FINAL

ORDINANCE NO. 2013-12-05-0867

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF UP TO $20,900,000 "CITY OF SAN ANTONIO, TEXAS REVENUE NOTES, TAXABLE SERIES 2013A" AND THE PLEDGE OF LAWFULLY AVAILABLE REVENUES, SUBJECT TO ANNUAL APPROPRIATION, AS SECURITY THEREFOR; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE NOTES; AUTHORIZING THE EXECUTION OF A PAYING AGENT AGREEMENT, A FINANCING AGREEMENT, AND A PURCHASE AND INVESTMENT LETTER; COMPLYING WITH THE PROVISIONS OF THE DEPOSITORY TRUST COMPANY'S LETTER OF REPRESENTATIONS; DELEGATING THE AUTHORITY TO CERTAIN CITY OFFICIALS AND MEMBERS OF THE CITY STAFF TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE NOTES; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, pursuant to the provisions of Chapter 1431, as amended, Texas Government Code and its Home Rule Charter, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer* or the *City*) is authorized and empowered to issue notes to pay contractual obligations incurred or to be incurred for the construction of any public works, for the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the Issuer's authorized needs and purposes, and for professional services, including services provided by tax appraisal engineers, engineers, architects, attorneys, auditors, mapmakers, financial advisors, and fiscal agents; and

WHEREAS, in accordance with the provisions of the Act, the Governing Body hereby finds and determines that anticipation notes should be issued and sold at this time to finance the costs of paying contractual obligations heretofore incurred or to be incurred for (1) designing, acquiring, constructing, improving, and replacing certain property in support of the City's "Pre-K 4 SA" program, and various other public improvements and (2) the payment of other professional services related to the design, construction, installation, and financing of the aforementioned projects (the *Project*); and

WHEREAS, the Governing Body hereby finds and determines that the issuance of anticipation notes is in the best interests of the citizens of the Issuer, now, therefore,

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

SECTION 1: Authorization - Designation - Principal Amount - Purpose. Revenue notes, subject to annual Appropriation (as hereinafter described), of the Issuer shall be and are hereby authorized to be issued in the aggregate principal amount of TWENTY MILLION NINE HUNDRED THOUSAND AND NO/100 DOLLARS ($20,900,000), to be designated and bear the title of "CITY OF SAN ANTONIO, TEXAS REVENUE NOTES, TAXABLE SERIES 2013A" (the *Notes*), for the purpose of providing funds for (1) paying contractual obligations incurred or to be incurred in designing, acquiring, constructing, improving, and replacing certain property in support of the City's "Pre-K 4 SA" program, and various other public improvements and (2) the payment of other professional services related to the design, construction, installation, and financing of the aforementioned Projects, all in conformity with the laws of the State of Texas, particularly Chapter 1431, as amended, Texas Government Code (the *Act*), an ordinance adopted by the Governing Body on December 5, 2013, and the Issuer's Home Rule Charter.

This Ordinance constitutes authorization to issue the Notes in accordance with Section 1431.002(b) of the Act. In furtherance and as part of this authorization, the Governing Body hereby authorizes each Authorized Official to act on behalf of the City to finalize the terms of the Notes (being the aggregate and annual principal amounts thereof, the final maturity date therefor, redemption provisions, if any, and the annual interest rate or rates applicable thereto); provided, however, that in no case shall the aggregate principal amount of the Notes exceed an amount equal to $20,900,000, the final maturity date of the Notes shall occur not later than February 1, 2020, and the maximum annual rate of interest shall not exceed 5.00% per annum. The Authorized Official finally establishing these Note terms shall evidence the same in an Approval Certificate, in substantially the form attached hereto as Schedule I, which finalized Approval Certificate shall be executed by such Authorized Official. Upon execution of the Approval Certificate, Bond Counsel is authorized to complete this Ordinance to reflect such final terms.

SECTION 2: Notes as Evidence of a Loan - Authorized Denominations - Stated Maturities - Interest Rates – Dated Date. The Notes shall be issued as evidence of a loan by the Purchasers (defined herein) to the City, without coupons, shall be dated December 1, 2013 (the *Dated Date*) and shall be issued generally in denominations of $100,000 or any integral multiple of $5,000 (within a Stated Maturity) in excess thereof, shall be lettered "R-" and numbered consecutively from one (1) upward and principal shall become due and payable on February 1 in each of the years (the *Stated Maturities*) and in the amounts and bear interest at the rates per annum in accordance with the following schedule:

Years of Stated Maturity	Principal Amounts ($)	Interest Rates (%)
2014	2,305,000	2.320
2015	2,870,000	2.320
2016	2,960,000	2.320
2017	3,050,000	2.320
2018	3,140,000	2.320
2019	3,240,000	2.320
2020	3,335,000	2.320

The Notes shall bear interest on the unpaid principal amounts from the Closing Date (anticipated to occur on or about December 17, 2013), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Notes shall be payable on February 1 and August 1 in each year, commencing February 1, 2014 (the *Interest Payment Date*), while the Notes are Outstanding.

SECTION 3: Payment of Notes - Paying Agent. The principal of, premium, if any, and the interest on the Notes, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of, premium, if any, and interest on the Notes shall be without exchange or collection charges to the Holder (as hereinafter defined) of the Notes.

The selection and appointment of Branch Banking and Trust Company, Charlotte, North Carolina, Texas (the *Paying Agent*), to serve as the initial Paying Agent for the Notes is hereby approved and confirmed, and the Issuer agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent books and records for the identification of the Holder (defined below) of the Notes, terms of payment of the Notes, and transfer of the Notes, all as provided herein, in accordance with the terms and provisions of a Paying Agent Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent and the Issuer may prescribe. The Issuer covenants to maintain and provide a Paying Agent at all times while the Notes are Outstanding, and any successor Paying Agent shall be (i) a national or state banking institution or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent.

The Issuer reserves the right to appoint a successor Paying Agent upon providing the previous Paying Agent with a certified copy of a resolution or ordinance terminating such agency. Additionally, the Issuer agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Notes by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent.

Principal of, premium, if any, and interest on the Notes, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the owner of record of the Notes appearing on the Paying Agent's books and records (the *Holder* or *Holders*) maintained on behalf of the Issuer by the Paying Agent as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest on the Notes, (ii) on the date of surrender of the Notes for purposes of receiving payment of principal thereof at the Notes' Stated Maturity or upon redemption of the Notes, and (iii) on any date for any other purpose; provided, however, that, notwithstanding the provisions of (ii) above, the Notes need not, with respect to the principal payments occurring prior to the final Stated Maturity, be surrendered to the Paying Agent, who will merely document such payments on an internal ledger maintained by the Paying

Agent. The Issuer and the Paying Agent, and any agent of either, shall treat the Holder as the owner of a Note for purposes of receiving payment and all other purposes whatsoever, and neither the Issuer nor the Paying Agent, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Notes shall be payable only upon presentation and surrender of the Notes to the Paying Agent at its corporate trust office; provided, however, with respect to principal payments prior to the final Stated Maturity, the Notes need not be surrendered to the Paying Agent, who will merely document this payment on an internal ledger maintained thereby. Interest on the Notes shall be paid to the Holder whose name appears in the Paying Agent's books and records at the close of business on the fifteenth day of the month next preceding an Interest Payment Date for the Notes (the *Record Date*) and shall be paid (i) by check sent by United States mail, first-class postage prepaid, by the Paying Agent, to the address of the Holder appearing in the Paying Agent's books and records or (ii) by such other method, acceptable to the Paying Agent, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Notes shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Notes was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a *Special Record Date*) will be established by the Paying Agent, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of a Note appearing on the Paying Agent's books and records at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption.

A. Optional Redemption. The Notes shall be subject to redemption prior to Stated Maturity at the option of the City, on February 1, 2015 or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent), at the redemption price of par plus accrued interest to the date of redemption.

B. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Notes (unless a shorter notification period shall be satisfactory to the Paying Agent), the City shall notify the Paying Agent of its decision to exercise the right to redeem Notes, the principal amount of each Stated Maturity to be redeemed, and the date set for

the redemption thereof. The decision of the City to exercise the right to redeem Notes shall be entered in the minutes of the governing body of the City.

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

D. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Notes, a notice of redemption shall be sent by United States mail, first-class postage prepaid, in the name of the City and at the City's expense, by the Paying Agent to each Holder of a Bond to be redeemed, in whole or in part, at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Notes, (ii) identify the Notes to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Notes, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Notes, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Notes (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent, then on the redemption date designated in such notice, interest on said Notes (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Notes shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*). Additionally, this notice may also be sent by the City to any registered securities depository and to any national information service that disseminates redemption notices.

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

SECTION 5: Execution – Paying Agent's Countersignature. The Notes shall be executed on behalf of the Issuer by its Mayor under the seal of the Issuer reproduced or impressed thereon and attested by its City Clerk. The signature of any of said officers on the Notes may be manual or facsimile. Notes bearing the manual or facsimile signatures of individuals who were, at the time of the Dated Date, the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Notes to the Purchasers, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Note shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Note, a manual countersignature by the Paying Agent, and such countersignature upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered.

SECTION 6: Recordation of Holder - Transfer - Exchange of Notes - Predecessor Notes. The Paying Agent shall obtain, record, and maintain in its books and records relative to the Notes the name and address of every owner of the Notes, or, if appropriate, the nominee thereof. Any Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Notes of other authorized denominations upon the Paying Agent's books and records by the Holder, in person or by his duly authorized agent, upon surrender of such Note to the Paying Agent for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent.

Upon surrender for transfer of any Note at the corporate trust office of the Paying Agent, the Issuer shall execute and the Paying Agent shall record and deliver, in the name of the designated transferee or transferees, one or more new Notes of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Note or Notes surrendered for transfer.

At the option of the Holder, Notes may be exchanged for other Notes of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Notes surrendered for exchange upon surrender of the Notes to be exchanged at the corporate trust office of the Paying Agent. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Paying Agent shall countersign and deliver, the Notes to the Holder requesting the exchange.

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

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

Notes canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Notes, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Note or Notes countersigned and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Notes shall include any Note recorded and delivered pursuant to Section 18 in lieu of a mutilated, lost, destroyed, or stolen Note which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Note.

SECTION 7: Initial Notes. The Notes herein authorized shall be initially issued as a single Note in the aggregate principal amount of $20,900,000 with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1 (the *Initial Notes*), and the Initial Notes shall be recorded in the name of the Purchasers or the designee thereof. The Initial Notes shall be the Notes delivered to the Purchasers. Any time after the delivery of the Initial Notes, the Paying Agent, pursuant to written instructions from the Purchasers, or the designee thereof, shall (if so instructed) cancel the Initial Notes delivered hereunder and exchange therefor Definitive Notes of like kind and of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchasers, or the designee thereof, and such other information and documentation as the Paying Agent may reasonably require.

SECTION 8: Forms.

A. Forms Generally.

The Notes, the Paying Agent's Form of Countersignature, and the form of Assignment to be printed on each of the Notes shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as may, consistent herewith, be established by the Issuer or determined by the officers executing the Notes as evidenced by their execution thereof. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

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

B. Form of Definitive Note.

NO. R-___ PRINCIPAL AMOUNT
$_____

United States of America
State of Texas
Counties of Bexar, Comal, and Medina
CITY OF SAN ANTONIO, TEXAS
REVENUE NOTES, TAXABLE SERIES 2013A

THIS NOTE MAY NOT BE NEGOTIATED IN THE NAME OF BEARER AND IS NOT A REGISTERED OBLIGATION UNDER CHAPTER 1201, AS AMENDED, TEXAS GOVERNMENT CODE

Dated Date:	Interest Rate:	Stated Maturity:
December 1, 2013	_____	_____

OWNER OF RECORD: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The City of San Antonio, Texas (the *Issuer*), a body corporate and a municipal corporation in the Counties of Bexar, Comal, and Medina, State of Texas, for value received, hereby promises to pay to the order of the Owner of Record specified above (the *Holder*), or the assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on or about December 17, 2013), or from the most recent interest payment date to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year commencing February 1, 2014.

Principal on this Note shall be payable to the Holder, upon presentation and surrender, at the corporate trust office of the Paying Agent whose countersignature appears hereon or a successor thereof; provided, however, with respect to principal payments prior to the final Stated Maturity, the Notes need not be surrendered to the Paying Agent, who will merely document this payment on an internal ledger maintained thereby. Interest shall be payable to the Holder of this Note (or one or more Predecessor Notes, as defined in the Ordinance hereinafter referenced) whose name appears on the books and records relating to the Notes maintained by the Paying Agent at the close of business on the Record Date, which is the fifteenth day of the month next preceding each interest payment date. All payments of principal of and interest on this Note shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent by check sent on or prior to the appropriate date of payment by United States mail,

first-class postage prepaid, to the Holder hereof at the address appearing in the Paying Agent's books and records or by such other method, acceptable to the Paying Agent, requested by the Holder hereof at the Holder's risk and expense.

This Note is one of the series specified in its title issued in the aggregate principal amount of $20,900,000 (the *Notes*) pursuant to an ordinance adopted by the Governing Body of the Issuer (the *Ordinance*), for the purpose of providing funds for (1) paying contractual obligations incurred or to be incurred in designing, acquiring, constructing, improving, and replacing certain property in support of the City's "Pre-K 4 SA" program, and various other public improvements and (2) the payment of other professional services related to the design, construction, installation, and financing of the aforementioned Projects, all in conformity with the laws of the State of Texas, particularly Chapter 1431, as amended, Texas Government Code, an ordinance adopted by the Governing Body on December 5, 2013 (the *Ordinance*), and the Issuer's Home Rule Charter.

As specified in the Ordinance, the Notes shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 1, 2015 or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Notes to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Bond is subject to redemption prior to Stated Maturity and is in a denomination in excess of $5,000, portions of the principal sum hereof in installments of $5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent at its corporate trust office, a new Bond or Notes of like Stated Maturity and interest rate in any authorized denominations provided in the Ordinance for the then unredeemed balance of the principal sum hereof.

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

The Notes of this series are payable from (and subject to the sufficiency of) the Pledged Revenues; provided, however, that the Issuer is under no obligation to Appropriate any funds in satisfaction of its obligations under the Ordinance, as evidenced by the Notes, regardless of the amount or source of funds that are lawfully available to be Appropriated in any Fiscal Year.

Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust or other office of the Paying Agent, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the Pledged Revenues, subject to Appropriation, for the payment of the Notes; the terms and conditions relating to the transfer or exchange of the Notes; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Issuer and the Paying Agent; the terms and provisions upon which this Note may be discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

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

The Issuer and the Paying Agent, and any agent of either, shall treat the Holder hereof whose name appears on the books and records of the Paying Agent (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Note as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Issuer nor the Paying Agent, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a *Special Record Date*) will be established by the Paying Agent, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the books and records of the Paying Agent at the close of business on the last business day next preceding the date of mailing of such notice.

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

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

CITY OF SAN ANTONIO, TEXAS

By_____
Mayor

ATTEST:

_____
City Clerk

(CITY SEAL)

[The remainder of this page intentionally left blank.]

C. Form of Countersignature of Paying Agent.

COUNTERSIGNATURE OF PAYING AGENT

This Note has been duly issued under the provisions of the within-mentioned Ordinance; the Note or Notes of the above-entitled and designated series originally delivered, as shown by the records of the Paying Agent.

Countersigned this date:

Branch Banking and Trust Company,
Charlotte, North Carolina,, as Paying Agent

_____

By: _____
Authorized Signature

D. Form of Assignment.

ASSIGNMENT

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

_____

(Social Security or other identifying number): _____
the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____attorney to transfer the within Note on the books and records kept for recordation thereof, with full power of substitution in the premises.

DATED: _____

_____

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

Signature guaranteed:

_____

E. The Initial Notes shall be in the respective forms set forth in paragraph B of this Section, except that the form of a single fully countersigned Initial Note shall be modified as follows:

(i) immediately under the name of the Note(s) the headings "Interest Rate ____" and "Stated Maturity _____" shall both be completed "as shown below";

(ii) the first two paragraphs shall read as follows:

Owner of Record: _____

Principal Amount: _____

The City of San Antonio, Texas (the *Issuer*), a body corporate and municipal corporation in the Counties of Bexar, Comal, and Medina, State of Texas, for value received, hereby promises to pay to the order of the Owner of Record named above (the *Holder*), or the assigns thereof, the Principal Amount specified above on the first day of February in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

Years of Stated Maturity	Principal Amounts ($)	Interest Rates (%)
	(Information to be inserted from schedule in Section 2 hereof.)	

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on December 17, 2013) or from the most recent interest payment date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity while Outstanding, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year, commencing February 1, 2014.

Principal of this Note shall be payable to the Holder, upon its presentation and surrender, at the corporate trust office of Branch Banking and Trust Company, Charlotte, North Carolina, Texas (the *Paying Agent*); provided, however, with respect to principal payments prior to redemption or Stated Maturity, the Notes need not be surrendered to the Paying Agent, who will merely document this payment on an internal ledger maintained thereby. Interest shall be payable to the Holder of this Note whose name appears on the books and records relating to the Notes maintained by the Paying Agent at the close of business on the Record Date, which is the fifteenth day of the month next preceding each interest payment date. All payments of principal of and interest on this Note shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the books and records of the Paying Agent or by such other method, acceptable to the Paying Agent, requested by, and at the risk and expense of, the Holder hereof.

SECTION 9: Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Section 36 of this Ordinance have the meanings assigned to them in such Sections, and all such terms include the plural as well as the singular; (ii) all references in this Ordinance to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

A. The term *Additional Obligations* shall mean (i) obligations hereafter issued by the Issuer payable wholly or in part from and secured by a lien on and pledge of the lawfully available City funds as provided in Section 15 of this Ordinance and (ii) obligations hereafter issued to refund any of the foregoing as determined by the Governing Body in accordance with any applicable law.

B. The term *Appropriate*, *Appropriated*, or *Appropriation* shall mean the adoption by the Governing Body of a budget or amendment(s) to the budget for a Fiscal Year which includes payment of the Debt Service Requirements on the Notes required to be made by the City during the applicable Fiscal Year.

C. The term *Appropriated Funds* shall mean funds appropriated by the City for the payment of Debt Service Requirements on the Notes coming due in the applicable Fiscal Year, which Appropriation shall be made from any funds of the City that have not been encumbered to secure the payment of any indebtedness of the City and that may lawfully be used with respect to any payment obligated or permitted under this Ordinance and as evidenced in the Notes, including (but not limited to) lawfully available revenues derived by the City from (i) annual ad valorem taxes levied for maintenance and operations purposes, (ii) certain hotel occupancy taxes levied by the City, (iii) the 1% general sales and use tax levied by the City, (iv) transfers from City-owned utility systems, (v) transfers to the City from the Corporation under the Financing Agreement, and (vi) the establishment and maintenance of any City enterprise fund.

D. The term *Authorized Officials* shall mean the Mayor, the City Manager, the Chief Financial Officer, the City Clerk, or the Assistant Finance Director.

E. The term *Closing Date* shall mean the date of physical delivery of the Initial Notes in exchange for the payment in full by the Purchasers.

F. The term *Corporation* shall mean the City of San Antonio Early Childhood Education Municipal Development Corporation.

G. The term *Financing Agreement* shall mean the agreement entered into between the Corporation and the City as further described in Section 37 herein.

H. The term *Issuer* or the *City* shall mean the City of San Antonio, Texas located in the Counties of Bexar, Comal, and Medina, Texas and, where appropriate, the Governing Body of the Issuer.

I. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Issuer as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

J. The term *Depository* shall mean an official depository bank of the Issuer.

K. The term *Fiscal Year* shall mean the twelve-month accounting period used by the City in connection with its operation, currently ending on September 30 of each year, which may be any 12 consecutive month period established by the Governing Body.

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

M. The term *Holder* or *Holders* shall mean the owner of record, whose name appears in the books and records of the Paying Agent relating to the Notes, for any Note.

N. The term *Interest Payment Date* shall mean the date interest is payable on the Notes, being February 1 and August 1 of each year, commencing February 1, 2014, while any of the Notes remain Outstanding.

O. The term *Note Fund* shall mean the special fund created and established by the provisions of Section 10 of this Ordinance.

P. The term *Notes* shall mean the $20,900,000 "CITY OF SAN ANTONIO, TEXAS REVENUE NOTES, TAXABLE SERIES 2013A" authorized by this Ordinance.

Q. The term *Ordinance* shall mean this ordinance finally adopted by the Governing Body of the Issuer on December 5, 2013.

R. The term *Outstanding* when used in this Ordinance with respect to Notes shall mean, as of the date of determination, all Notes issued and delivered under this Ordinance, except:

(1) those Notes canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

(2) those Notes for which payment has been duly provided by the Issuer in accordance with the provisions of Section 22 of this Ordinance; and

(3) those Notes that have been mutilated, destroyed, lost, or stolen and replacement Notes have been countersigned and delivered in lieu thereof as provided in Section 18 of this Ordinance.

S. The term *Pledged Revenues* shall mean those Appropriated Funds from time to time Appropriated by the Governing Body for the purpose paying Debt Service Requirements on the Notes coming due during a Fiscal Year.

T. The term *Purchasers* shall mean the initial purchasers of the Notes named in Section 19 of this Ordinance.

U. The term *Stated Maturity* shall mean the annual principal payments of the Notes payable on February 1 of each year, as set forth in Section 2 of this Ordinance.

SECTION 10: Note Fund – Investments. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption, and retirement of the Notes, there shall be and is hereby created a special fund to be designated "REVENUE NOTES, TAXABLE SERIES 2013A, INTEREST AND SINKING FUND" (the *Note Fund*), which fund shall be kept and maintained at the Depository, and money deposited in such fund shall be used for no other purpose. Authorized Officials of the Issuer are hereby authorized and directed to make withdrawals from the Note Fund sufficient to pay the principal of, premium, if any, and interest on the Notes as the same become due and payable and shall cause to be transferred to the Paying Agent from money on deposit in the Note Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Notes, such transfer of funds to the Paying Agent to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent on or before the business day next preceding each interest and principal payment date for the Notes.

Pending the transfer of funds to the Paying Agent, money in any fund created and established by this Ordinance, at the option of the Issuer, may be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect

obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from such fund will be available at the proper time or times. All interest and income derived from deposits and investments in such fund shall be credited to, and any losses debited to, such fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Notes.

SECTION 11: Pledge of Pledged Revenues; Perfection of Interest in Appropriated Funds. To provide for the payment of the Debt Service Requirements on the Notes coming due in any Fiscal Year, being (i) the interest on the Notes and (ii) the principal amount of such Notes coming due in such Fiscal Year, there shall be and there is hereby granted by the City a first lien on and pledge of the Pledged Revenues. This pledge of and lien on Pledged Revenues, however, is in express recognition, and subject to the limitation that the Issuer is under no obligation, with respect to Appropriated Funds that constitute such Pledged Revenues, to Appropriate any funds in satisfaction of its obligations hereunder, as evidenced by the Notes, regardless of the amount or source of City funds that are lawfully available to be Appropriated in any Fiscal Year. The Pledged Revenues, upon Appropriation, shall at such time be pledged to the payment of the Notes and deposited into the Note Fund. The Governing Body hereby declares its intent to Appropriate, on an annual basis, Appropriated Funds in an amount fully sufficient to pay Debt Service Requirements coming due during such period of time, it having been determined that the existing and available legal authority of the Issuer for such purpose is available to permit a legally sufficient Appropriation in consideration of all other outstanding indebtedness and other obligations of the Issuer; provided, however, that the Issuer is not obligated to make any such Appropriation and its failure to do so shall not constitute default or result in an event of default hereunder or under the Notes.

Chapter 1208, Texas Government Code, applies to the issuance of the Notes and the pledge of Pledged Revenues granted by the City hereunder, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Notes are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Holders of the Notes the perfection of the security interest in this pledge, the Governing Body agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in this pledge to occur.

SECTION 12: Deposits to Note Fund – Surplus Note Proceeds. The Issuer hereby covenants and agrees to cause to be deposited in the Note Fund prior to a principal and interest payment date for the Notes, from Pledged Revenues or from other lawfully available funds, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Notes as the same accrues or matures or comes due by reason of Stated Maturity.

Accrued interest, if any, received from the Purchasers of the Notes shall be deposited to the Note Fund. In addition, any surplus proceeds from the sale of the Notes, including investment income thereon, not expended for authorized purposes, as described in Section 1 hereof, shall be deposited in the Note Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said fund from Pledged Revenues.

SECTION 13: Security of Funds. All money on deposit in the funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and money on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

SECTION 14: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees particularly that in the event the Issuer (a) defaults in the payments to be made to the Note Fund or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Notes shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Governing Body of the Issuer and other officers of the Issuer to observe and perform any covenant, condition, or obligation prescribed in this Ordinance; provided, however, that no such default shall occur, or aforementioned remedies available, if any of the foregoing results from the Governing Body's failure to Appropriate, in whole or in part, a sufficient amount of Appropriated Funds to satisfy the obligations of the City under this Ordinance or the Notes at such time due and owing.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 15: Additional Obligations. The Issuer expressly reserves the right to hereafter issue Additional Obligations without limitation as to principal amount, but subject to any terms, conditions or restrictions applicable thereto under law or otherwise.

Additional Obligations, if issued, may be payable, in whole or in part, from Pledged Revenues (without impairment of the obligation of contract with the Holders of the Notes) upon such terms and conditions as the Governing Body may determine. Additional Obligations, if issued and payable, in whole or in part from "Pledged Revenues" (as defined in the same or similar terms as the term Pledged Revenues is defined in this Ordinance), shall not, in any event, be construed as payable from those Pledged Revenues required by this Ordinance to be budgeted and appropriated for the payment of the Notes and interest thereon; provided, however, that no such Additional Obligations of the Issuer shall be issued if the City does not have funds lawfully available to be Appropriated in an amount sufficient to pay all Debt Service Requirements coming due in any Fiscal Year, taking into account the Debt Service Requirements of the Notes, as well as the Debt Service Requirements of any Additional Obligations from time to time issued (or to be issued) and outstanding.

SECTION 16: Notices to Holders – Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the books and records of the Paying Agent at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 17: Cancellation. All Notes surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Paying Agent and, if not already canceled, shall be promptly canceled by the Paying Agent. The Issuer may at any time deliver to the Paying Agent for cancellation any Notes previously countersigned and delivered which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Paying Agent. All canceled Notes held by the Paying Agent shall be destroyed as directed by the Issuer.

SECTION 18: Mutilated, Destroyed, Lost, and Stolen Notes. If (1) any mutilated Note is surrendered to the Paying Agent, or the Issuer and the Paying Agent receive evidence to their satisfaction of the destruction, loss, or theft of any Note, and (2) there is delivered to the Issuer and the Paying Agent such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the Issuer or the Paying Agent that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon its request, the Paying Agent shall countersign and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Note, a new Note of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

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

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

Every new Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Note shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Note shall be at any time enforceable by anyone, and

shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Notes.

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

SECTION 19: Sale of Notes – Approval of Purchase Contract – Authorization and Distribution of the Official Statement — Use of Proceeds. The Notes authorized by this Ordinance are hereby sold by the Issuer to Branch Banking and Trust Company, Charlotte, North Carolina (the *Purchasers*, having all of the rights, duties, and obligations of a Holder) in accordance with the provisions of a Purchase and Investment Letter, dated December 5, 2013 (the *Purchase Contract*), attached hereto as Exhibit B and incorporated hereby by reference as a part of this Ordinance for all purposes. The Initial Notes shall be recorded in the name of Branch Banking and Trust Company. The pricing and terms of the sale of the Notes are hereby found and determined to be the most advantageous reasonably obtainable by the City. Each Authorized Official is hereby authorized and directed to execute the Purchase Contract for and on behalf of the Issuer and as the act and deed of this Governing Body, and in regard to the approval and execution of the Purchase Contract, the Governing Body hereby finds, determines and declares that the representations, warranties, and agreements of the Issuer contained in the Purchase Contract are true and correct in all material respects and shall be honored by the Issuer. Delivery of the Notes to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Purchase Contract.

Proceeds from the sale of the Notes shall be applied as follows:

(1) Accrued interest, if any, received from the Purchasers shall be deposited into the Note Fund.

(2) The balance of the proceeds derived from the sale of the Notes (after paying costs of issuance in the amount identified in the closing memorandum relating to the Notes prepared by the City's co-financial advisors) shall be deposited into the special construction account or accounts created for the projects to be constructed with the proceeds of the Notes or used by the City to reimburse itself for prior Project expenditures. This special construction account shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 10 of this Ordinance. Interest earned on the proceeds of the Notes pending completion of construction of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code (as such terms are voluntarily applied by the City to its treatment of the Notes), or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 12 of this Ordinance.

SECTION 20: Taxable Obligations. The Notes are not "state or local bonds" within the meaning of section 103(a) and (c) of the Internal Revenue Code of 1986, as amended; therefore, the interest on the Notes is not excludable from the gross income of the holders thereof for federal income tax purposes.

SECTION 21: Control and Custody of Notes. The Mayor shall be and is hereby authorized to take and have charge of all necessary orders and records and shall take and have charge and control of the Notes pending their delivery to the Purchasers.

Furthermore, each Authorized Official is hereby authorized and directed to furnish and execute such documents relating to the Issuer and its financial affairs as may be necessary for the issuance of the Notes and, together with the Issuer's financial advisors, Bond Counsel, and the Paying Agent, make the necessary arrangements for the delivery of the Initial Notes to the Purchasers and the initial exchange thereof for definitive Notes (if so requested or required by the Holders).

SECTION 22: Satisfaction of Obligation of Issuer. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Notes, at the times and in the manner stipulated in this Ordinance, then the pledge of Pledged Revenues made under this Ordinance and all covenants, agreements, and other obligations of the Issuer to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Notes, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Notes or the principal amount(s) thereof at Stated Maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Notes, or the principal amount(s) thereof, at the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent have been made) the redemption date thereof for the Notes. In the event of a gross defeasance of the Notes, the City shall deliver a certificate from its financial advisor, the Paying Agent, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Notes. The City covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Notes to be treated as arbitrage bonds within the meaning of section 148 of the Code.

Any money so deposited with the Paying Agent, and all income from Government Securities held in trust by the Paying Agent, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Notes, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the

Issuer or deposited as directed by the Issuer. Furthermore, any money held by the Paying Agent for the payment of the principal of and interest on the Notes and remaining unclaimed for a period of three (3) years after the Stated Maturity or applicable redemption date of the Notes such money was deposited and is held in trust to pay shall upon the request of the Issuer be remitted to the Issuer against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

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

SECTION 23: Printed Opinion. The Purchasers' obligation to accept delivery of the Notes is subject to its being furnished a final opinion of Fulbright & Jaworski LLP, as Bond Counsel, approving certain legal matters as to the Notes, said opinion to be dated and delivered as of the date of initial delivery and payment for such Notes. Printing of a true and correct copy of this opinion on the reverse side of each of the Notes, with appropriate certificate pertaining thereto executed by facsimile signature of the City Clerk of the Issuer is hereby approved and authorized.

SECTION 24: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 25: Ordinance a Contract; Amendments - Outstanding Notes. The Issuer acknowledges that the covenants and obligations of the Issuer herein contained are a material inducement to the purchase of the Notes. This Ordinance shall constitute a contract with the Holders from time to time, shall be binding on the Issuer and its successors and assigns, and shall not be amended or repealed by the Issuer so long as any Note remains Outstanding except as permitted in this Section. The Issuer may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Issuer may, with the written consent of Holders holding a majority in aggregate principal amount of the Notes then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided, however that, without the consent of all Holders of Outstanding Notes, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, and interest on the Notes, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, or interest on the Notes, (2) give any preference to any Note over any other Note, or (3) reduce the aggregate principal amount of Notes required for consent to any such amendment, addition, or rescission.

SECTION 26: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the Issuer, Bond Counsel, Paying Agent, the Purchasers, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the Issuer, Bond Counsel, the Paying Agent, the Purchasers, and the Holders.

SECTION 27: 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 28: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 29: 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 30: Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 31: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 32: Authorization of Paying Agent Agreement. The Governing Body of the Issuer hereby finds and determines that it is in the best interest of the Issuer to authorize the execution of a Paying Agent Agreement concerning the payment, exchange, registration, and transferability of the Notes. A copy of the Paying Agent Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 33: 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 34: Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the Issuer or of the Paying Agent shall most

effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

SECTION 35: No Recourse Against Issuer Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Note or for any claim based thereon or on this Ordinance against any official of the Issuer or any person executing any Note.

SECTION 36: Continuing Disclosure Undertaking. As used in this Section, the following terms have the meanings ascribed to such terms below:

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

SEC means the United States Securities and Exchange Commission.

The Notes are being sold pursuant to a private placement with the Purchasers, in denominations of generally $100,000 or any integral multiple of $5,000 in excess thereof, to less than thirty-five sophisticated investors, and therefore the Rule is not applicable to the offering of the Notes. Accordingly, no contract to provide continuing disclosure information after the issuance of the Notes has been made by the District with investors.

SECTION 37: Authorization of a Financing Agreement. In exchange for the City's issuance of the Notes to finance the Project, the Corporation has agreed to remit to the City a portion of its revenues derived from a sales and use tax imposed and collected by the City on the Corporation's behalf pursuant to Chapter 379A, as amended, Texas Local Government Code, and the results of an election conducted on November 6, 2012 (and which proceeds are dedicated to the support of the Corporation's "Pre-K 4 SA" program). This transferred amount shall annually aggregate to and equal the annual amount of the principal of and interest on the Notes coming due for such period. Accordingly, and to provide assurance that in exchange for the City's issuance and repayment of the Notes the Corporation will transfer those amounts to the City, the Corporation and the City have agreed to enter into a Financing Agreement in substantially the form attached hereto as Exhibit C (the *Financing Agreement*). The form and substance of the Financing Agreement is hereby approved and any Authorized Official is hereby authorized and directed to execute the Financing Agreement on behalf, and as the act and deed, of the Issuer.

SECTION 38: Further Procedures. The officers and employees of the Issuer 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 Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the Notes, the Paying Agent Agreement, the Financing Agreement, and the Purchase Contract. In addition, prior to the initial delivery of the Notes, each Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance. In case any officer of

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

SECTION 39: Note Not a Public Security. For the avoidance of doubt, the Notes evidence a loan made by the Purchasers to the City (and are not issued and sold, as contemplated by Section 1201.022, as amended, Texas Government Code), and do not constitute a "public security" as such term is defined in Chapter 1201, as amended, Texas Government Code. The Purchasers do not intend to negotiate or sell participations in the Notes.

SECTION 40: Accounting Reports. The City shall provide annually to the Purchasers, for so long as it is the Holder of the Notes, within 180 days after the end of each Fiscal Year ending in or after 2013, financial information and operating data with respect to the City; provided that such financial statements so to be provided shall be (1) prepared in accordance with the generally accepted accounting principles, or such other accounting principles as the City may be required to employ from time to time pursuant to Texas law or regulations, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide (1) unaudited financial statements for the applicable Fiscal Year within six months after the end of such Fiscal Year, and (2) audited financial statements for the applicable Fiscal Year to the Purchasers when and if the audit report on such statements become available.

SECTION 41: 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 City Council, otherwise the same shall take effect on the tenth day after the date of its passage by the City Council.

[The remainder of this page intentionally left blank.]

PASSED AND ADOPTED by an affirmative vote of 10 members of the City Council of the City of San Antonio, Texas, this the 5th day of December, 2013.

CITY OF SAN ANTONIO, TEXAS

Mayor

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

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INDEX TO SCHEDULES AND EXHIBITS

Schedule I.....Approval Certificate

Exhibit A.....Paying Agent Agreement

Exhibit B.....Purchase Contract

Exhibit C.....Financing Agreement

SCHEDULE I

Approval Certificate

EXHIBIT A

Paying Agent Agreement

See Tab No. __

EXHIBIT B

Purchase Contract

See Tab No. __

EXHIBIT C

Financing Agreement

See Tab No. __

Agenda Item:	**38 (in consent vote: 7, 8, 9, 10, 11, 12A, 12B, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 31, 32, 34, 36, 37, 38, 39, 40, 41, 42, 43A, 43B, 43C, 43D)**
Date:	12/05/2013
Time:	10:02:38 AM
Vote Type:	Motion to Approve
Description:	An Ordinance by the City Council of the City of San Antonio, Texas authorizing the issuance of up to $20,900,000 "City of San Antonio, Texas Revenue Notes, Taxable Series 2013A" and the pledge of lawfully available revenues, subject to annual appropriation, as security therefor; prescribing the form, terms, conditions and resolving other matters incident and related to the issuance, sale, and delivery of the Notes; authorizing the execution of a Paying Agent Agreement, a Financing Agreement, and a Purchase and Investment Letter; complying with the provisions of the Depository Trust Company's letter of representations; delegating the authority to certain City officials and members of the City staff to execute certain documents relating to the sale of the Notes; enacting other provisions incident and related to the subject and purpose of this Ordinance; and providing for an effective date. [Ben Gorzell, Chief Financial Officer; Troy Elliot, Director, Finanace]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor	x					
Diego Bernal	District 1		x				x
Ivy R. Taylor	District 2		x				
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x			x	
Joe Krier	District 9		x				
Carlton Soules	District 10		x				