

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

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AMENDING CERTAIN TERMS OF THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY'S VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016 AND OTHER MATTERS IN CONNECTION THEREWITH**

**WHEREAS**, the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) has previously adopted an ordinance on December 8, 2016 (the *Authorizing Ordinance*, a copy of which is attached hereto as Exhibit A) authorizing the issuance of the City's Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016 (the *Certificates*); and

**WHEREAS**, the Certificates were originally sold to and are now held, in their entirety, by Regions Commercial Equipment Finance LLC (*Regions*), as the sole holder of the Certificates; and

**WHEREAS**, the Certificates are currently outstanding in a Term Rate mode during which they bear interest at a Term Rate for the Term Rate Period that expires on January 31, 2020 (the *Current Term Rate Period*), with an initial mandatory sinking fund principal payment, in the amount of \$1,210,000, scheduled to occur on February 1, 2020; and

**WHEREAS**, the City has determined to amend (i) the expiration date of the Current Term Rate Period from January 31, 2020 to July 31, 2020 and (ii) the mandatory sinking fund redemption schedule included in Section 2.4.D of the Ordinance to provide that the scheduled February 1, 2020 mandatory sinking fund redemption payment shall occur on February 1, 2021; and

**WHEREAS**, the Authorizing Ordinance provides that the Authorizing Ordinance amendments of the type hereinbefore described are effective only upon the City's prior written receipt of consent of the holders of all affected Certificates, which consent has been provided by Regions; and

**WHEREAS**, the City finds and determines that the adoption of this amending ordinance (this *Amending Ordinance*) is 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:**

**SECTION 1: Amendment of Authorizing Ordinance.** Pursuant to the last paragraph of Section 7.01 of the Authorizing Ordinance, the Authorizing Ordinance is hereby amended as follows:

- a. all references to January 31, 2020, as the expiration or end date of the Current Term Rate Period, are hereby amended and replaced with July 31, 2020;
- b. the last sentence of the definition of "Stepped Rate", appearing in alphabetical order under Section 1.1 of the Authorizing Ordinance, is hereby replaced in its

entirety with the following: "The Stepped Rate applicable to the Certificates in their initial Term Mode is 8.61% from August 1, 2020 through January 1, 2021 and the Maximum Rate thereafter.";

- c. all references to February 1, 2020, as the day occurring after the original end date of the Current Term Rate Period and the last mandatory tender date for the Certificates in the Current Term Rate Period, are hereby amended and replaced with August 1, 2020; and
- d. the mandatory sinking fund redemption schedule appearing in Section 2.4.D of the Authorizing Ordinance is amended by deleting the scheduled payment to occur on February 1, 2020 and replacing the originally scheduled February 1, 2021 sinking fund redemption payment of \$1,240,000 with the amount of \$2,450,000.

All provisions of the Authorizing Ordinance and the Certificates that are not affected by the amendments above shall remain unmodified and valid and in effect subsequent to the effectiveness of the amendments herein described (which shall occur, as a result of the City's prior receipt of Regions' written consent (a copy of which is attached hereto as Exhibit B), immediately upon the effectiveness of this Amending Ordinance pursuant to Section 10 hereof); provided, however, that any provision of the Authorizing Ordinance rendered ineffective or impossible to accomplish or accommodate is rendered null, void, and of no further effect.

**SECTION 2: Definitive Certificate.** As evidence of its ownership of the Certificates, Regions currently holds and possesses Initial Certificate numbered T-1, delivered thereto by the City at the time of initial delivery of the Certificates. As provided in Section 2.8 of the Authorizing Ordinance, the City shall deliver to Regions Bank, Birmingham, Alabama (the *Paying Agent*), as paying agent/registrar for the Certificates, a definitive Certificate, numbered R-1 and in the form attached hereto as Exhibit C, for authentication thereby and replacement of the Initial Certificate upon presentation of such Initial Certificate by Regions to the Paying Agent. Upon its receipt of the Initial Certificate from Regions, the Paying Agent shall cancel such Initial Certificate and deliver to Regions the authenticated definitive Certificate numbered R-1 as evidence of Regions' ownership of the Certificates, all in accordance with the provisions of the Authorizing Ordinance and the Paying Agent/Registrar Agreement, dated as of December 8, 2016, between the City and the Paying Agent and relating to the Certificates.

**SECTION 3: Definition of Terms.** Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Authorizing Ordinance.

**SECTION 4: 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 Amending Ordinance. 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 5: Inconsistent Provisions.** All resolutions and ordinances, or parts thereof, which are in conflict or inconsistent with any provision of this Amending Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Amending Ordinance shall be and remain controlling as to the matters resolved herein.

**SECTION 6: Governing Law.** This Amending Ordinance shall be construed and enforced in accordance with the laws of the State and the United States of America.

**SECTION 7: Severability.** If any provision of this Amending Ordinance or the application thereof to any person or circumstance shall be held to be invalid by a court of competent jurisdiction, the remainder of this Amending Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Council hereby declares that this Amending Ordinance would have been enacted without such invalid provision.

**SECTION 8: 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 Amending Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

**SECTION 9: Public Meeting.** It is officially found, determined, and declared that the meeting at which this Amending 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 Amending Ordinance, was given, all as required by Chapter 551, Texas Government Code, as amended.

**SECTION 10: Effective Date.** The effective date of this Amending Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Amending Ordinance shall take effect immediately if passed by eight (8) affirmative votes; otherwise, this Amending 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 \_\_\_\_\_ members of the City Council of the City of San Antonio, Texas, this the 16<sup>th</sup> day of January, 2020.

**CITY OF SAN ANTONIO, TEXAS**

\_\_\_\_\_  
**M A Y O R**  
**Ron Nirenberg**

**ATTEST:**

\_\_\_\_\_  
**City Clerk, Leticia M. Vacek**

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

\_\_\_\_\_  
**Andrew Segovia, City Attorney**  
**City of San Antonio, Texas**

**EXHIBIT A**

**Authorizing Ordinance**

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## EXHIBIT B

### Consent of Sole Certificate Holder

WHEREAS, City of San Antonio, Texas (the *City*) has previously authorized the issuance of its obligations designated as “Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016”, dated December 1, 2016, in the original and currently outstanding principal amount of \$47,000,000.00, such obligations stated to finally mature on February 1, 2046 (the *Certificates*); and

WHEREAS, Regions Commercial Equipment Finance LLC, Birmingham, Alabama (the *Holder*), is the sole owner of all of the *Certificates*; and

WHEREAS, the *Certificates* are currently outstanding in a “term” mode interest rate period (the *Term Rate Period*) during which they bear interest at a “term” interest rate, which interest period expires on January 31, 2020 and results in a scheduled mandatory tender of the *Certificates* scheduled to occur on February 1, 2020; and

WHEREAS, the *Certificates* are subject to mandatory sinking fund principal redemption, in the amount of \$1,210,000, on February 1, 2020; and

WHEREAS, the *City*, acting through its authorized representatives, has communicated directly with the *Holder* its desire to (i) extend the expiration date of the *Term Rate Period* from January 31, 2020 to July 31, 2020 and the related mandatory tender date for the *Certificates* after the conclusion of the *Term Rate Period* from February 1, 2020 to August 1, 2020 and (ii) defer the *Certificates*’ February 1, 2020 mandatory sinking fund redemption payment until February 1, 2021, the foregoing modifications to the *Certificates*’ terms to be accomplished by adoption by the *City Council* of the *City* of an ordinance (the *Amending Ordinance*, a copy of which is attached hereto as Schedule I) that amends these specific terms of the *City* ordinance authorizing the issuance of the *Certificates* (the *Authorizing Ordinance*) and delivery to the *Holder* of a replacement definitive *Certificate* reflecting the same; and

WHEREAS, all other terms of the *Certificates*, as specified in the *Authorizing Ordinance*, are unchanged, except as specifically amended by the terms of the *Amending Ordinance*; and

WHEREAS, the *Authorizing Ordinance* requires the consent of the *Holder*, as the sole holder of all outstanding *Certificates*, as a condition precedent to the effectiveness of the amendments to the *Authorizing Ordinance* specified in the *Amending Ordinance*; and

WHEREAS, the *Holder* has consented to the *City*’s request to amend the *Authorizing Ordinance* in the manner specified in the *Amending Ordinance* and hereby provides this certificate as evidence of such consent; and

WHEREAS, this certificate is executed by an authorized representative of the *Holder*, now, therefore,

BE IT RESOLVED BY THE UNDERSIGNED HOLDER THAT:

The undersigned is an authorized representative of the Holder, and is duly authorized to execute this certificate evidencing the Holder's written consent to the amendment of the Authorizing Ordinance to the extent, but only to the extent, specified in the Amending Ordinance.

The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this certificate for all purposes.

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

RKN  
01/16/20  
Item No. \_\_\_\_

IN WITNESS WHEREOF, I have signed my name officially,  
this \_\_\_\_\_.

REGIONS COMMERCIAL EQUIPMENT  
FINANCE LLC

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**SCHEDULE I**

**Amending Ordinance**

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## EXHIBIT C

### Definitive Certificate

**REGISTERED  
NO. R-1**

**REGISTERED AMOUNT  
\$47,000,000**

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

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

**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 County, 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 amended by the City ordinance adopted on January 16, 2020, 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 (15<sup>th</sup>) 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 August 1, 2020 through January 31, 2021 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 August 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)

*[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 Signatory

### 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.

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