificate to the account of the Tender Agent at the Securities Depository or any direct or indirect participant thereof other than such beneficial owner, not later than 12:00 noon, New York, New York time, on such Purchase Date. Written notice of each such mandatory tender for purchase is required to be mailed by the Tender Agent to the Holder of such Certificate not less than thirty (30) days and not more than sixty (60) days prior to such Purchase Date.



The Certificates are subject to mandatory tender, without right of retention and at the direction of the City, prior to the expiration of the applicable Interest Period, in accordance with and as provided in *Section 2.2C.2* of the Ordinance. With respect to any notice of mandatory tender delivered in accordance with *Section 2.5B* of the Ordinance in connection with a Purchase Date scheduled to occur prior to the Last Purchase Date specified above, the City may rescind any such notice of mandatory tender so long as such rescission occurs at least one (1) Business Day prior to the scheduled Purchase Date. In the event of such rescission, the Certificates shall continue to bear interest at the [Taxable/Tax-Exempt] Term Rate specified above through the remainder of the scheduled duration of the then applicable Interest Period. A rescission of a notice of mandatory tender relating to a scheduled tender of Certificates on the Last Purchase Date shall occur in the manner, and the effect of such rescission shall be as, provided in *Section 2.5E* of the Ordinance.

C. ***Untendered Certificates.*** Certificates for which payment of the Purchase Price therefor is duly provided for on such Purchase Date, will be deemed to be sold on such Purchase Date, and the owner thereof shall not thereafter be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than such Purchase Price or otherwise be secured by or entitled to any benefit under the Ordinance.

D. ***Remarketing.*** The Certificates are sold into the current Interest Mode and Interest Period without additional liquidity support being provided. As a result, payment of the Purchase Price of Certificates that are tendered in accordance with the provisions of the Ordinance shall be made only from proceeds resultant from the remarketing of the Certificates by the Remarketing Agent on the City's behalf in accordance with the Ordinance. As required under the Ordinance, the City has entered into a "Remarketing Agreement" between the City and the Remarketing Agent appointed by the City for the Certificates (herein and in the within Certificate, together with substitutes therefor, referred to as a *Remarketing Agent*), who shall serve in such capacity until the remarketing of the Certificates has been accomplished.

In the event that such Certificates are not converted and remarketed to new purchasers on the scheduled date of mandatory tender, the City shall have no obligation to purchase the Certificates tendered on such date, the failed conversion and remarketing shall not constitute an event of default under the Ordinance or the Certificates, the mandatory tender will be deemed to have been rescinded for that date with respect to the Certificates subject to such failed remarketing only, and such Certificates (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Certificates, (iii) will, while bearing interest at a Stepped Rate, be subject to redemption and mandatory tender for purchase on any date upon which a conversion occurs (which shall occur at the City's discretion upon delivery of at least one day's notice to the holders thereof), and (iv) will be deemed to continue in a Term Mode, for all other purposes of the Ordinance, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Ordinance. In the event of a failed conversion and remarketing as described above, the City will cause the Certificates to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at par, in such Interest Mode or Modes as the City directs, at a rate not exceeding the Maximum Rate.



E. ***Definitions.*** All terms in the above notice have the meanings ascribed to such terms in the within Certificate or the Ordinance.



FORM OF INITIAL CERTIFICATE

REGISTERED  
NO. T-1

REGISTERED AMOUNT  
\$47,000,000

United States of America  
State of Texas  
Counties of Bexar, Comal, and Medina  
CITY OF SAN ANTONIO, TEXAS  
VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF  
OBLIGATION, SERIES 2016

<u>Taxable</u> <u>Rate:</u>	<u>Closing</u> <u>Date:</u>	<u>Term Mode</u> <u>Expiration</u> <u>Date:</u>	<u>First</u> <u>Tender Date:</u>	<u>Last</u> <u>Tender Date:</u>	<u>CUSIP No.</u>
2.64%	December 19, 2016	January 31, 2020	February 1, 2018	February 1, 2020	N/A

STATED MATURITY: FEBRUARY 1, 2046

REGISTERED OWNER: REGIONS COMMERCIAL EQUIPMENT FINANCE LLC

PRINCIPAL AMOUNT: FORTY-SEVEN MILLION AND NO/100 DOLLARS

The City of San Antonio, Texas (herein referred to as the *City*), a body corporate and municipal corporation located in Bexar, Comal, and Medina Counties, Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above (herein referred to as the *Holder*), or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date specified above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the per annum rate or rates of interest and to the persons hereinafter described until payment thereof is made or duly provided for at or after the Stated Maturity or any earlier redemption date therefor. Principal of and premium, if any, on this Certificate shall be payable upon presentation and surrender of this Certificate at a corporate trust office of Regions Bank, Birmingham, Alabama (the *Paying Agent/Registrar*) executing the registration certificate appearing hereon, or a successor thereof, in a city designated by it for such purpose (herein after referred to as the *Place of Payment*).

If the specified date for any payment hereon shall be a Saturday, Sunday, or legal holiday or the equivalent (other than a moratorium) on which banking institutions generally are authorized to close in the Place of Payment or shall otherwise be a day other than a Business Day, as herein defined, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment. All such payments shall be made in such coin or



currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

1. ***Series, Purpose, and Authority.*** This Certificate is one of a duly authorized issue of Certificates of the City designated as its "Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016" issued in the aggregate principal amount of FORTY-SEVEN MILLION NO/100 DOLLARS (\$47,000,000) (herein referred to as the *Certificates*) pursuant to an ordinance adopted by the governing body of the City (referred to as the *Ordinance*) for the purpose of providing funds for (i) acquiring an existing building known as Frost Tower to be used to consolidate City administration into a single facility, and (ii) the payment of professional services (including closing costs) related to the acquisition and financing of the aforementioned project. The Certificates are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through 271.064, Chapters 1201 and 1502, as amended, Texas Government Code, Section 98 of the Home Rule Charter of the City, and the Ordinance.

2. ***Interest.***

A. ***Interest Generally.*** The interest payable, and punctually paid or duly provided for, on any Interest Payment Date herefor will, as provided in the Ordinance herein referred to, be paid to the person in whose name this Certificate (or one or more Predecessor Certificates representing the same debt) is registered at the end of the day on the Record Date for such interest specified herein. Any such interest otherwise so payable to the Holder on such Record Date which is not so punctually paid or duly provided for within thirty (30) days of the due date therefor shall forthwith cease to be payable to the Holder on such Record Date, and may be paid to the person in whose name this Certificate (or one or more Predecessor Certificates) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice thereof being given to Holders not less than ten (10) days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in said Ordinance. All such interest shall be payable at the Place of Payment and shall be paid by check or draft mailed to the address of such person specified in the Security Register or pursuant to other arrangements made by (and at the risk and expense of) such person and acceptable to the Paying Agent/Registrar, *except* that, if the registered owner hereof is the Securities Depository and upon the written request of any other Holder of not less than \$1,000,000 aggregate principal amount of Certificates provided to such Paying Agent/Registrar not less than fifteen (15) days prior to the relevant Interest Payment Date, interest due on any Interest Payment Date herefor shall be made by federal funds wire transfer to any designated account within the United States of America.

During the period from and including the first day of each Term Mode for this Certificate or any portion hereof described below to and excluding the first day of the next Interest Mode herefor designated by the City (unless made subject to mandatory tender or redeemed, at the City's option, in accordance with the provisions of the Ordinance or a Conversion Ordinance), the principal of this Certificate (or such portion) shall bear interest at the corresponding Taxable Term Rate specified above. Interest accrued hereon at shall be computed on the basis of a 360-



day year comprised of twelve 30-day months. The interest hereon or on any portion hereof shall accrue from and including the later of the Closing Date specified above or the most recent Interest Payment Date therefor to which interest has been paid or duly provided for.

B. ***Establishment of Interest Modes and Interest Periods.*** From the Closing Date specified above through the Term Mode Expiration Date specified above, this Certificate shall be in a Term Mode. As provided in the Ordinance and subject to certain conditions therein set forth, the Interest Mode for this Certificate or any portion hereof then in effect shall, at the election of the City and pursuant to a Conversion Ordinance, be converted to a new Interest Mode and Interest Period. At the time of such conversion, this Certificate shall be subject to mandatory tender without right of retention by the Holder hereof. This Certificate will be replaced with a replacement Certificate if converted to a new Term Mode or to a Fixed Mode. Accordingly, this Certificate only includes a description of the method of calculating interest hereon in the Term Mode in this *subparagraph 2B*. Reference is made to the Ordinance for calculation of interest on the Certificates in a Fixed Mode.

C. ***Interest Rate Computation and Payment.*** This Certificate is issued in the initial Interest Period in a Term Mode during which this Certificate will bear interest at a Taxable Term Rate specified above.

Interest accrued on this Certificate or any portion hereof during any Interest Period while it is in a Term Mode shall be payable semiannually on each February 1 and August 1, commencing on February 1, 2017, and on the day immediately following the last day of such Interest Mode. The Record Date for interest paid on each such Interest Payment Date shall be the fifteenth (15th) day of the month next preceding such Interest Payment Date.

Not sooner than sixty (60) days nor less than six (6) Business Days prior to the tender date for the Certificates, established by the City (pursuant to the Ordinance (but not later than the Last Tender Date specified above), the Remarketing Agent shall remarket the Certificates into a new Interest Mode or Interest Modes in accordance with the applicable provisions of the Ordinance.

If the Remarketing Agent is unable to remarket the Certificates then Outstanding to new Holders in a new Interest Period on the established tender date (which shall not be sooner than the First Tender Date nor later than the Last Tender Date specified above), the City shall have no obligation to purchase this Certificate tendered on such date, the failed conversion and remarketing shall not constitute an Event of Default under the Ordinance or this Certificate, the notice of and requirement for mandatory tender will be deemed to have been rescinded for that date with respect to this Certificate if subject to such failed remarketing only, and such Certificate shall bear interest at the Taxable Term Rate specified (if such tender date occurs prior to the Last Tender Date) until the Last Tender Date and from the Last Tender Date at the Stepped Rate. While bearing interest at the Stepped Rate, this Certificate (i) will continue to be Outstanding, (ii) will be purchased at the Purchase Price upon the availability of funds to be received from the subsequent remarketing of this Certificate, (iii) will be subject to redemption and mandatory tender for purchase on any date upon which a conversion occurs (which shall occur at the City's discretion upon delivery of at least one (1) Business Day's notice to the



Holder hereof), and (iv) will be deemed to continue in a Term Mode for all other purposes under the Ordinance (including terms relating to timing of interest payments), though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Ordinance.

The Stepped Rate applicable to this Certificate is 8.61% from February 1, 2020 through July 31, 2020 and the Maximum Rate thereafter, all as described and specified in the Ordinance.

If the Paying Agent/Registrar has not received from the City the notice required by Section 2.2C.1 of the Ordinance, the Paying Agent/Registrar shall promptly provide notice to the Holders of Certificates to be tendered for purchase, which notice shall be in writing or by facsimile or other electronic form, so that the Holders are informed of the possibility of a failed remarketing causing the effectiveness of the Stepped Rate with respect to such affected Certificates.

D. **Definitions.** Capitalized, but undefined, terms used in this Certificate shall have the meaning ascribed thereto in the Ordinance. Additionally, and as used herein:

(i) **Business Day** for this Certificate or any portion hereof means any day other than (a) a Saturday or a Sunday, (b) a legal holiday or the equivalent on which banking institutions generally are authorized or required to close in the Place of Payment therefor or in the city in which is located the corporate trust office of the Paying Agent/Registrar for the Certificates, or (c) a day on which the New York Stock Exchange is closed;

(ii) **Certificate Date** means December 1, 2016; and

(iii) **Interest Period** for any Certificate or portion thereof, including this Certificate and any portion hereof, means the period from and including the initial issuance of the Certificates or any Rate Adjustment Date for such Certificate or portion thereof to but excluding the next succeeding Rate Adjustment Date for or the Stated Maturity of such Certificate (the initial Interest Period for the Certificates extending from and including the Closing Date and extending to but excluding February 1, 2020).

Terms defined in the Notice of Demand Privilege and Mandatory Tender appearing hereon have the meanings described in such notice.

E. **Usury Savings Clause.** Notwithstanding anything herein or in the Ordinance or any Conversion Ordinance to the contrary, however, in no event shall the aggregate of the interest on the Certificates plus any other amounts paid in connection therewith which are deemed "interest" under the laws of the State of Texas and the United States of America in effect on the Certificate Date specified above permitting the charging and collecting of the highest non-usurious interest rate on the Certificates (hereinafter referred to as *Applicable Law*) ever exceed the Maximum Rate, being the maximum amount of interest which could be lawfully charged and paid on the Certificates under the Ordinance, and if any amount of interest taken or received by the Holder hereof shall be in excess of the maximum amount of interest which, under Applicable Law, could lawfully have been collected and paid hereon, then the excess shall be deemed to



have been the result of a mathematical error by the City, the Paying Agent/Registrar, and such Holder and shall be refunded promptly to the Paying Agent/Registrar for the account of the City. All amounts paid or agreed to be paid in connection with the indebtedness evidenced by the Certificates which under Applicable Law would be deemed "interest" shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated, and spread throughout the full term of the Certificates.

3. **Redemption.** The Certificates are subject to (a) mandatory sinking fund redemption on February 1 of the years and in the aggregate principal amounts specified in the Ordinance, and (b) redemption at the option of the City (i) on February 1, 2018 or any date thereafter during the initial Interest Period, (ii) in whole or in part on any Rate Adjustment Date, and (iii) as a whole or from time to time in part on any day for Certificates in a Term Mode that are bearing interest at a Stepped Rate.

Written notice of redemption of Certificates shall be delivered to the Holders, in all cases on not less than thirty (30) days (except Certificates in a Term Mode that are bearing interest at a Stepped Rate, which may be redeemed on one (1) Business Day's prior written notice), and not more than sixty (60) days prior written notice given as provided in the Ordinance, upon payment of the redemption price, which shall consist of one hundred percent (100%) of the principal amount of the Certificates or parts thereof so redeemed plus interest, if any, accrued thereon from the Rate Adjustment Date specified above or the most recent Interest Payment Date to which the interest thereon has been paid or duly provided for to the redemption date.

The Ordinance requires this Certificate to be tendered by the Holder for purchase upon each Purchase Date described under "*Mandatory Tender*" in the "*Notice of Demand Privilege and Mandatory Tender*" appearing hereon. By accepting this Certificate the Holder agrees to all such provisions.

Notwithstanding the foregoing, a notice of mandatory tender for this Certificate shall also serve as sufficient notice of redemption to the Holder hereof on the indicated mandatory tender date.

4. **Security.** The Certificates of this series are payable from the levy of an ad valorem tax, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the System, such lien thereon and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien thereon and pledge thereof providing for the payment and security of any Revenue Obligations hereafter issued by the City, but prior and superior to the lien on and pledge thereof securing the payment of the currently outstanding Inferior Lien Obligations and any Inferior Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the Limited Pledge Revenue Obligations that are payable from a lien on and pledge of a limited amount of Net Revenues of the System as described in the ordinances authorizing the issuance of the Limited Pledge Revenue Obligations. In the Ordinance, the City retains the right to issue Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien



Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

5. ***Provisions of Ordinance.*** Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the terms and conditions relating to the transfer or exchange of the Certificates; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be deemed to be no longer Outstanding thereunder; and the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

6. ***Transfer.*** This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof or his duly authorized agent, and thereupon one or more new fully registered Certificates of the same Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

7. ***Conclusive Owner.*** The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on each Record Date for the payment of interest hereon as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner hereof for purposes of receiving payment of principal hereof at Stated Maturity, or redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the City nor the Paying Agent/Registrar nor any such agent of either shall be affected by notice to the contrary.

8. ***Representations.*** It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Certificate in order to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law; that issuance of the Certificates does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by a pledge of and lien on ad valorem taxes (within the limitations permitted by law) and the Net Revenues. In case any provision in this Certificate or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

9. ***Governing Law.*** The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.



Unless either a Registration Certificate of the Comptroller of Public Accounts of the State of Texas hereon has been executed by such Comptroller or her duly authorized agent or a Certificate of Authentication hereon has been executed by the Paying Agent/Registrar, in each case by manual signature, this Certificate shall not be entitled to any benefit under the Ordinance or be valid or obligatory for any purpose.

*[Signature page follows]*



IN WITNESS WHEREOF, the Governing Body of the City has caused this Certificate to be duly executed under the official seal of the City.

CITY OF SAN ANTONIO, TEXAS

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

ATTEST:

\_\_\_\_\_  
City Clerk

(CITY SEAL)

FORM OF REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS.

**REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER OF  
PUBLIC ACCOUNTS

THE STATE OF TEXAS

§  
§  
§  
§

REGISTER NO. \_\_\_\_\_

I HEREBY CERTIFY that this Certificate has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)



## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto  
(Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

(Social Security or other identifying number): \_\_\_\_\_  
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Certificate on the books kept for  
registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

NOTICE: The signature on this assignment  
must correspond with the name of the  
registered owner as it appears on the face of  
the within Certificate in every particular.

Signature guaranteed:

\_\_\_\_\_

## NOTICE OF DEMAND PRIVILEGE AND MANDATORY TENDER

A. ***Tender.*** The Tender Agent is required by the Ordinance to purchase, but solely from and to the extent of the sources of funds hereinafter described, for the account of one or more purchasers specified in the Ordinance, at the Purchase Price hereinafter described, the attached Certificate (or any portion thereof which in principal amount is equal to an authorized denomination), unless (and to the extent) such Certificate or portion is owned by or on behalf or for the benefit or account of the City or certain affiliates described in the Ordinance, upon tender for purchase by the Holder.

In each case upon presentment of such Certificate endorsed in blank (or accompanied by a bond power executed in blank) by such Holder at the office of the Tender Agent or, in the case of a Certificate registered in the name of the Securities Depository or its nominee, upon credit of the beneficial ownership of such Certificate to the account of the Tender Agent at the Securities Depository or any direct or indirect participant thereof other than such beneficial owner, in each case to the extent of the portion to be purchased, not later than 12:00 noon, New York, New York time, on such Purchase Date, such notice in each case stating the principal amount and Interest Mode of such Certificate to be tendered, the Purchase Date therefor, and the name of the registered Holder thereof (or, if such Certificate is registered in the name of the Securities Depository or its nominee, the name of the beneficial owner thereof and the name and number of the account at the Securities Depository to which the beneficial ownership of such Certificate or



portion thereof is then credited). The "*Purchase Price*" at which such Certificate or portion thereof is to be so purchased is equal to one hundred percent (100%) of the principal amount thereof plus interest, if any, accrued thereon from the Closing Date specified above or the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for to, and including, the last day of the Interest Period applicable this Certificate, such Purchase Date, payable in immediately available funds on such Purchase Date, *provided* that such Purchase Price shall be payable solely from and to the extent of available funds realized from the remarketing of Certificates or, at the election of the City, funds advanced by the City.

B. ***Mandatory Tender.*** As provided in the Ordinance, this Certificate (or the applicable portion thereof specified below) is required to be tendered for purchase (except to the extent such Certificate or any portion thereof is registered in the name of the City) in the manner and place and for the account of the persons specified below, at the Purchase Price, but solely from and to the extent of available funds realized from the remarketing of Certificates, at the election of the City, funds advanced by the City, on the first Business Day of each new Interest Mode for such Certificate or portion thereof for which notice is given to the Holder, whether or not such new Interest Mode is effected, and upon presentment of such Certificate endorsed in blank (or accompanied by a bond power executed in blank) by such Holder at the corporate trust office of the Tender Agent or, in the case of a Certificate registered in the name of the Securities Depository or its nominee, upon credit of the beneficial ownership of such Certificate to the account of the Tender Agent at the Securities Depository or any direct or indirect participant thereof other than such beneficial owner, not later than 12:00 noon, New York, New York time, on such Purchase Date. Written notice of each such mandatory tender for purchase is required to be mailed by the Tender Agent to the Holder of such Certificate not less than thirty (30) days and not more than sixty (60) days prior to such Purchase Date.

The Certificates are subject to mandatory tender, without right of retention and at the direction of the City, prior to the expiration of the applicable Interest Period, in accordance with and as provided in *Section 2.2C.2* of the Ordinance. With respect to any notice of mandatory tender delivered in accordance with this *Section 2.5B* of the Ordinance in connection with a Purchase Date scheduled to occur prior to the Last Purchase Date specified above, the City may rescind any such notice of mandatory tender so long as such rescission occurs at least one (1) Business Day prior to the scheduled Purchase Date. In the event of such rescission, the Certificates shall continue to bear interest at the Taxable Term Rate specified above through the remainder of the scheduled duration of the then applicable Interest Period. A rescission of a notice of mandatory tender relating to a scheduled tender of Certificates on the Last Purchase Date shall occur in the manner, and the effect of such rescission shall be as, provided in *Section 2.5E* of the Ordinance.

C. ***Untendered Certificates.*** Certificates for which payment of the Purchase Price therefor is duly provided for on such Purchase Date, will be deemed to be sold on such Purchase Date, and the owner thereof shall not thereafter be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than such Purchase Price or otherwise be secured by or entitled to any benefit under the Ordinance.



D. **Remarketing.** The Certificates are sold into the current Interest Mode without additional liquidity support being provided. As a result, payment of the Purchase Price of Certificates that are tendered in accordance with the provisions of the Ordinance shall be made only from proceeds resultant from the remarketing of the Certificates by the Remarketing Agent on the City's behalf in accordance with the Ordinance. As required under the Ordinance, the City has entered into a "Remarketing Agreement" between the City and the Remarketing Agent appointed by the City for the Certificates (herein and in the within Certificate, together with substitutes therefor, referred to as a *Remarketing Agent*), who shall serve in such capacity until the remarketing of the Certificates has been accomplished.

In the event that such Certificates are not converted and remarketed to new purchasers on the scheduled date of mandatory tender, the City shall have no obligation to purchase the Certificates tendered on such date, the failed conversion and remarketing shall not constitute an event of default under the Ordinance or the Certificates, the mandatory tender will be deemed to have been rescinded for that date with respect to the Certificates subject to such failed remarketing only, and such Certificates (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Certificates, (iii) will, while bearing interest at a Stepped Rate, be subject to redemption and mandatory tender for purchase on any date upon which a conversion occurs (which shall occur at the City's discretion upon delivery of at least one day's notice to the holders thereof), and (iv) will be deemed to continue in a Term Mode, for all other purposes of the Ordinance, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Ordinance. In the event of a failed conversion and remarketing as described above, the City will cause the Certificates to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at par, in such Interest Mode or Modes as the City directs, at a rate not exceeding the Maximum Rate.

E. **Definitions.** All terms in the above notice have the meanings ascribed to such terms in the within Certificate or the Ordinance.



# FORM OF FIXED RATE DEFINITIVE CERTIFICATE

REGISTERED  
NO. \_\_\_\_\_

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

## UNITED STATES OF AMERICA STATE OF TEXAS COUNTIES OF BEXAR, COMAL, AND MEDINA CITY OF SAN ANTONIO, TEXAS VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2016

Rate Adjustment  
Date:  
\_\_\_\_\_, 20\_\_

[Taxable/Tax-  
Exempt] Fixed Rate:

Stated Maturity:

CUSIP No.

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of San Antonio, Texas (the *City*), a body corporate and municipal corporation located primarily in the Counties of Bexar, Comal, and Medina, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above or the registered assigns thereof, on the Stated Maturity date specified above (or so much thereof as shall not have been paid upon prior redemption), the Principal Amount specified above and to pay interest on the unpaid principal amount hereof from the Rate Adjustment Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for until such principal sum has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 in each year (each, an *Interest Payment Date*), commencing February 1, 2017.

Principal of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth (15th) day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.



This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$47,000,000 (the *Certificates*) pursuant to an Ordinance adopted by the Governing Body of the City (the *Ordinance*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (i) acquiring an existing building known as Frost Tower to be used to consolidate City administration into a single facility, and (ii) the payment of professional services (including closing costs) related to the acquisition and financing of the aforementioned project. The Certificates are being issued under and in strict conformity with the laws of the State of Texas, particularly Chapters 1201 and 1502, as amended, Texas Government Code; the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through 271.064, Section 98 of the City's Home Rule Charter, and the Ordinance.

The City shall redeem Certificates on February 1 in the following years, in the aggregate principal amount set forth opposite such year below, at a price equal to one hundred percent (100%) of principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to which interest thereon has been paid or duly provided for to the Redemption Date:

<u>Years of Stated Maturity</u>	<u>Principal Amounts</u>

*provided, however*, that the principal amount of Certificates so to be redeemed in any year shall be reduced upon written request of the City delivered to the Paying Agent/Registrar by an amount equal to the principal amount of Certificates (1) surrendered uncanceled and in transferable form by the City to the Paying Agent/Registrar not less than fifty (50) days prior to such redemption date or (2) selected (not less than five days prior to the last day for mailing notice of such redemption date) for redemption in or prior to such year pursuant to the optional redemption features applicable to such Certificates, if in either case such Certificates shall not have previously served as the basis for any such reduction.

In addition, the Certificates stated to mature on and after \_\_\_\_\_ 1, 20\_\_ may be redeemed prior to their Stated Maturities, at the option of the City, on \_\_\_\_\_ 1, 20\_\_, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par plus accrued interest to the date of redemption; provided, however, that at least thirty (30) days prior written notice shall be sent to the Holder of the Certificates to be redeemed by United States mail, first-class postage prepaid, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate is subject to redemption prior to Stated Maturity and is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Certificate to the



Paying Agent/Registrar at its corporate trust office, a new Certificate or Certificates of like Stated Maturity and interest rate in any authorized denominations provided in the Ordinance for the then unredeemed balance of the principal sum hereof.

If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if the money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Certificate is called for redemption, in whole or in part, the City or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Certificate within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Certificates of this series are payable from the levy of an ad valorem tax, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the System, such lien thereon and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien thereon and pledge thereof providing for the payment and security of any Revenue Obligations hereafter issued by the City, but prior and superior to the lien on and pledge thereof securing the payment of the currently outstanding Inferior Lien Obligations and any Inferior Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the Limited Pledge Revenue Obligations that are payable from a lien on and pledge of a limited amount of Net Revenues of the System as described in the ordinances authorizing the issuance of the Limited Pledge Revenue Obligations. In the Ordinance, the City retains the right to issue Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

Reference is hereby made to the Ordinance, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenues pledged for the payment of the Certificates; the terms and conditions under which the City may issue Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien Obligations; the terms and conditions relating to the transfer or exchange of the Certificates; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holder; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.



This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register: (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon; (ii) on the date of surrender of this Certificate as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity or its redemption, whole or in part; and (iii) on any other date as the owner hereof for all other purposes, and neither the City nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. 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 (the *Special Payment Date* - 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 Holder appearing on the Security Register at the close of business on the fifteenth (15th) preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Certificate in order to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by the laws of the State of Texas and the Ordinance, and that issuance of the Certificates does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of, premium if any, and interest on the Certificates by the levy of a tax and collection of Pledged Revenues as aforestated. In case any provision in this Certificate or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

[This Certificate bears interest at the Tax-Exempt Rate specified above and is, therefore, subject to the obligations set forth in *Section 6.3B* of the Ordinance.]<sup>†</sup>

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

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<sup>†</sup> Applicable to Tax-Exempt Certificates only.



IN WITNESS WHEREOF, the City has caused this Certificate to be duly executed under its official seal.

CITY OF SAN ANTONIO, TEXAS

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Mayor

ATTEST:

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City Clerk

(CITY SEAL)

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



### CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Ordinance, a Predecessor Certificate for which has been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Date of Authentication:

REGIONS BANK, Birmingham, Alabama, as  
Paying Agent/Registrar

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

Authorized Signature

### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto  
(Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

(Social Security or other identifying number): \_\_\_\_\_

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

DATED: \_\_\_\_\_

NOTICE: The signature on this assignment  
must correspond with the name of the  
registered owner as it appears on the face of  
the within Certificate in every particular.

Signature Guaranteed:

\_\_\_\_\_



**EXHIBIT B**

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

SEE TAB NO. 3



**EXHIBIT C**

FORM OF TENDER AGENT AGREEMENT

SEE TAB NO. 4



**EXHIBIT D**  
**FORM OF PURCHASE CONTRACT**  
**SEE TAB NO. 5**



**EXHIBIT E**

**FORM OF LETTER OF REPRESENTATIONS WITH DTC**

N/A



**EXHIBIT F**  
**REMARKETING AGREEMENT**



## **EXHIBIT G**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 6.4 of this Ordinance.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement for the City's issuance of the "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016", available to the general public on EMMA (the *Official Statement*) referred to) below:

1. The City's audited financial statements for the most recently concluded fiscal year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the City appended to the Official Statement as Appendix C, but for the most recently concluded fiscal year.
2. Tables 1A through 13 and 16 through 19 in the Official Statement.

#### **Accounting Principles**

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.