

ORDINANCE NO. 2021- 2021-05-20-0365

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS (NO RESERVE FUND)" IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$318,230,000; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS BY A JUNIOR LIEN ON AND PLEDGE OF THE NET REVENUES OF THE CITY'S WATER SYSTEM ON A PARITY WITH CERTAIN CURRENTLY OUTSTANDING OBLIGATIONS; PROVIDING THE TERMS AND CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY, OF SUCH BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW AGREEMENT, A PURCHASE CONTRACT, AND OTHER RELATED TRANSACTION DOCUMENTS; COMPLYING WITH THE REQUIREMENTS IMPOSED BY THE LETTER OF REPRESENTATIONS ON FILE WITH THE DEPOSITORY TRUST COMPANY; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE SAN ANTONIO WATER SYSTEM STAFF TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE BONDS; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE

* * *

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

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

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

WHEREAS, the City has heretofore issued, and there are currently outstanding, series of commercial paper notes (the *Commercial Paper*) which are equally and ratably secured by a lien on and pledge of the Net Revenues of the System subordinate to the lien securing the payment of

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the Senior Lien Obligations and Junior Lien Obligations but on parity with the lien thereon securing the Subordinate Lien Obligations; and

WHEREAS, the City has, by Ordinance No. 2012-03-08-0181 adopted by the City Council on March 8, 2012, effected the amendment of the respective City ordinances authorizing the issuance of each series of Junior Lien Obligations prior to such date and that now remain Outstanding to permit the issuance of certain Additional Junior Lien Obligations that are Junior Lien Obligations–No Reserve Fund, which ordinance amendments have been consented to by the parties whose consent serves as a prerequisite to the effectiveness thereof; and

WHEREAS, the City has heretofore issued multiple series of obligations as Additional Junior Lien Obligations that are Junior Lien Obligations–No Reserve Fund; and

WHEREAS, the City has heretofore issued, sold, and delivered, and there are currently outstanding obligations in the aggregate principal amount of \$_____, being the obligations set forth on Schedule I hereto (the *Refunded Obligations*); and

WHEREAS, pursuant to the provisions of Chapter 1207, as amended, Texas Government Code (*Chapter 1207*), the City Council is authorized to issue revenue and refunding bonds and deposit the proceeds of sale under an escrow agreement to provide for the payment of the Refunded Obligations, and such deposit, when made in accordance with Chapter 1207, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 requires that the deposit of the proceeds from the sale of the revenue and refunding bonds be deposited directly with any designated escrow agent for the Refunded Obligations that is not the depository bank of the City; and

WHEREAS, _____, _____, _____, which is not a depository bank of the City, is appointed and will serve as the Paying Agent/Registrar (hereinafter defined) and Escrow Agent (hereinafter defined) for the revenue and refunding bonds; and

WHEREAS, U.S. Bank National Association, Dallas, Texas currently serves as the paying agent for the Refunded Obligations captioned as “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2011A; and

WHEREAS, the City Council also hereby finds and determines that the Refunded Obligations are scheduled to mature or are subject to being redeemed, not more than twenty (20) years from the date of the revenue and refunding bonds herein authorized; and

WHEREAS, the City Council hereby finds and determines that the Refunded Obligations are scheduled to mature, or are subject to being redeemed, not more than twenty (20) years from the date of the refunding bonds herein authorized to restructure the City’s debt service and such refunding will result in a gross savings of \$_____ and a net present value savings of \$_____ (_____%), including the City’s cash contribution of \$_____; and

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WHEREAS, the City Council of the City has determined that revenue and refunding bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues of the System should be issued for the purposes of refunding the Refunded Obligations for debt service savings and building, improving, extending, enlarging, and repairing the System; and

WHEREAS, the City is empowered by the provisions of Chapter 1207, Chapters 1371 and 1502 as amended, Texas Government Code, and the City's Home Rule Charter to issue revenue and refunding bonds; and

WHEREAS, the City Council hereby further finds and determines that the revenue and refunding bonds herein authorized to be issued can and should be issued as Additional Junior Lien Obligations on a parity with certain currently outstanding Junior Lien Obligations that are payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System in that (a) the City is not in default as to any covenant, condition, or obligation prescribed in any ordinance authorizing the issuance of the Junior Lien Obligations; and (b) all payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the System have been duly made and that the amounts on deposit in such special funds or accounts are the amounts required to be deposited therein, recognizing, however, that the issuance of the Bonds will not result in an increase in the amount required to be on deposit in the Reserve Fund pursuant to the terms hereof and the terms of the respective City ordinances authorizing the issuance of each series of Previously Issued Junior Lien Obligations that are Reserve Fund-Secured Junior Lien Obligations and that will remain Outstanding subsequent to the issuance of the Bonds (as such ordinances have been amended as hereinbefore described); and

WHEREAS, the City Council hereby finds and determines that revenue and refunding bonds, in the principal amount of \$_____, should be issued and sold to the Purchaser (hereinafter defined) at this time; and

WHEREAS, the Board of Trustees of the San Antonio Water System (the *Board*) has, pursuant to a resolution adopted on May 4, 2021, recommended that one or more series of revenue and refunding bonds should be issued by the City and also recommended that the City take certain other actions; and

WHEREAS, in full recognition and consideration of all covenants and conditions prescribed in the proceedings and instruments pertaining to the outstanding and unpaid Senior Lien Obligations and Junior Lien Obligations, pursuant to authority conferred by the laws of the State of Texas and at the request of the Board, the City Council of the City deems it necessary to issue and sell the Bonds in the total principal amount of \$_____, for the purpose of providing funds (i) to build, improve, extend, enlarge, equip, and repair the System, (ii) to refund the Refunded Obligations for debt service savings, and (iii) to pay certain costs of issuance related thereto; and

WHEREAS, this City Council is now authorized and empowered to proceed with the passage and adoption of this Ordinance authorizing (i) the issuance of the Bonds in the total principal amount of \$_____, (ii) the execution and delivery of the Paying Agent/Registrar

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Agreement, the Escrow Agreement, and the Purchase Contract relating to the Bonds, (iii) the distribution of an Official Statement relating to the Bonds, (iv) compliance with a Letter of Representations with the Securities Depository (herein defined), and (v) delegation to any Authorized Official (hereinafter defined) the authority to undertake certain matters on the City's behalf, including execution of an Approval Certificate (hereinafter defined); and

WHEREAS, the authority under this Ordinance concerning the refunding of any Refunding Candidates subsumes and replaces any previously approved City ordinance that included authorization to refund any of such Refunding Candidates; and

WHEREAS, the City Council hereby finds and determines that the issuance of the revenue and refunding bonds authorized herein and the adoption of this 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:

SECTION 9: Authorization - Designation - Principal Amount - Purpose. Revenue and refunding bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of _____ MILLION ____ HUNDRED _____ THOUSAND AND NO/100 DOLLARS (\$_____), to be designated and bear the title of CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2021A (NO RESERVE FUND) (the *Bonds*), pursuant to an ordinance adopted by the City Council (the *Ordinance*) for the purpose of (i) building, improving, extending, enlarging, equipping and repairing the System, (ii) discharging and making final payment of the Refunded Obligations for debt service savings, and (iii) paying the costs of issuing the Bonds. The Bonds shall be payable from and equally and ratably secured, together with the currently outstanding Junior Lien Obligations, solely by a lien on and pledge of the Net Revenues (hereinafter defined) of the System (hereinafter defined) that is junior and inferior to the lien on and pledge thereof securing the payment of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued, in one or more series, by the City. The Bonds are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Chapter 1207, Chapters 1371 and 1502, as amended, Texas Government Code, the City's Home Rule Charter, and this Ordinance.

As authorized by Chapter 1207 and Chapter 1371, as amended, Texas Government Code (*Chapter 1371*), each Authorized Official is hereby authorized, appointed and designated as the officer of the City authorized to act on behalf of the City in selling and delivering the Bonds authorized herein and carrying out the procedures specified in this Ordinance, including approval of the aggregate principal amount of each maturity of the Bonds, the rate of interest to be borne on the principal amount of each series and the method and manner of calculation (whether fixed or variable), the redemption provisions therefor, the Dated Date therefor, further designation of the style of a particular series of Bonds (by series and interest rate convention), and the Refunded Obligations to actually be refunded thereby, if at all. Each Authorized Official, acting for and on behalf of the City, is authorized to execute the "Approval Certificate", being a completed version of the form attached as Schedule II hereto. The principal amount of all series of Bonds in the aggregate (which may be issued in one or more series), shall not exceed \$318,230,000 with the new money portion of this total sum not exceeding \$304,660,000 in principal amount and the

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refunding portion of all series of Bonds in the aggregate (being the portion of the principal amount of the Bonds allocated and used to refund any Refunding Candidates) shall not exceed \$13,570,000 in principal amount; the maximum maturity of the Bonds will be May 15, 2060; and the true interest rate per annum (federal arbitrage yield) shall not exceed 6.00%. With respect to the refunding of any Refunding Candidates, such refunding shall produce not less than 3.00% in net present value savings (measured by comparison of the debt service of any Refunding Candidates actually refunded against the debt service on the refunding portion of any series of Bonds the proceeds from which are used to refund such Refunding Candidates). Upon execution of an Approval Certificate, which shall evidence the sale date by the City to the Purchaser of a series of Bonds issued hereunder. Co-Bond Counsel is authorized to complete this Ordinance to reflect such final terms relative to the applicable series of Bonds. It is further provided, however, that notwithstanding the foregoing provisions, the Bonds shall not be delivered unless prior to delivery, the Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations, as required by Chapter 1371. Upon execution of the Approval Certificate, Co-Bond Counsel (hereinafter defined) is authorized to complete this Ordinance to reflect such final terms.

SECTION 10: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates - Date. The Bonds are issuable in fully registered form only; shall be dated _____, 2021 (the *Bond Date*) and shall be in denominations of \$5,000 or any integral multiple thereof, and the Bonds shall become due and payable on May 15 in each of the years and in principal amounts (the *Stated Maturities*) and bear interest on the unpaid principal amounts, to the earlier of redemption or Stated Maturity, at the per annum rates, while Outstanding, in accordance with the City's Approval Certificate (the *Approval Certificate*) attached hereto as Schedule II, and in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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SECTION 11: Payment of Bonds - Interest Payments - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Bonds, 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 Bonds shall be without exchange or collection charges to the Holder (as hereinafter defined) of the Bonds.

The Bonds shall bear interest on the unpaid principal amount thereof at the per annum rates shown above in Section 2, computed on the basis of a 360-day year of twelve 30-day months, and interest thereon shall be payable semiannually on May 15 and November 15 of each year (each, an *Interest Payment Date*), commencing _____, 2021, while the Bonds are Outstanding. Interest on each Bond issued and delivered to a Holder shall accrue from the latest Interest Payment Date that interest on such Bond (or its Predecessor Bond) has been paid that precedes the registration date appearing on such Bond in the "Registration Certificate of Paying

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Agent/Registrar” (Section 8D hereof), unless the registration date appearing thereon is an Interest Payment Date for which interest is being paid, in which case interest on such Bond shall accrue from the registration date appearing thereon and provided further that with respect to the initial payment of interest on a Bond, such interest shall accrue from the Closing Date (anticipated to occur on or about _____, 2021).

The selection and appointment of [UMB Bank, N.A., Dallas], Texas, to serve as the initial Paying Agent/Registrar for the Bonds is hereby approved and confirmed, and 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 (the *Security Register*) for the registration, payment, and transfer of the Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are Outstanding, and any successor Paying Agent/Registrar shall be (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. Such Paying Agent/Registrar 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 resolution or ordinance terminating such agency. Additionally, the City agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Bonds by United States Mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Bonds appearing on the Security Register (the *Holder* or *Holder*s) maintained on behalf of the City by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest thereon, and (ii) on the date of surrender of the Bonds for purposes of receiving payment of principal thereof upon redemption of the Bonds or at the Bonds’ Stated Maturity. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Bond for purposes of receiving payment and all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of, and premium, if any, on the Bonds shall be payable only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its corporate trust office. Interest on the Bonds shall be paid to the Holder whose name appears in the Security Register at the close of business on the last business day of the month next preceding an Interest Payment Date for the Bonds (the *Record Date*) 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 the Holder appearing in the Security Register, (ii) by wire transfer to any Holder of at least \$1,000,000 in aggregate principal amount of Bonds, or (iii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder’s risk and expense.

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If the date for the payment of the principal of, premium, if any, or interest on the Bonds 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. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Bonds was due.

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 last business day next preceding the date of mailing of such notice.

SECTION 12: Redemption.

A. Mandatory Redemption. The Bonds stated to mature on May 15, 20__ and May 15, 20__ are referred to herein as the “Term Bonds”. The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Bond Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as set forth below:

Term Bonds Stated to Mature on May 15, 20__		Term Bonds Stated to Mature on May 15, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>
20__		20__	
20__		20__	
20__	*	20__	
		20__	
		20__	*

*Payable at Stated Maturity

The principal amount of a Term Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Bonds of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

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B. Optional Redemption. The Bonds having Stated Maturities on and after May 15, 20__ shall be subject to redemption prior to Stated Maturity, at the option of the City, on _____, 20__, or on any date thereafter, as a 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.

C. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City, or the Board, shall notify the Paying Agent/Registrar of its decision to exercise the right or of the requirement, as applicable, to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise the right to optionally redeem Bonds shall be entered in the minutes of the City Council of the City or the Board (either of whom may approve a redemption of Bonds).

D. Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Paying Agent/Registrar shall treat such Bond then subject to redemption as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

E. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first-class postage prepaid, in the name of the City or the Board and at the City's expense, by the Paying Agent/Registrar to each Holder of a Bond to be redeemed, in whole or in part, at the address of the Holder 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. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*).

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and 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 Bonds, 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.

If a Bond 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 Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be

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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 Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance.

F. Transfer/Exchange of Bonds. Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) to transfer or exchange any Bond 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 Bond which is subject to redemption in part.

SECTION 13: Execution - Registration. The Bonds shall be executed on behalf of the City by its Mayor, its seal reproduced or impressed thereon, and attested by its City Clerk. The signature of either officer on the Bonds may be manual, electronic or facsimile. Bonds bearing the manual, electronic or facsimile signatures of individuals who were, at the time of the Bond 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 Bonds to the Purchaser, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Holder of a Bond shall be entitled to any right or benefit under this Ordinance, and no Bond shall be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature for the Initial Bond only, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual, electronic or facsimile signature for Bonds other than the Initial Bond, and either such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or registered and delivered.

SECTION 14: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Bonds, or, if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond 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.

Upon surrender for transfer of any Bond 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 Bonds of the same series and of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of the same series and of authorized denominations and having the same Stated Maturity, bearing the same rate of

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interest and of like aggregate principal amount as the Bonds surrendered for exchange upon surrender of the Bonds to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute, and the Paying Agent/Registrar shall register and deliver, the Bonds, to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds 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 Bonds surrendered upon such transfer or exchange.

All transfers or exchanges of Bonds 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.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Bonds, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any Bond registered and delivered pursuant to Section 32 in lieu of a mutilated, lost, destroyed, or stolen Bond which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 15: Initial Bond. The Bonds herein authorized shall be issued initially either (i) as a single fully-registered Bond in the total principal amount of \$_____ with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as one (1) fully-registered Bond for each year of Stated Maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the *Initial Bond*), and, in either case, the Initial Bond shall be registered in the name of the Purchaser or the designee thereof. The Initial Bond shall be the Bonds 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 Purchaser. Any time after the delivery of the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 16: Forms.

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A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds shall be substantially in the forms set forth in this Section 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 Bonds, or any Stated Maturities thereof, are insured and 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 Bonds as evidenced by their execution thereof. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds shall be typewritten, printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing the Bonds as evidenced by their execution thereof, but the Initial Bond submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

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B. Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
PRINCIPAL AMOUNT
\$ _____

United States of America
State of Texas
CITY OF SAN ANTONIO, TEXAS
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS,
SERIES 2021A (NO RESERVE FUND)

Bond Date: _____, 2021 Interest Rate: _____ Stated Maturity: _____ CUSIP No. _____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The City of San Antonio, Texas (the *City*), a body corporate and municipal corporation in the State of Texas, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity specified above, the Principal Amount specified above, and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on or about _____, 2021), or from the most recent Interest Payment Date (defined herein) 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 Stated Maturity, or prior redemption, at the per annum Interest Rate specified above computed on the basis of a 360-day year composed of twelve 30-day months; such interest being payable on May 15 and November 15 of each year (each, an *Interest Payment Date*), commencing _____, 2021.

Principal and premium, if any, of the Bond 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 Bond (or one or more Predecessor Bonds, 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 last business day of the month next preceding each Interest Payment Date. All payments of principal of, premium, if any, and interest on this Bond 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 (i) 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, (ii) wire transfer to any Holder of at least \$1,000,000 in aggregate principal amount of Bonds, or (iii) such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

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This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (the *Bonds*) pursuant to an ordinance adopted by the governing body of the City (the *Ordinance*), for the purpose of (i) building, improving, extending, enlarging, equipping, and repairing the System, (ii) discharging and making final payment of the Refunded Obligations for debt service savings, and (iii) paying the costs of issuing the Bonds. The Bonds are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Chapters 1207, 1371, and 1502, as amended, Texas Government Code, the City's Home Rule Charter, and the Ordinance.

A. **Mandatory Redemption.** The Bonds stated to mature on May 15, 20__ and May 15, 20__ are referred to herein as the "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Bond Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on _____ in each of the years as set forth below:

Term Bonds Stated to Mature on May 15, 20__		Term Bonds Stated to Mature on May 15, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>
20__		20__	
20__		20__	
20__	*	20__	
		20__	
		20__	*

*Payable at Stated Maturity

The principal amount of a Term Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Bonds of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

The Bonds stated to mature on and after May 15, 20__ may be redeemed prior to their Stated Maturities, at the option of the City, on _____, 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 Bonds to be redeemed subject to the terms and provisions relating thereto contained in the Ordinance. If this Bond 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,

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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 Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds 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 Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption, then upon such redemption date this Bond (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 Bond 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 Bond 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 Bonds of this series are special obligations of the City payable from and equally and ratably secured, together with the currently outstanding Junior Lien Obligations, solely by a lien on and pledge of the net revenues (the *Net Revenues*) derived from the operation of the City's combined utility system (the *System*) that is junior and inferior to the lien on and pledge of the Pledged Revenues securing the payment of the currently outstanding Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues securing the payment of the currently outstanding Subordinate Lien Obligations or any Additional Subordinate Lien Obligations or Inferior Lien Obligations hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Additional Senior Lien Obligations, Additional Junior Lien Obligations, Additional Subordinate Lien Obligations and Inferior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Ordinance or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or System, except with respect to the Net Revenues.

The respective City ordinances authorizing the issuance of each series of Junior Lien Obligations that are Reserve Fund–Secured Junior Lien Obligations provide that such Reserve Fund–Secured Junior Lien Obligations are additionally secured by a lien on and pledge of the Reserve Fund. THE BONDS ARE ISSUED AS JUNIOR LIEN OBLIGATIONS THAT ARE JUNIOR LIEN OBLIGATIONS–NO RESERVE FUND AND, AS SUCH, ARE NOT SO ADDITIONALLY SECURED BY A LIEN ON AND PLEDGE OF THE RESERVE FUND. THEREFORE, HOLDERS OF THIS BOND DO NOT AND WILL NOT HAVE A CLAIM ON ALL OR ANY PORTION OF THE RESERVE FUND IN THE EVENT OF THE CITY'S NONPAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND WHEN DUE.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

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Reference is hereby made to the Ordinance, a copy of which is 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 and nature of the Net Revenues of the System pledged for the payment of the Bonds; the terms and conditions under which the City may issue Additional Senior Lien Obligations, Additional Junior Lien Obligations, Additional Subordinate Lien Obligations, and Inferior Lien Obligations; the terms and conditions relating to the transfer or exchange of the Bonds; 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 Bond 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 Bond, 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 Bonds 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 Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its 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, 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 last business day next 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 Bond in order to render the same a legal, valid, and binding special obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds 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 Bonds by a pledge of and lien on the Net Revenues of the System. In case any provision in this Bond 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

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impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be duly executed under the official seal of the City.

CITY OF SAN ANTONIO, TEXAS

By: _____

Mayor

ATTESTED:

City Clerk



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City of San Antonio

City Council

May 20, 2021

Item: 20

File Number: 21-3209

Enactment Number:

2021-05-20-0365

Ordinance approving the issuance of obligations designated as "City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2021A (No Reserve Fund)" (Series 2021A), in an amount not to exceed \$318,230,000 to fund capital improvements of SAWS and refund outstanding debt for savings. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Councilmember John Courage made a motion to approve. Councilmember Rebecca Viagran seconded the motion. The motion passed by the following vote:

Aye: 11 Nirenberg, Treviño, Andrews-Sullivan, Viagran, Rocha Garcia, Gonzales, Cabello Havrda, Sandoval, Pelaez, Courage and Perry