

2012-03-08-0180

**AN ORDINANCE EFFECTING THE AMENDMENT OF ORDINANCES AUTHORIZING THE ISSUANCE OF OUTSTANDING OBLIGATIONS OF THE CITY OF SAN ANTONIO, TEXAS PAYABLE FROM AND SECURED BY A JUNIOR LIEN ON AND PLEDGE OF THE NET REVENUES OF THE CITY'S COMBINED WATER, WASTEWATER, AND CHILLED WATER SYSTEMS; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the City of San Antonio, Texas (the *City*) is a home rule municipality and a political subdivision and is duly organized and existing pursuant to the Constitution and laws of the State of Texas (the *State*); and

WHEREAS, pursuant to the authority contained in applicable Texas law, including Chapter 1502, as amended, Texas Government Code (the *Act*), and the provisions of City ordinances authorizing the issuance of certain outstanding City revenue bonds, the complete management and control of the City's combined water, wastewater, and chilled water systems (the *System*) is vested in a City agency known as the San Antonio Water System that is governed by its Board of Trustees (the *Board*), during the period of time any of such City revenue bonds remain outstanding and unpaid; and

WHEREAS, pursuant to the Act, the City Council (the *Council*) of the City has heretofore issued, sold, and delivered, and there currently remains outstanding revenue and/or revenue refunding bonds (collectively, the *Junior Lien Obligations*) secured by and payable from a junior lien on and pledge of the net revenues of the System, all of which Junior Lien Obligations (except for a series of publically marketed and sold Junior Lien Obligations issued in 2010) have been sold to and are currently held by the Texas Water Development Board (the *TWDB*); and

WHEREAS, the City ordinances authorizing the respective issuance of each series of outstanding Junior Lien Obligations (the *Junior Lien Ordinances*) specify that any prospective issuance of new money or refunding bonds secured by and payable from a junior lien on and pledge of the net revenues of the System be additionally benefited by a parity lien on and pledge of a debt service reserve fund securing all Junior Lien Obligations at any time outstanding; and

WHEREAS, the Board's staff and outside consultants have notified the Board that the municipal capital markets will currently permit the issuance of new money or refunding bonds secured by and payable from a junior lien on and pledge of the net revenues of the System without the additional security provided by a lien on and pledge of a debt service reserve fund, providing the City the opportunity to realize significant savings in connection with the prospective issuance of these types of revenue bonds; and

WHEREAS, for the foregoing reason, the City desires the ability, in addition to issuing additional Junior Lien Obligations as currently permitted under the terms of the Junior Lien Ordinances, to issue and sell to parties other than the TWDB new money or refunding bonds secured by and payable from a junior lien on and pledge of the net revenues of the System

without the additional security provided by a lien on and pledge of a debt service reserve fund; and

WHEREAS, the City's ability to issue new money or refunding bonds secured by and payable from a junior lien on and pledge of the net revenues of the System, but not additionally secured by a lien on and pledge of a debt service reserve fund, requires certain amendments to provisions of the City ordinances authorizing the respective issuances of each series Junior Lien Obligations that will remain outstanding subsequent to the effectiveness of such amendments; and

WHEREAS, pursuant to the terms of each City Junior Lien Obligation bond ordinance, amendment thereof in the manner herein contemplated requires the consent of certain interested parties (including holders of, and the provider of insurance policies relating to, the affected series of Junior Lien Obligations); and

WHEREAS, the City has obtained the requisite consent from each interested party necessary to effectuate the City Junior Lien Obligation bond ordinance amendments specified herein; and

WHEREAS, the Board has found that the amendment of the City Junior Lien Obligation bond ordinances identified herein in the manner herein specified is in the best interests of the System ratepayers; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of System, the Board has formally requested the Council to adopt an ordinance amending the terms of certain City ordinances authorizing the issuance of certain City revenue bonds secured by and payable from a junior lien on and pledge of the net revenues of the System to permit the City to issue similarly secured new money and refunding bonds without the requirement to prospectively pledge as additional security therefor a debt service reserve fund; and

WHEREAS, the Council hereby finds and determines that 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 THAT:

SECTION 1. Definition of Terms. For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms used herein shall have the meanings assigned to them in this Section.

a. *Series 2001 Bonds* means, together, the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001", dated March 1, 2001, in the original principal amount of \$9,715,000 and the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001-A", dated March 1, 2001, in the original principal amount of \$15,435,000.

b. *Series 2001 Bonds Ordinances* means, together, those ordinances of the City adopted by the Council on March 8, 2001 authorizing the respective issuance of the Series 2001 Bonds.

c. *Series 2002 Bonds* means, together, the “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002”, dated March 1, 2002, in the original principal amount of \$15,650,000 and the “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002-A”, dated March 1, 2002, in the original principal amount of \$12,090,000.

d. *Series 2002 Bonds Ordinances* means, together, those ordinances of the City adopted by the Council on February 28, 2002 authorizing the respective issuance of the Series 2002 Bonds.

e. *Series 2003 Bonds* means the “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003”, dated March 1, 2003, in the original principal amount of \$34,000,000.

f. *Series 2003 Bonds Ordinance* means that ordinance of the City adopted by the Council on March 13, 2003 authorizing the issuance of the Series 2003 Bonds.

g. *Series 2004 Bonds* means, together, the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004”, dated July 1, 2004, in the original principal amount of \$10,635,000 and the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A”, dated July 1, 2004, in the original principal amount of \$26,365,000.

h. *Series 2004 Bonds Ordinances* means, together, those ordinances of the City adopted by the Council on May 27, 2004 authorizing the respective issuance of the Series 2004 Bonds.

i. *Series 2007 Bonds* means, together, the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007”, dated December 15, 2006, in the original principal amount of \$8,070,000 and the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007A”, dated December 15, 2006, in the original principal amount of \$35,375,000.

j. *Series 2007 Bonds Ordinances* means, together, those ordinances of the City adopted by the Council on December 14, 2006 authorizing the respective issuance of the Series 2007 Bonds.

k. *Series 2008 Bonds* means, together, the “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2008”, dated May 15, 2008, in the original principal amount of \$30,000,000 and the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2008A”, dated May 15, 2008, in the original principal amount of \$23,260,000.

l. *Series 2008 Bonds Ordinances* means, together, those ordinances of the City adopted by the Council on September 18, 2008 authorizing the respective issuance of the Series 2008 Bonds.

m. *Series 2009 Bonds* means, together, the “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2009”, dated November 1, 2009, in the original principal amount of \$54,300,000 and the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2009A”, dated November 1, 2009, in the original principal amount of \$35,000,000.

n. *Series 2009 Bonds Ordinances* means, together, those ordinances of the City adopted by the Council on November 5, 2009 authorizing the respective issuance of the Series 2009 Bonds.

o. *Series 2010 Bonds* means the “City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2010”, dated February 1, 2010, in the original principal amount of \$59,145,000.

p. *Series 2010 Bonds Ordinance* means that ordinance of the City adopted by the Council on November 5, 2009 authorizing the issuance of the Series 2010 Bonds.

q. *Series 2010A Bonds* means the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2010A”, dated December 1, 2010, in the original principal amount of \$17,930,000.

r. *Series 2010A Bonds Ordinance* means that ordinance of the City adopted by the Council on October 21, 2010 authorizing the issuance of the Series 2010A Bonds.

s. *Series 2011 Bonds* means, together “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2011”, dated May 15, 2011, in the original principal amount of \$24,550,000 and the “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2011A”, dated May 15, 2011, in the original principal amount of \$18,095,000.

t. *Series 2011 Bonds Ordinances* means, together, those ordinances of the City adopted by the Council on May 12, 2011 authorizing the respective issuance of the Series 2011 Bonds.

u. *Series 2012 Bonds* means the “City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2012 (No Reserve Fund)”, dated as of April 1, 2012 and issued in the original amount not to exceed \$40,000,000 pursuant to an ordinance of the Council adopted on March 8, 2012 for the purpose of refunding, defeasing, and discharging the Series 2001 Bonds and the Series 2002 Bonds.

SECTION 2. Identification of Necessary Ordinance Amendments. To effectuate the result described in the preamble of this Ordinance, the following City ordinances must be amended: the Series 2003 Bonds Ordinance, the Series 2004 Bonds Ordinances, the Series 2007 Bonds Ordinances, the Series 2008 Bonds Ordinances, the Series 2009 Bonds Ordinances, the

Series 2010 Bonds Ordinance, the Series 2010A Bonds Ordinance, and the Series 2011 Bonds Ordinances. The Series 2001 Bonds and the Series 2002 Bonds are being refunded with the proceeds of the Series 2012 Bonds and, as specified in Section 11 hereof, will not be Outstanding (within the meaning prescribed for such term in Series 2001 Bonds Ordinances and the Series 2002 Bonds Ordinances, respectively) as of the effective date of the amendments to City ordinances made pursuant to the terms of this Ordinance.

SECTION 3. Amendment of City Ordinances. Each of the following City ordinances is hereby amended in the manner hereinafter described: (i) Sections 14 and 21 of the Series 2003 Bonds Ordinance are amended as evidenced in Exhibit A hereto; (ii) Sections 14 and 21 of the Series 2004 Bonds Ordinances are amended as evidenced in Exhibit B hereto; (iii) Sections 14 and 21 of the Series 2007 Bonds Ordinances are amended as evidenced in Exhibit C hereto; (iv) Sections 14 and 21 of the Series 2008 Bonds Ordinances are amended as evidenced in Exhibit D hereto; (v) Sections 14 and 21 of the Series 2009 Bonds Ordinances are amended as evidenced in Exhibit E hereto; (vi) Section 14 of the Series 2010 Bonds Ordinance are amended as evidenced in Exhibit F hereto; (vii) Section 14 of the Series 2010A Bonds Ordinance are amended as evidenced in Exhibit G hereto; and (viii) Section 14 of the Series 2011 Bonds Ordinances are amended as evidenced in Exhibit H hereto.

SECTION 4. Necessary Consent to City Ordinance Amendments. As specified in the preamble of this Ordinance, the effectiveness of the City ordinances amendments specified in Section 3 hereof is conditioned upon the City's prior receipt from certain interested parties of their individual consent to such amendments. The City has identified as necessary, and has received, the following consents to City ordinances amendments:

a. The TWDB, as the sole holder of the Series 2003 Bonds, the Series 2004 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2010A Bonds, and the Series 2011 Bonds, and as the party authorized to consent to such an amendment with respect to the Series 2010 Bonds pursuant to Section 14 of the Series 2010 Bonds Ordinance, is required to consent to all City ordinances amendments identified in Section 3 hereof. The TWDB's consent to such amendments is attached hereto as Exhibit I.

b. Ambac Assurance Corporation (*Ambac*), as the provider of the municipal bond insurance policy and debt service reserve fund surety policy relating to the Series 2003 Bonds, is required to consent to the amendment of the Series 2003 Bonds Ordinance. Ambac's consent is attached hereto as Exhibit J.

c. National Public Finance Guarantee Corporation (*National*), in its capacity as Administrator for MBIA Insurance Corporation (*MBIA*) (who has reinsured the municipal bond insurance policies and debt service reserve fund surety policies relating to the Series 2004 Bonds originally issued by Financial Guaranty Insurance Company) pursuant to the Administrative Services Agreement dated as of February 17, 2009 between MBIA and MBIA Insurance Corp. of Illinois, now known as National, is required to consent to the amendment of the Series 2004 Bonds Ordinances. National's consent is attached hereto as Exhibit K.

d. Syncora Guarantee Inc. (*Syncora*), formerly known as XL Capital Assurance Inc., as the provider of the municipal bond insurance policies and debt service reserve fund surety

policies relating to the Series 2007 Bonds, is required to consent to the amendment of the Series 2007 Bonds Ordinances. Syncora's consent is attached hereto as Exhibit L.

e. Assured Guaranty Municipal Corp. (*AGMC*), as the provider of the municipal bond insurance policy and debt service reserve fund surety policy relating to the Series 2010 Bonds, is required to consent to the amendment of the Series 2010 Bonds Ordinance. *AGMC*'s consent is attached hereto as Exhibit M.

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

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

SECTION 7. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Council hereby declares that this 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 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 Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 10. Further Proceedings. The officers and employees of the City and the Board, in consultation with the Board's co-financial advisors (being First Southwest Company and Estrada Hinojosa & Company, Inc.) and the Board's bond counsel (being Fulbright & Jaworski L.L.P.), are hereby authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance. In case any officer of the City or the Board 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. In addition, the Council authorizes the payment, from legally available funds of Board, of the professional fees and expenses incurred by the Board in association with this transaction upon the approval of a written invoice approved by the Senior Vice President and Chief Financial Officer of the System or his designee.

SECTION 11. Effective Date. The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Ordinance shall take effect immediately if passed by the affirmative vote of at least eight members of the Council; otherwise, the same shall take effect on the tenth day after the date of its passage by the Council. The amendment of the City ordinances specified in Section 3 hereof shall become effective at the time of initial delivery of the Series 2012 Bonds and the corresponding discharge of the Series 2001 Bonds and the Series 2002 Bonds.

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

PASSED AND ADOPTED by an affirmative vote of 11 members of the City Council of the City of San Antonio, Texas, this the 8th day of March, 2012.

CITY OF SAN ANTONIO

  
\_\_\_\_\_  
Mayor  
**JULIÁN CASTRO**

ATTEST:

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

(CITY SEAL)



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

  
\_\_\_\_\_  
Michael D. Bernard, City Attorney,  
City of San Antonio, Texas

**EXHIBIT A**  
**SERIES 2003 BONDS ORDINANCE AMENDMENTS**

ORDINANCE NO. 97319

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF “CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2003” IN THE PRINCIPAL AMOUNT OF \$34,000,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY’S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE UPON PASSAGE BY EIGHT AFFIRMATIVE VOTES

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 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 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 has heretofore issued, sold, and delivered, and there are currently outstanding, a series of commercial paper notes (the *Commercial Paper*) which is equally and ratably secured by a lien on and pledge of the Net Revenues of the System subordinate to the lien securing the payment of the currently outstanding Senior Lien Obligations and currently outstanding Junior Lien Obligations;

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues

the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last sentence of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the Bonds no longer remain Outstanding the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011; thereafter, this provision shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~, inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and Subordinate Lien Obligations or this Ordinance, as appropriate.

D. Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or this Ordinance.

SECTION 22: Issuance of Special Project Obligations. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and

**EXHIBIT B**  
**SERIES 2004 BONDS ORDINANCES AMENDMENTS**

FINAL

ORDINANCE NO. 99234

**AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF “CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2004” IN THE PRINCIPAL AMOUNT OF \$10,635,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW DEPOSIT LETTER, AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY’S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System should be issued for the purpose of building, improving, extending, enlarging, and repairing the City’s water system; and

the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Junior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations

shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 16: Renewal and Replacement Fund. There has previously been created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the "City of San Antonio, Texas Water System Renewal and Replacement Fund" (the *Renewal and Replacement Fund*). The Renewal and Replacement Fund shall be used for the purpose of (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, or (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System funds are not otherwise available, or (4) depositing any funds received by the City

charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then ~~outstanding after giving effect to~~ inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and Subordinate Lien Obligations or this Ordinance, as appropriate.

D. Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or this Ordinance.

SECTION 22: Issuance of Special Project Obligations. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and efficiently utilized by the Board to meet water, wastewater, water reuse, or stormwater drainage requirements and the cost of such will be reasonable.

SECTION 23: Maintenance of System - Insurance. The City covenants and agrees that while the Junior Lien Obligations remain outstanding the Board will maintain and operate the System in accordance with Prudent Utility Practice and will maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business (which may include an adequate program of self-insurance); and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the holders of the Bonds until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are

ORDINANCE NO. 99235

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2004-A" IN THE PRINCIPAL AMOUNT OF \$26,365,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW DEPOSIT LETTER, AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System should be issued for the purpose of building, improving, extending, enlarging, and repairing the City's water system; and

further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio,

Texas Water System Junior Lien Revenue Bonds, Series 2003” are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 16: Renewal and Replacement Fund. There has previously been created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the “City of San Antonio, Texas Water System Renewal and Replacement Fund” (the *Renewal and Replacement Fund*). The Renewal and Replacement Fund shall be used for the purpose of (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, or (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System funds are not otherwise available, or (4) depositing any funds received by the City pursuant to the CPS Contract, and such funds, including any interest or income thereon, shall be maintained in a separate, segregated account of the Renewal and Replacement Fund and shall only be used to pay Maintenance and Operating Expenses of the water reuse facilities of the System or the debt service requirements on any obligations incurred as permitted by the CPS Contract and in no event shall any such amount, including interest and income thereon, be transferred to the general fund of the City except as permitted by the CPS Contract, or (5) paying bonds or other obligations of the System for which other System revenues are not available, or (6) in the last month of any Fiscal Year to make up any shortfall as required by Section 15B, or

consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~, inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and Subordinate Lien Obligations or this Ordinance, as appropriate.

D. Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or this Ordinance.

SECTION 22: Issuance of Special Project Obligations. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and

**EXHIBIT C**  
**SERIES 2007 BONDS ORDINANCES AMENDMENTS**

ORDINANCE NO. 2006-12-14-1404

**AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2007" IN THE PRINCIPAL AMOUNT OF \$8,070,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW DEPOSIT LETTER, AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System should be issued for the purpose of building, improving, extending, enlarging, and repairing the City's water system; and

Additional Junior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Junior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that

remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 16: Renewal and Replacement Fund. There has previously been created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the "City of San Antonio, Texas Water System Renewal and Replacement Fund" (the *Renewal and*

Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(3) with respect to Additional Junior Lien Obligations sold to any other entity other than the Purchaser and that are not insured by a municipal bond insurance policy, the City has secured from a Certified Public Accountant a certificate or opinion to the effect that, according to the books and records of the City, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~ inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and Subordinate Lien Obligations or this Ordinance, as appropriate.

D. Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or this Ordinance.

**SECTION 22: Issuance of Special Project Obligations.** Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special

FINAL

ORDINANCE NO. 2006-12-14-1405

**AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2007A" IN THE PRINCIPAL AMOUNT OF \$35,375,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW DEPOSIT LETTER, AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System should be issued for the purpose of building, improving, extending, enlarging, and repairing the City's water system; and

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the

certificate or opinion to the effect that, according to the books and records of the City, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to one and one-fourth (1-1/4) times the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(3) with respect to Additional Junior Lien Obligations sold to any other entity other than the Purchaser and that are not insured by a municipal bond insurance policy, the City has secured from a Certified Public Accountant a certificate or opinion to the effect that, according to the books and records of the City, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~ inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent

**EXHIBIT D**  
**SERIES 2008 BONDS ORDINANCES AMENDMENTS**

ORDINANCE NO. 2008-09-18-0826

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2008" IN THE PRINCIPAL AMOUNT OF \$30,000,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System should be issued for the purpose of building, improving, extending, enlarging, and repairing the City's water system; and

in the first paragraph of this Section. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of the necessary amount of the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Junior Lien Obligations, or, at the option of the City, by the deposit of monthly installments, made on or before the tenth day of each month following the month of delivery of the then proposed Additional Junior Lien Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Junior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Junior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund.

provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's

Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to one and one-fourth (1-1/4) times the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(3) with respect to Additional Junior Lien Obligations sold to any other entity other than the Purchaser and that are not insured by a municipal bond insurance policy, the City has secured from a Certified Public Accountant a certificate or opinion to the effect that, according to the books and records of the City, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Junior Lien Obligations is adopted, are at least equal to the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~ inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent

FINAL

ORDINANCE NO. 2008-09-18-0827

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2008A" IN THE PRINCIPAL AMOUNT OF \$23,260,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW DEPOSIT LETTER, AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System should be issued for the purpose of building, improving, extending, enlarging, and repairing the City's water system; and

tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations

that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 16: Renewal and Replacement Fund. There has previously been created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the "City of San Antonio, Texas Water System Renewal and Replacement Fund" (the *Renewal and Replacement Fund*). The Renewal and Replacement Fund shall be used for the purpose of (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, or (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System funds are not otherwise available, or (4) depositing any funds received by the City pursuant to the CPS Contract, and such funds, including any interest or income thereon, shall be maintained in a separate, segregated account of the Renewal and Replacement Fund and shall only be used to pay Maintenance and Operating Expenses of the water reuse facilities of the System or the debt service requirements on any obligations incurred as permitted by the CPS Contract and in no event shall any such amount, including interest and income thereon, be transferred to the general fund of the City except as permitted by the CPS Contract, or (5) paying bonds or other obligations of the System for which other System revenues are not available, or

Lien Obligations is adopted, are at least equal to the average annual requirement for the payment of principal of and interest on all outstanding Junior Lien Obligations after giving effect to the Additional Junior Lien Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~, inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and Subordinate Lien Obligations or this Ordinance, as appropriate.

D. Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or this Ordinance.

SECTION 22: Issuance of Special Project Obligations. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and efficiently utilized by the Board to meet water, wastewater, water reuse, or stormwater drainage requirements and the cost of such will be reasonable.

SECTION 23: Maintenance of System - Insurance. The City covenants and agrees that while the Junior Lien Obligations remain outstanding the Board will maintain and operate the

**EXHIBIT E**  
**SERIES 2009 BONDS ORDINANCES AMENDMENTS**

ORDINANCE NO. 2009-11-05-0885

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2009" IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$54,300,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System (hereinafter defined) should be issued for the purpose of building, improving, extending, enlarging, and repairing the System; and

provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

effective at least sixty (60) days prior to the last day of the period for which Net Revenues are to be determined and, for purposes of satisfying the above Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

(4) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Junior Lien Obligations as same mature; and

(5) the ordinance authorizing the issuance of the Additional Junior Lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~ inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and Subordinate Lien Obligations or this Ordinance, as appropriate.

D. Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or this Ordinance.

SECTION 22: Issuance of Special Project Obligations. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and efficiently utilized by the Board to meet water, wastewater, water reuse, or stormwater drainage requirements and the cost of such will be reasonable.

SECTION 23: Maintenance of System - Insurance. The City covenants and agrees that while the Junior Lien Obligations remain outstanding the Board will maintain and operate the System in accordance with Prudent Utility Practice and will maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business in an amount sufficient to protect the Purchaser's interest in the project financed with the proceeds of the Bonds; and that it will faithfully and punctually perform all duties with

ORDINANCE NO. 2009-11-05-0886

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2009A" IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$35,000,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND ONE OR MORE ESCROW AGREEMENTS; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues

Notwithstanding any provision of this Ordinance to the contrary (and subject to the last two sentences of this paragraph for the duration indicated), the City shall be permitted to issue Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the

Fund shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of the Junior Lien Obligations then outstanding ~~after giving effect to~~, inclusive (if required under Section 14 of this Ordinance) of the changes in the amounts resulting from the issuance of the proposed Additional Junior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Junior Lien Obligations are delivered.

C. Additional Subordinate Lien Obligations secured by a subordinate and inferior lien on and pledge of the Net Revenues upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations and Subordinate Lien Obligations or this Ordinance, as appropriate.

D. Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or this Ordinance.

SECTION 22: Issuance of Special Project Obligations. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and efficiently utilized by the Board to meet water, wastewater, water reuse, or stormwater drainage requirements and the cost of such will be reasonable.

SECTION 23: Maintenance of System - Insurance. The City covenants and agrees that while the Junior Lien Obligations remain outstanding the Board will maintain and operate the System in accordance with Prudent Utility Practice and will maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business in an amount sufficient to protect the Purchaser's interest in the project financed with the proceeds of the Bonds; and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the holders of the Bonds until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof and the costs associated with the maintenance of any self-insurance program shall be considered Maintenance and Operating Expenses. Nothing in this Ordinance shall be construed as requiring the City or the Board to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City or the Board from doing so.

**EXHIBIT F**  
**SERIES 2010 BONDS ORDINANCE AMENDMENTS**

FINAL

ORDINANCE NO. 2009-11-05-0887

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS, SERIES 2010" IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$70,000,000; 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 OF SUCH BONDS 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, AND A PURCHASE CONTRACT COMPLYING WITH THE REQUIREMENTS OF 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue refunding bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net

Fund immediately after the delivery of the then proposed Additional Junior Lien Obligations, or, at the option of the City, by the deposit of monthly installments, made on or before the tenth day of each month following the month of delivery of the then proposed Additional Junior Lien Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Junior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Junior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary, the City shall, upon receipt of prior written consent of TWDB alone (in its capacity as the sole holder of the Previously Issued Junior Lien Obligations, as defined in this Ordinance), be permitted to issue Additional Junior Lien Obligations not benefited by the additional pledge of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those

Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be designated as such and (i) designated as such by including the parenthetical “(No Reserve Fund)” to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations—concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003” no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003” are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

#### SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The

**EXHIBIT G**  
**SERIES 2010A BONDS ORDINANCE AMENDMENTS**

ORDINANCE NO. 2010-10-21-0924

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2010A" IN THE PRINCIPAL AMOUNT OF \$17,930,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND ONE OR MORE ESCROW AGREEMENTS; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; 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 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 outstanding from time to time, revenue bonds and related obligations (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

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

the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund or otherwise used in accordance with then-applicable Texas law.

Notwithstanding any provision of this Ordinance to the contrary, the City shall, upon receipt of prior written consent of the Texas Water Development Board alone (in its capacity as the sole holder of the Previously Issued Junior Lien Obligations except for the City's Water System Junior Lien Revenue Refunding Bonds, Series 2010), be permitted to issue Additional Junior Lien Obligations not benefited by the additional pledge of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be ~~designated as such~~ and (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations— concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund;

**EXHIBIT H**  
**SERIES 2011 BONDS ORDINANCES AMENDMENTS**

77257134.4

77257134.4

ORDINANCE NO. 2011-05-12-0383

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2011" IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$24,550,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; 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 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 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 currently outstanding, revenue bonds (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

WHEREAS, the City Council of the City has determined that revenue bonds payable from and equally and ratably secured solely by a junior lien on and pledge of the Net Revenues (hereinafter defined) of the System (hereinafter defined) should be issued for the purpose of building, improving, extending, enlarging, and repairing the System; and

the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Junior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund or otherwise used in accordance with then applicable Texas law.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary, the City shall, upon receipt of prior written consent of the Purchaser alone (in its capacity as the sole holder of all Previously Issued Junior Lien Obligations, except the Series 2010 Refunding Bonds, as defined in this Ordinance), be permitted to issue Additional Junior Lien Obligations not benefited by the additional pledge of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be ~~designated as such and~~ (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations— concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market

and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 16: Renewal and Replacement Fund. There has previously been created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the "City of San Antonio, Texas Water System Renewal and Replacement Fund" (the *Renewal and Replacement Fund*). The Renewal and Replacement Fund shall be used for the purpose of (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, or (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which

ORDINANCE NO. 2011-05-12-0384

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2011A" IN THE PRINCIPAL AMOUNT OF \$18,095,000; 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 OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND ONE OR MORE ESCROW AGREEMENTS; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; 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 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 outstanding from time to time, revenue bonds and related obligations (the *Subordinate Lien Obligations*) supported by a subordinate lien on and pledge of the Net Revenues of the System; and

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

paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the ordinances authorizing the issuance of the currently outstanding Senior Lien Obligations or any Additional Senior Lien Obligations hereafter issued by the City, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Junior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amounts must be transferred to the Bond Fund or otherwise used in accordance with then-applicable Texas law.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or to the Renewal and Replacement Fund; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding any provision of this Ordinance to the contrary, the City shall, upon receipt of prior written consent of the Purchaser alone (in its capacity as the sole holder of the all Previously Issued Junior Lien Obligations except for the Series 2010 Refunding Bonds, as defined in this Ordinance), be permitted to issue Additional Junior Lien Obligations not benefited by the additional pledge of the Reserve Fund, provided that such Additional Junior Lien Obligations not benefited by the additional security of the Reserve Fund are not sold to the Texas Water Development Board. In such instance, those Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall be ~~designated as such and~~ (i) designated as such by including the parenthetical "(No Reserve Fund)" to the style of the subject obligations in all related transaction documentation (including, but not limited to, the City ordinance authorizing the issuance of such Additional Junior Lien Obligations and the Form of Bond therefor) to clearly distinguish such Additional Junior Lien Obligations from those that remain and are additionally secured by the Reserve Fund and (ii) excluded from all calculations identified in and requirements of this Section and other applicable sections of any ordinance authorizing the issuance of Additional Junior Lien Obligations— concerning amounts at any time required to be deposited to and held in the Reserve Fund. Any disclosure or similar document used to market and sell Additional Junior Lien Obligations not additionally secured by the Reserve Fund shall clearly indicate that the holders of such Additional Junior Lien Obligations shall have no right to

or claim on the funds at any time held in the Reserve Fund. Until such time as the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" no longer remain outstanding (whether by stated maturity, prior redemption, defeasance to the earlier of stated maturity or prior redemption, or otherwise in accordance with the terms of the City ordinance authorizing their issuance), the provision described in this paragraph shall only apply to Additional Junior Lien Obligations issued for the purpose of realizing debt service savings by refunding, in whole or in part, a series of Previously Issued Junior Lien Obligations that has been issued and is outstanding as of December 1, 2011. When the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" are no longer outstanding, the provision described in this paragraph shall apply to all series of Additional Junior Lien Obligations.

SECTION 15: Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, an amount of money calculated, subject to the second paragraph of Section 16, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 12 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Chapter 1502, as amended, Texas Government Code (formerly Texas Revised Civil Statutes Annotated Article 1113a, as amended). The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 25E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 16 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 16: Renewal and Replacement Fund. There has previously been created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the "City of San Antonio, Texas Water System Renewal and Replacement Fund" (the *Renewal and Replacement Fund*). The Renewal and Replacement Fund shall be used for the purpose of (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, or (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System funds are not otherwise available, or (4) depositing any funds received by the City pursuant to the CPS Contract, and such funds, including any interest or income thereon, shall be

**EXHIBIT I**  
**TEXAS WATER DEVELOPMENT BOARD CONSENT TO ORDINANCE**  
**AMENDMENTS**

## CONSENT OF TEXAS WATER DEVELOPMENT BOARD

I, the undersigned, being the Executive Administrator of the Texas Water Development Board (the *TWDB*), hereby agree, certify, and consent to the following:

1. The TWDB is the sole holder of the Series 2003 Bonds, the Series 2004 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2010A Bonds, and the Series 2011 Bonds, and is granted certain consent rights with respect to terms affecting the Series 2010 Bonds (such series of revenue bonds, collectively, the *Junior Lien Bonds*).

2. Pursuant to and as required by the applicable provisions of each of the ordinances (collectively, the *Bond Ordinances*) adopted by the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) authorizing the respective issuance of the Junior Lien Bonds, the TWDB hereby consents to the Council's adoption of the amending ordinance (the *Amending Ordinance*) attached hereto as Exhibit A.

3. The TWDB, by Resolution No. 11-44 adopted on June 22, 2011 (a copy of which is attached hereto as Exhibit B), authorized the Executive Administrator to consent to the final terms of respective amendments to the Bond Ordinances, as effectuated by the Amending Ordinance.

4. Neither this consent nor any past, present or future consents, approvals, waivers, actions, amendments, or other agreements, individually or in combination, may be construed to imply or impose upon the TWDB any intention, agreement, obligation, or undertaking to grant future consents, approvals, waivers, or amendments, or to limit the ability of the TWDB to exercise any and all of its rights under the Bond Ordinances or any of the other transaction documents relating to the Junior Lien Bonds, all of which shall remain unmodified and in full force and effect, except as set forth in the Amending Ordinance. By granting this consent, the TWDB expresses no opinion as to whether the consent or approval of any other person is required, or whether any other conditions need to be satisfied, in connection with the consent requested by the City.

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

Dated: 1/31/2012

TEXAS WATER DEVELOPMENT BOARD

By: Melanie Callahan

Name: Melanie Callahan

Title: Executive Administrator

**EXHIBIT A**  
**AMENDING ORDINANCE**

**EXHIBIT B**

TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 11-44

A RESOLUTION OF  
THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING A REQUEST OF  
SAN ANTONIO WATER SYSTEM  
TO AMEND ITS JUNIOR LIEN REVENUE BONDS  
TO ALLOW THE ISSUANCE OF  
ADDITIONAL JUNIOR LIEN REVENUE BONDS (NO RESERVE FUND)

(11-44)

WHEREAS, the City of San Antonio, Texas, acting by and through the San Antonio Water System (SAWS), has issued, and there remains outstanding, fifteen series of Junior Lien Revenue Bonds that are secured by the Junior Lien Reserve Fund (**Attachment A**), which is fully funded in the amount of \$27,614,504.83 (consisting of cash in the amount of \$7,998,844.00 and Credit Facilities provided by surety bond providers/bond insurers in the amount of \$19,615,660.83) (the "Junior Lien Revenue Bonds"); and

WHEREAS, SAWS has requested that the TWDB consent to the amendment of its Junior Lien Revenue Bonds held by the TWDB in order to permit SAWS to issue additional Junior Lien Revenue Bonds *to parties other than the TWDB* that are secured solely by the junior lien pledge of the Net Revenues and not additionally secured by a lien on and pledge of the Junior Lien Reserve Fund; and

WHEREAS, Section 14 of the Ordinances authorizing the issuance of the Junior Lien Revenue Bonds contains a covenant requiring that all additional parity bonds must be secured by the Junior Lien Reserve Fund, and that the balance thereof must be increased in specified amounts, and the funding of such increase provided for, to account for such issuance of additional parity bonds; and

WHEREAS, the TWDB is the sole holder of all of the outstanding Junior Lien Revenue Bonds listed in Attachment A, except the Series 2010 Refunding Bonds listed in Attachment A, and Section 14 of the ordinance authorizing such Series 2010 Refunding Bonds specifies that holders of the Series 2010 Refunding Bonds would be bound by the decision of the TWDB with respect to this matter; and

WHEREAS, the TWDB finds that in its opinion allowing SAWS to issue Junior Lien Revenue Bonds to the public marketplace without the Junior Lien Reserve Fund requirement, while maintaining the requirement that Junior Lien Revenue Bonds sold to the TWDB be additionally secured by the Junior Lien Reserve Fund, will not weaken or reduce the TWDB's security for the Junior Lien Revenue Bonds held by the TWDB.

NOW THEREFORE, based on said considerations and findings, the Texas Water Development Board resolves as follows:

1. The TWDB consents to the amendment of the Junior Lien Revenue Bonds held by the TWDB, in order to permit SAWS to issue additional Junior Lien Revenue Bonds,

including refunding bonds, to parties other than the TWDB that are secured solely by the junior lien pledge of the Net Revenues and not additionally secured by a lien on and pledge of the Junior Lien Reserve Fund. Such consent is conditioned on the Executive Administrator's prior approval of the amendments to SAWS' ordinances that approve the Junior Lien Revenue Bonds sold to the TWDB.

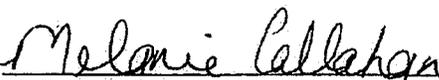
2. The TWDB authorizes the Executive Administrator to take all actions necessary to give effect to this Resolution.

APPROVED and ordered of record this the 22nd day of June, 2011.

TEXAS WATER DEVELOPMENT BOARD

  
Edward G. Vaughan, Chairman

ATTEST:

  
Melanie Callahan  
Interim Executive Administrator

**ATTACHMENT A**

**SAWS OUTSTANDING JUNIOR LIEN REVENUE BONDS<sup>1</sup>**

<b>Dated Date</b>	<b>Issue Description</b>	<b>Reserve Amount</b>	<b>Reserve Source</b>	<b>Insurer</b>
3-1-2001	City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001	712,925.73	Credit Facility	Assured Guaranty Municipal Corp.
3-1-2001	City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001-A	1,185,302.00	Credit Facility	Assured Guaranty Municipal Corp.
3-1-2002	City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002	1,077,942.34	Credit Facility	Assured Guaranty Municipal Corp.
3-1-2002	City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002-A	918,179.33	Credit Facility	Assured Guaranty Municipal Corp.
3-1-2003	City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003	2,325,681.70	Credit Facility	Ambac Assurance Corp.
7-1-2004	City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004	732,758.38	Credit Facility	National Public Finance Guaranty
7-1-2004	City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A	2,005,995.70	Credit Facility	National Public Finance Guaranty
12-15- 2006	City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007	478,321.26	Credit Facility	Syncora Financial Guaranty
12-15- 2006	City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007A	2,309,075.02	Credit Facility	Syncora Financial Guaranty
12-4- 2008	City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2008	1,613,865.00	Cash	
12-4-	City of San Antonio, Texas Water System Junior Lien Revenue and Refunding	1,413,179.00	Cash	

<sup>1</sup> TWDB owns all of the Junior Lien Revenue Bonds except Series 2010.

2008	Bonds, Series 2008A			
12-1-2009	City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2009	2,924,620.00	Cash	
12-1-2009	City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2009A	1,687,910.00	Cash	
2-1-2010	City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2010	7,869,479.37	Credit Facility	Assured Guaranty Municipal Corp.
12-1-2010	City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2010A	359,270.00	Cash	

**EXHIBIT J**  
**AMBAC ASSURANCE CORPORATION'S CONSENT TO ORDINANCE**  
**AMENDMENTS**

**CONSENT OF AMBAC ASSURANCE CORPORATION**

I, the undersigned, being a duly authorized representative of Ambac Assurance Corporation (the *Insurer*), hereby agree, certify, and consent to the following:

1. The Insurer is the provider of Financial Guaranty Insurance Policy No. 21425BE and Surety Bond Policy No. SB1705BE relating to the "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003" (the *Insured Bonds*).

2. Pursuant to Section 58.A of the ordinance (the *Bond Ordinance*) adopted by the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) authorizing the issuance of the Insured Bonds, the Insurer hereby consents to the Council's adoption of the amending ordinance (the *Amending Ordinance*) attached hereto as Exhibit A.

3. As a condition to the consent granted in Paragraph 2 above, the Insurer has required that the City provide to the Insurer from each national rating agency that has rated each series of Previously Issued Junior Lien Obligations (as such term is defined in the Bond Ordinance) outstanding as of the date hereof confirmation that the ratings on such series of Previously Issued Junior Lien Obligations will not be affected by the terms of the Amending Ordinance. These rating agency confirmations are attached hereto as Exhibit B.

4. Neither this consent nor any past, present or future consents, approvals, waivers, actions, amendments, or other agreements, individually or in combination, may be construed to imply or impose upon the Insurer any intention, agreement, obligation, or undertaking to grant future consents, approvals, waivers, or amendments, or to limit the ability of the Insurer to exercise any and all of its rights under the Bond Ordinance or any of the other transaction documents relating to the Insured Bonds, all of which shall remain unmodified and in full force and effect, except as set forth in the Amending Ordinance. By granting this consent, the Insurer expresses no opinion as to whether the consent or approval of any other person is required, or whether any other conditions need to be satisfied, in connection with the consent requested by the City.

Dated: 12/7/2011

AMBAC ASSURANCE CORPORATION

By: 

Name: Peter Cain

Title: Managing Director

**EXHIBIT A**  
**AMENDING ORDINANCE**

**EXHIBIT B**  
**RATING AGENCY CONFIRMATION**

# MOODY'S

## INVESTORS SERVICE

Plaza of the Americas  
600 North Pearl St., Suite 2165  
Dallas, TX 75201  
214.220.4350 tel

March 13, 2012

Mr. Douglas Evanson  
SAN ANTONIO (CITY OF) TX  
WATER AND SEWER ENTERPRISE  
PO Box 2449  
San Antonio, TX 78298-2449

Dear Mr. Evanson:

We wish to inform you that on March 8, 2012, Moody's Investors Service assigned a rating of Aa2 to SAN ANTONIO (CITY OF) TX WATER ENTERPRISE, Water System Junior Lien Revenue Refunding Bonds, Series 2012.

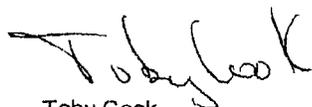
In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Michelle Smithen at 214-220-4387.

Sincerely,



Toby Cook  
VP-Senior Analyst/Manager

cc: Raul Villasenor  
First Southwest Co Inc  
70 Northeast Loop 410 Suite 710  
San Antonio, TX 78216

**STANDARD  
& POOR'S**  
RATINGS SERVICES

500 North Akard Street  
Lincoln Plaza, Suite 3200  
Dallas, TX 75201  
tel (214) 871-1400  
reference no.: 1207439

March 6, 2012

San Antonio Water System  
2800 US Hwy 281 North  
P.O. Box 2449  
San Antonio, TX 78298--2449  
Attention: Mr. Doug Evanson, Senior Vice President and CFO

Re: *US\$34,605,000 City of San Antonio, Texas, Water System Junior Lien Revenue Refunding Bonds, Series 2012, (No Reserve Fund) dated: April 01, 2012, due: May 15, 2022*

Dear Mr. Evanson:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA-". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

STANDARD & POOR'S  
RATINGS SERVICES

Page | 2

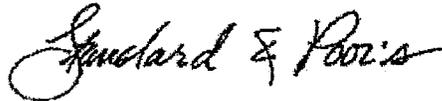
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,



Standard & Poor's Ratings Services  
a Standard & Poor's Financial Services LLC business.

cm

enclosures

cc: Mr. Donald J. Gonzales, CPA  
Ms. Ginger Mann  
Mr. Paul Jack  
Ms. Phyllis Garcia  
Mr. Raul Villasenor  
Mr. Troy Elliott

**STANDARD  
& POOR'S**  
RATINGS SERVICES

**Standard & Poor's Ratings Services  
Terms and Conditions Applicable To Public Finance Ratings**

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors

to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services

may disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence, intentional wrongdoing, or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of US\$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third-Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.

# Fitch Ratings

One State Street Plaza  
New York, NY 10004

T 212 908 0500 / 800 75 FITCH  
www.fitchratings.com

March 6, 2012

Mr. Doug Evanson  
Chief Financial Officer & Senior Vice President  
San Antonio  
San Antonio Water System  
P.O. Box 2449  
San Antonio, TX 78298

Dear Mr. Evanson:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub  
Managing Director, Operations  
U.S. Public Finance /  
Global Infrastructure & Project Finance

JS/jt

Enc: Notice of Rating Action  
(Doc ID: 170672)

## Notice of Rating Action

---

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
San Antonio (TX) wtr sys jr lien rev rfdg bonds (no reserve fund) ser 2012	Long Term	New Rating	AA	RO:Sta	06-Mar-2012	

---

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

---

**EXHIBIT K**

**NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION'S CONSENT TO  
ORDINANCE AMENDMENTS**

**CONSENT OF NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION**

I, the undersigned, being a duly authorized representative of National Public Finance Guarantee Corporation (*National*), hereby agree, certify, and consent to the following:

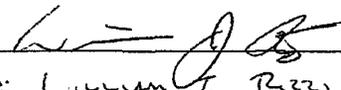
1. National, pursuant to the Administrative Services Agreement dated as of February 17, 2009 between MBIA Insurance Corporation (*MBIA*) and MBIA Insurance Corp. of Illinois, now known as National, is the Administrator for MBIA who pursuant to a Reinsurance Agreement dated as of September 30, 2008 by and between Financial Guaranty Insurance Company and MBIA reinsured Municipal Bond Insurance Policy No. 04010378 and Municipal Bond Debt Service Reserve Policy No. 04010379 relating to the "City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004" and Municipal Bond Insurance Policy No. 04010380 and Municipal Bond Debt Service Reserve Policy No. 04010381 relating to the "City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A" (such series of bonds, together, the *Insured Bonds*).

2. Pursuant to Section 60.B of each of the ordinances (together, the *Bond Ordinance*) adopted by the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) authorizing the respective issuance of the Insured Bonds, National hereby consents to the Council's adoption of the amending ordinance (the *Amending Ordinance*) attached hereto as Exhibit A.

3. Neither this consent nor any past, present or future consents, approvals, waivers, actions, amendments, or other agreements, individually or in combination, may be construed to imply or impose upon the Insurer any intention, agreement, obligation, or undertaking to grant future consents, approvals, waivers, or amendments, or to limit the ability of the Insurer to exercise any and all of its rights under the Bond Ordinance or any of the other transaction documents relating to the Insured Bonds, all of which shall remain unmodified and in full force and effect, except as set forth in the Amending Ordinance. By granting this consent, National expresses no opinion as to whether the consent or approval of any other person is required, or whether any other conditions need to be satisfied, in connection with the consent requested by the City.

Dated: 12/16/2011

NATIONAL PUBLIC FINANCE  
GUARANTEE CORPORATION

By:   
Name: William J. Ruiz  
Title: Director

**EXHIBIT A**  
**AMENDING ORDINANCE**

**EXHIBIT L**

**SYNCORA GUARANTEE INC.'S CONSENT TO ORDINANCE AMENDMENTS**

**CONSENT OF SYNCORA GUARANTEE INC.**

I, the undersigned, being a duly authorized representative of Syncora Guarantee Inc. (the *Insurer*), hereby agree, certify, and consent to the following:

1. The Insurer, formerly known as XL Capital Assurance Inc., is the insurer under Municipal Bond Insurance Policy No. CA03531A and Debt Service Reserve Insurance Policy No. CA03531B relating to the "City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007" and Municipal Bond Insurance Policy No. CA03532A and Debt Service Reserve Insurance Policy No. CA03532B relating to the "City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007A" (such series of bonds, together, the *Insured Bonds*).

2. Pursuant to Section 60(d) of each of the ordinances (together, the *Bond Ordinance*) adopted by the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) authorizing the respective issuance of the Insured Bonds, the Insurer hereby consents to the Council's adoption of the amending ordinance (the *Amending Ordinance*) attached hereto as Exhibit A.

3. Neither this consent nor any past, present or future consents, approvals, waivers, actions, amendments, or other agreements, individually or in combination, may be construed to imply or impose upon the Insurer any intention, agreement, obligation, or undertaking to grant future consents, approvals, waivers, or amendments, or to limit the ability of the Insurer to exercise any and all of its rights under the Bond Ordinance or any of the other transaction documents relating to the Insured Bonds, all of which shall remain unmodified and in full force and effect, except as set forth in the Amending Ordinance. By granting this consent, the Insurer expresses no opinion as to whether the consent or approval of any other person is required, or whether any other conditions need to be satisfied, in connection with the consent requested by the City.

Dated: 12/14/11

SYNCORA GUARANTEE INC.

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

Name: John Swilling

Title: Managing Director

**EXHIBIT A**  
**AMENDING ORDINANCE**

**EXHIBIT M**

**ASSURED GUARANTY MUNICIPAL CORP.'S CONSENT TO ORDINANCE  
AMENDMENTS**

**CONSENT OF ASSURED GUARANTY MUNICIPAL CORP.**

Assured Guaranty Municipal Corp. (the *Insurer*) is the insurer of a portion of the City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2010 (the *Insured Bonds*).

Pursuant to Section 56(D) of the ordinance (the *Bond Ordinance*) adopted by the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) authorizing the issuance of the Insured Bonds, the Insurer hereby consents to the Council's adoption of the amending ordinance (the *Amending Ordinance*) attached hereto as Exhibit A.

Neither this consent nor any past, present or future consents, approvals, waivers, actions, amendments, or other agreements, individually or in combination, may be construed to imply or impose upon the Insurer any intention, agreement, obligation, or undertaking to grant future consents, approvals, waivers, or amendments, or to limit the ability of the Insurer to exercise any and all of its rights under the Bond Ordinance or any of the other transaction documents relating to the Insured Bonds, all of which shall remain unmodified and in full force and effect, except as set forth in the Amending Ordinance. By granting this consent, the Insurer expresses no opinion as to whether the consent or approval of any other person is required, or whether any other conditions need to be satisfied, in connection with the consent requested by the City.

Dated: 12/21/2011

ASSURED GUARANTY MUNICIPAL CORP.

By: 

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

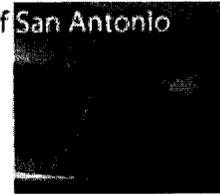
Title: FRANCIS J. COUGHLIN, JR.  
DEPUTY CHIEF SURVEILLANCE OFFICER  
PUBLIC FINANCE

**EXHIBIT A**  
**AMENDING ORDINANCE**



Request for  
**COUNCIL**  
**ACTION**

City of San Antonio



## Agenda Voting Results - 25A

<b>Name:</b>	24, 25A, 25B, 26						
<b>Date:</b>	03/08/2012						
<b>Time:</b>	10:25:47 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance amending certain terms of the outstanding junior lien bond ordinance to permit the issuance of new money and/or refunding junior lien bonds without the requirement to fund the debt service reserve fund.						
<b>Result:</b>	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				
Leticia Ozuna	District 3		x				
Rey Saldaña	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
W. Reed Williams	District 8		x			x	
Elisa Chan	District 9		x				x
Carlton Soules	District 10		x				