

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

AN ORDINANCE

**BY THE CITY OF SAN ANTONIO, TEXAS RELATING TO THE
REMARKETING OF OBLIGATIONS DESIGNATED AS “CITY OF SAN
ANTONIO, TEXAS VARIABLE RATE COMBINATION TAX AND
REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016” INTO A
NEW INTEREST MODE; SUPPLEMENTING AND AMENDING
CERTAIN TERMS OF THE ORDINANCE AUTHORIZING THE
ISSUANCE OF THE CERTIFICATES; PRESCRIBING THE FORM,
TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS
INCIDENT AND RELATED TO THE REMARKETING OF THE
CERTIFICATES; AUTHORIZING CERTAIN CITY REPRESENTATIVES
TO EXECUTE A CONVERSION CERTIFICATE MEMORIALIZING THE
TERMS OF SUCH REMARKETING; APPROVING A REMARKETING
AGREEMENT AND A REMARKETING MEMORANDUM RELATING
TO THESE OBLIGATIONS; AND OTHER MATTERS IN CONNECTION
THEREWITH**

* * * * *

WHEREAS, the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*) previously adopted an ordinance on December 8, 2016 (the *Ordinance*) authorizing the issuance of the CITY OF SAN ANTONIO, TEXAS VARIABLE RATE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016 (the *Certificates*), which Certificates were initially issued on December 19, 2016 and the proceeds therefrom used 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; and

WHEREAS, the Certificates are currently outstanding as taxable variable rate demand obligations, initially issued in a Term Mode expiring on July 31, 2021, and as a result thereof, the Certificates are currently subject to mandatory tender by the current Holders thereof, without right of retention, on August 1, 2021; and

WHEREAS, the City desires to modify the conclusion of the Initial Rate Period (the *Initial Rate Period End Date*) and the mandatory tender date (the *Mandatory Tender Date*) from July 31, 2021 and August 1, 2021, respectively, to [June __, 2021 and June __, 2021, respectively], to which modification the sole Holder of the Certificates has consented (as evidenced in the Consent of Sole Holder, thereby executed on ____, 2021); and

WHEREAS, the Ordinance authorizes the City to remarket the Certificates into various interest rate modes after conclusion of the Initial Rate Period, including one during which the Certificates bear interest at Fixed Rates that are Taxable Rates or Tax-Exempt Rates; and

WHEREAS, the City has determined to remarket the Certificates into a Fixed Rate interest mode that commences after conclusion of the Initial Rate Period, during which certain of the

Certificates will bear interest at Taxable Rates, and the balance of the Certificates will bear interest at Tax-Exempt Rates, until the earlier of stated maturity or prior redemption; and

WHEREAS, given changes in law and market conditions, the City desires to amend and supplement the Ordinance to conform the terms of the Certificates with such changes in law and market conditions; and

WHEREAS, in connection with the initial issuance and remarketing of the Certificates, the City, in the Ordinance, entered into a continuing disclosure undertaking agreement (the *Undertaking*) relative to the Certificates for the purpose of compliance with the Securities and Exchange Commission Rule 15c2-12 (the *Rule*); and

WHEREAS, on February 27, 2019, the Rule was amended and, to accommodate such amendments to the Rule, the City now desires to supplement the Undertaking; and

WHEREAS, the City hereby finds and determines that it is now authorized and empowered to proceed with the passage and adoption of this Conversion Ordinance authorizing (i) the remarketing of the Certificates in the manner described herein and in the Ordinance, (ii) the execution and delivery of a Remarketing Agreement relating to the Certificates, (iii) the distribution of a Remarketing Memorandum, if and as applicable, relating to the Certificates, and (iv) the exercise and performance of certain powers and duties to be exercised and performed by each Authorized Official (hereinafter defined), including the execution of a Conversion Certificate of the type described herein and in the Ordinance; and

WHEREAS, the City Council hereby finds and determines that the remarketing of the Certificates and the adoption of this Conversion Ordinance is in the best interest of the residents of the City; **NOW, THEREFORE**,

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

SECTION 1: Conversion to New Interest Mode; Delegation of Authorities to Authorized Officials. Pursuant to Section 2.2C of the Ordinance, the Certificates shall be converted to a new Interest Mode that is a Fixed Mode (the period of such mode, the *New Interest Period*), commencing on the Mandatory Tender Date and continuing until the earlier of Stated Maturity or prior redemption of the hereinafter-defined Remarketed Certificates, and during which the Remarketed Certificates shall bear interest at Fixed Rates that are Tax-Exempt Rates and Taxable Rates, as hereinafter provided. The Purchase Date for the Tendered Certificates and the Rate Adjustment Date for the Remarketed Certificates, respectively, shall be the Mandatory Tender Date.

In connection with the remarketing of the Certificates, an Authorized Official shall, in accordance with the Ordinance and this Conversion Ordinance, establish the terms of pricing the Remarketed Certificates by finally determining (i) each Stated Maturity, (ii) each of the Fixed Rates (and those Fixed Rates that are Taxable Rates or Tax-Exempt Rates), (iii) terms of redemption prior to Stated Maturity, and (iv) the disposition of any reoffering premium (as hereinafter described, which may include determination to redeem hereinafter-defined Tendered Certificates); provided, however, that the price of the Remarketed Certificates shall not be less than the Purchase Price of the Tendered Certificates, no Remarketed Certificate's Fixed Rate shall exceed the Maximum Rate, and no Remarketed Certificate's Stated Maturity shall extend beyond

the Certificates' final Stated Maturity under the Ordinance. Each Authorized Official is authorized to execute the Certificate for Conversion of Interest Rate, in substantially the form attached hereto as Exhibit A (and which constitutes a written instrument described in the Ordinance (including, particularly, Section 2.2C thereof)), memorializing the final terms of the Remarketed Certificates. Upon execution of the Certificate of Conversion of Interest Rate, Bond Counsel is authorized to complete this Conversion Ordinance to reflect such final terms of the Remarketed Certificates, as evidenced in the Certificate for Conversion of Interest Rate.

In the event that the establishment of the Fixed Rates applicable to those Certificates remarketed into the New Interest Period (such Certificates, the *Remarketed Certificates*), determined in accordance with Section 2.2E of the Ordinance, generates a reoffering premium in excess of the Purchase Price of the Certificates tendered for purchase on the Mandatory Tender Date (such Certificates, the *Tendered Certificates*), then the Authorized Official may (and, if any such premium remains after paying costs of remarketing the Remarketed Certificates, shall) provide for the use of such premium to redeem Tendered Certificates in accordance with Section 5 hereof).

The Remarketed Certificates bearing interest at Fixed Rates that are Tax-Exempt Rates shall mature on February 1 in each of the years and in the amounts, and bear interest at the rates, specified in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Remarketed Certificates bearing interest at Fixed Rates that are Taxable Rates shall mature on February 1 in each of the years and in the amounts, and bear interest at the rates, specified in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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SECTION 2: Notice of Mandatory Tender and Conversion of Interest Rate. Each Authorized Official is hereby authorized and directed to cause to be delivered a Notice of Mandatory Tender and Conversion of Certificates to the required parties, in substantially the form attached hereto as Exhibit B, and in accordance with and as required by Section 2.5B of the Ordinance. The Tender Agent is hereby authorized and directed to provide this Notice of Mandatory Tender and Conversion of Certificates to the Holders of all Certificates currently Outstanding in accordance with and as required by the Ordinance, unless otherwise waived by the appropriate parties. In addition to the foregoing, each Authorized Official (or the designee thereof) is authorized and directed to deliver or cause to be delivered any notice of the remarketing of the Certificates and conversion of Interest Mode that is the subject of this Conversion Ordinance that may be required by the Ordinance or that is otherwise determined by the Authorized Official to be necessary or desirable (including a notice of the type attached hereto as Exhibit E).

SECTION 3: Reoffering Memorandum. The City Council hereby approves, ratifies and confirms the form and content of any remarketing memorandum (the *Remarketing Memorandum*) presented to the City Council with this Conversion Ordinance, in substantially the same form attached hereto as Exhibit C, and prepared for use by the Remarketing Agent (defined herein) in connection with the remarketing of the Remarketed Certificates in a publicly offered sale, and authorizes the preparation of any addenda, supplements or amendments thereto as an Authorized Official may deem appropriate; and the City Council further ratifies and approves the use and distribution of such Remarketing Memorandum in connection with the remarketing of the Certificates and the determination of the Term Rate. Each Authorized Official is authorized and directed to execute and deliver any certificates, instruments, affidavits, or other documents as may be necessary or appropriate in connection with the Remarketing Memorandum. It is hereby officially found, determined and declared that the descriptions, statements and information contained in the Remarketing Memorandum are true and correct in all material respects, to the best knowledge and belief of the City.

SECTION 4: Supplement to Undertaking. To accommodate changes in the Rule as described in the Preamble hereof, the Undertaking, as it appears in Section 6.4 to the Ordinance is hereby supplemented in the foregoing manner:

- (a) Section 6.4A of the Ordinance is hereby amended by adding the following definition:

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

- (b) Section 6.4C of the Ordinance is hereby amended by adding new (15) and (16) to the list therein and subsequent language as follows:

(15) Incurrence of a financial obligation of the City or obligated person (as defined in the Rule), if material, or agreement to covenants, events of default,

remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties.

For these purposes, (a) 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, and (b) the City intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

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.

(c) Section 6.4G of the Ordinance is hereby amended as follows:

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-H hereof are suspended and the City shall not be obligated to comply therewith for such time.

(d) Section 6.4H of the Ordinance, as well as Exhibit H thereto (set forth in Exhibit F to this Conversion Ordinance) is hereby added as follows:

H. *General Policies and Procedures Concerning Compliance with Federal Securities Laws.* The City understands that because the issuance of the Certificates is subject to the provisions of the Rule and because the potential “underwriters” in a negotiated sale or the initial purchasers in a competitive sale of the Certificates may be subject to MSRB rules and regulations, including certain

due diligence and suitability requirements, among other matters, the City has enclosed as Exhibit H to this Ordinance its General Policies and Procedures Concerning Compliance with Federal Securities Laws (the *2021 Procedures*). The 2021 Procedures can be amended at the sole discretion of the City and any such amendment will not be deemed to be an amendment to the City's Continuing Disclosure Undertaking set forth in Section 6.4 of this Ordinance. The 2021 Procedures evidence that the City acknowledges, absent the suspension of such procedures as further described in Subsection G of this Section, that it is subject to the Rule in its issuance of the Certificates, including its obligations to comply with the amendments to the Rule effective February 27, 2019. The City has developed these 2021 Procedures and has sought the guidance from its internal staff, its municipal advisors or financial advisors, its legal counsel, and its independent accountants, to the extent necessary, concerning the implementation, monitoring, training, and record retention aspects of the 2021 Procedures. By adoption of this Ordinance, the City Council hereby adopts the 2021 Procedures. In connection with such approval, the City Council authorizes each Authorized Official to amend the 2021 Procedures as a result of a change in law, a future issuance of indebtedness subject to the Rule, or another purpose determined by the Authorized Official to be necessary or desirable for or with respect to future compliance with the Rule.

SECTION 5: Redemption of Certain Certificates. As described in Section 1 hereof, the remarketing of the Tendered Certificates in the manner specified in Section 2.2E of the Ordinance may result in excess proceeds, which excess proceeds can be used to redeem certain of the Tendered Certificates. The Certificates are subject to redemption on the Mandatory Tender Date at the option of the City. If the remarketing of the Certificates produces proceeds in excess of the amount necessary to pay the Purchase Price of the Tendered Certificates, and an Authorized Official determines that such excess proceeds shall be used to optionally redeem certain of the Tendered Certificates, then such Tendered Certificates determined to be optionally redeemed by the Authorized Official (to be evidenced in the Certificate for Conversion of Interest Rate) are hereby called for redemption.

The City shall give written notice to the Paying Agent/Registrar of any Certificates that have been called for redemption. The Paying Agent/Registrar is authorized and instructed to provide notice of this redemption to the Holders of any redeemed Certificates in the form and manner described in the Ordinance. Notwithstanding the foregoing, a notice of mandatory tender without retention rights shall satisfy any notice requirements for an optional redemption of Certificates which occurs on a Purchase Date, pursuant to Sections 2.4G and 2.5B of the Ordinance.]

SECTION 6: Appointment of Remarketing Agent. In recognition and satisfaction of its obligations under the Ordinance (including Section 2.5I thereof), the City hereby appoints _____, to serve as the Remarketing Agent for the Certificates (the *Remarketing Agent*) to accomplish the remarketing of the Certificates into the New Mode Rate Interest Period in the manner contemplated under this Conversion Ordinance. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed thereon by such appointment by execution of the Remarketing Agreement, in substantially the form attached hereto as Exhibit D (the *Remarketing Agreement*). Each Authorized Official is hereby authorized and directed to execute and deliver the

Remarketing Agreement, and such agreement, as executed by the City and the Remarketing Agent, shall be deemed to be the Remarketing Agreement herein approved and authorized to be executed and delivered for and on behalf of this City. The Remarketing Agreement shall specify the compensation to be paid to the Remarketing Agent for its service in connection with accomplishing the remarketing of the Remarketed Certificates into the New Interest Period, payment of which is hereby authorized to be made from any lawful source of funds available to the City (including proceeds derived from the remarketing of the Remarketed Certificates). Upon completion of the foregoing, the Remarketing Agent shall constitute the “Remarketing Agent” and the Remarketing Agreement shall constitute the “Remarketing Agreement”, respectively, under the Ordinance for purposes of remarketing the Remarketed Certificates into the New Interest Period.

SECTION 7: Additional Actions Authorized; Authorized Officials. The Mayor, the City Manager, the Chief Financial Officer, and the Deputy Chief Financial Officer, each of whom were identified as Authorized Officials under the Ordinance, are hereby identified and designated as *Authorized Officials* under this Conversion Ordinance, as well. The Authorized Officials, and all other appropriate officers, agents and representatives of the City, are hereby authorized and directed to take any and all other actions as may be necessary and appropriate to provide for the (i) payment of the Purchase Price of the Tendered Certificates, the redemption of any Tendered Certificates, and the conversion and remarketing of the Remarketed Certificates into the New Interest Period; (ii) execution of the Remarketing Agreement with the Remarketing Agent; and (iii) preparation and distribution of a replacement Certificate and any Remarketing Memorandum, as contemplated by this Conversion Ordinance and the Ordinance. In addition and with respect to accomplishing the foregoing matters, each Authorized Official is hereby authorized and directed to execute, deliver, and accept on behalf of the City all agreements, certificates, consents, waivers, receipts, notices, requests and other documents as may be necessary or appropriate to carry out the actions contemplated by this Conversion Ordinance.

SECTION 8: Definition of Terms. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Ordinance.

SECTION 9: Ratification of Prior Actions. The actions of the Authorized Officials, as well as their agents, designees, and representatives, taken prior to the date of this Conversion Ordinance to accomplish the conversion and remarketing of Certificates that is the subject of this Conversion Ordinance are hereby ratified, confirmed and approved as the act and deed of the City.

SECTION 10: Public Meeting. It is officially found, determined, and declared that the meeting at which this Conversion 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 Conversion Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 11: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Conversion Ordinance are hereby found to be true, and such recitals are hereby made a part of this Conversion Ordinance for all purposes and are adopted as a part of the judgment and findings of the City.

SECTION 12: Coordination of Transaction Matters; Further Procedures. The City hereby authorizes [Hilltop and FHN], its Co-Financial Advisors, to coordinate these financial matters in

consultation with City staff, McCall, Parkhurst & Horton L.L.P., as its Co-Bond Counsel, the Tender Agent, the Paying Agent/Registrar, and the Remarketing Agent. In addition, the City authorizes the payment of the professional fees and expenses associated with this transaction upon the approval by an Authorized Official of written invoices for any such services, which payments are hereby authorized to be made from any lawful source of funds available to the City (including proceeds derived from the remarketing of the Remarketed Certificates).

Each Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Conversion Ordinance or to any of the instruments authorized and approved by this Conversion Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Conversion Ordinance and as described in the Reoffering Memorandum or (ii) obtain a rating from any of the national bond rating agencies, as applicable. 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 13: Effective Date. The effective date of this Conversion Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Conversion Ordinance shall take effect immediately if passed by eight (8) affirmative votes; otherwise, this Conversion Ordinance shall take effect ten (10) days from the date of passage.

* * *

PASSED AND ADOPTED by an affirmative vote of _____ members of the City Council of the City of San Antonio, Texas, this the 29th day of April, 2021.

M A Y O R

Ron Nirenberg

ATTEST:

Tina J. Flores, City Clerk

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.

City Attorney
City of San Antonio, Texas

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INDEX OF SCHEDULES AND EXHIBITS

Exhibit A	Certificate for Conversion of Interest Rate
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EXHIBIT A

Certificate for Conversion of Interest Rate

See Tab No. __

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EXHIBIT B

[Notice of Mandatory Tender and Conversion of Certificates]

TO: Owners of City of San Antonio, Texas Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016

<u>CUSIP No.</u>	<u>Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Initial Interest Period Expiration Date</u>	<u>Mandatory Tender Date:</u>
N/A	February 1, 2046	\$47,000,000	June __, 2021	June __, 2021

Pursuant to Section 2.5B of the ordinance authorizing the issuance of the Certificates (the *Ordinance*) the City of San Antonio, Texas, has elected to exercise its right to convert the Certificates from the initial Interest Period during which the Certificates bear interest at a Term Rate to a new Interest Period during which the Certificates will bear interest at Fixed Rates (such new Interest Period commencing on the date on which Certificates now in the initial Interest Period are to be tendered for purchase (the *Mandatory Tender Date*)). The Fixed Rates for such new Interest Period will be determined approximately 30 days prior to the Mandatory Tender Date. Notice of such new rate shall be sent to the appropriate parties as required by the Ordinance.

The Remarketing Agent for the tendered Certificates and their remarketing into the succeeding Interest Period is _____ (Attention: _____).

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Ordinance.

REGIONS BANK,
as Paying Agent/Registrar and Tender Agent

Dated: _____, 202__

EXHIBIT C

Remarketing Memorandum

See Tab No. ____

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EXHIBIT D

Remarketing Agreement

See Tab No. ____

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EXHIBIT E

[Notice from the City of San Antonio, Texas to Working Group]

[CITY OF SAN ANTONIO, TEXAS LETTERHEAD]

Re: City of San Antonio, Texas Variable Combination Tax and Revenue Certificates of Obligation, Series 2016

TO THE ATTACHED DISTRIBUTION LIST:

The City of San Antonio, Texas (the *City*) hereby notifies you, as a recipient of this letter, of its intent to convert and remarket to a Term Mode those Certificates of the captioned series (the *Certificates*), which are subject to mandatory tender, without optional right of retention, on _____, 202_. The Certificates are currently outstanding in the principal amount of \$47,000,000. All Certificates will be remarketed in the manner described above, though the City has reserved the right to effect redemption of certain of the Certificates on any Rate Adjustment Date, conditioned on the results of the remarketing.

The Certificates are issued and outstanding pursuant to an ordinance of the City Council of the City adopted on December 8, 2016 (the *Ordinance*). The conversion and remarketing of the Certificates into a new interest mode is authorized pursuant to the Ordinance and the Conversion Ordinance. Capitalized terms used, but not defined herein, have the meanings ascribed thereto in the Ordinance.

This letter is provided in satisfaction of the requirements of the Ordinance. Please contact Mr. Clay Binford, McCall, Parkhurst & Horton L.L.P., Bond Counsel with any questions concerning this matter. Documents will be circulated to the working group by Bond Counsel to effectuate the remarketing of the Certificates, as well as any redemptions thereof.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

cc: [INSERT DISTRIBUTION LIST]

EXHIBIT F

General Policies and Procedures Concerning Compliance with the Rule

- I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Section 6.4 of the Ordinance. “Certificates” refers to the Certificates that are the subject of the Ordinance to which this Exhibit is attached.
- II. As a capital markets participant, the City is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the *Effective Date*), and the City has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the City’s compliance with the Rule.
- III. The City is aware that the Rule was amended as of the Effective Date (the *Rule Amendment*) and has accommodated this amendment by adding subparagraphs (15) and (16) to Section 48 of the Ordinance, which provisions are a part of the Undertaking.
- IV. The City is aware that “participating underwriters” (as such term is defined in the Rule) of the Certificates must make inquiry and reasonably believe that the City is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission’s Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.
- V. The City now establishes the following general policies and procedures (the *Policies and Procedures*) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the City’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the City’s obligations under the Rule, the advice from and discussions with the City’s internal senior staff (including staff charged with administering the City’s financial affairs), its municipal or financial advisors, its legal counsel (including Co-Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the *Compliance Team*):
 - (a) The Chief Financial Officer of the City (the *Compliance Officer*) shall be responsible for satisfying the City’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;
 - (b) the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the City’s information of the type described in Section 6.4 of the Ordinance;
 - (c) the Compliance Officer shall promptly determine the occurrence of any of the events described in Section 6.4 of the Ordinance;

- (d) the Compliance Officer shall work with external consultants of the City, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the City and notice of the occurrence of any of the events referenced in Clauses 2 and 3 above, respectfully, the foregoing being required to satisfy the terms of the Undertaking;
- (e) the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the Issuer, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Certificates;
- (f) upon identification of any Financial Obligation meeting the materiality standard identified in Clause 5 above, the Compliance Officer shall establish a process for identifying and monitoring any City agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;
- (g) the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the City; and
- (h) the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the City’s internal staff identified by the Compliance Officer to assist with the City’s satisfaction of the terms and provisions of the Undertaking.