

CERTIFICATE FOR RESOLUTION

I, the undersigned City Clerk of the CITY OF SAN ANTONIO, TEXAS (the "City"), hereby certify as follows:

1. The City Council of the City convened in REGULAR MEETING ON THE 4TH DAY OF DECEMBER, 2014 at the City Hall, and the roll was called of the duly constituted officers and members of said City Council, to wit:

- | | |
|--|---|
| Ivy R. Taylor, Mayor | Ray Lopez, Councilmember, District 6 |
| Vacancy, District 1 | Cris Medina, Councilmember, District 7 |
| Keith Toney, Councilmember, District 2 | Ron Nirenberg, Councilmember, District 8 |
| Rebecca J. Viagan, Councilmember, District 3 | Joe Krier, Councilmember, District 9 |
| Rey Saldaña, Councilmember, District 4 | Mike Gallagher, Councilmember District 10 |
| Shirley Gonzales, Councilmember, District 5 | |

all of said officers and members of said City Council were present, except the following absentees: Viagan, Lopez, and Medina

Whereupon, among other business, the following was transacted at said Meeting: a written

ORDINANCE NO. 2014 - 12 - 04 - 0969

ORDINANCE AUTHORIZING THE CITY TO TAKE ALL ACTIONS NECESSARY TO DEFEASE TWO OUTSTANDING BONDS ISSUED IN 2010 BY THE CITY TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT IN CONNECTION WITH PROVIDING FINANCIAL ASSISTANCE TO THE PORT AUTHORITY OF SAN ANTONIO, INCLUDING APPROVING AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT RELATED TO SUCH DEFEASANCE

was duly introduced for the consideration of said City Council. It was then duly moved and seconded that said Ordinance be passed on first reading and, after due discussion, said motion carrying with it the adoption of said Ordinance, prevailed and carried by the following vote:

AYES: 7 NOES: 0 ABSTENTIONS: 0

2. A true, full and correct copy of the aforesaid Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Ordinance has been duly recorded in said City Council's minutes of said Meeting; the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Ordinance would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED THIS 4TH DAY OF DECEMBER, 2014.



Lucinda J. Vaca

City Clerk, City of San Antonio, Texas

ORDINANCE NO. 2014-12-04-0969

ORDINANCE AUTHORIZING THE CITY TO TAKE ALL ACTIONS NECESSARY TO DEFEASE TWO OUTSTANDING BONDS ISSUED IN 2010 BY THE CITY TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT IN CONNECTION WITH PROVIDING FINANCIAL ASSISTANCE TO THE PORT AUTHORITY OF SAN ANTONIO, INCLUDING APPROVING AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT RELATED TO SUCH DEFEASANCE

STATE OF TEXAS §
COUNTIES OF BEXAR AND COMAL §
CITY OF SAN ANTONIO §

WHEREAS, the CITY OF SAN ANTONIO, TEXAS (the "*City*") is a political subdivision of the State of Texas operating as a home-rule municipality pursuant to the Texas Local Government Code and its City Charter which was initially approved by the qualified voters of the City on October 2, 1951, and which has been amended from time to time, with the most recent amendments being approved by the qualified voters of the City on November 4, 2008; and

WHEREAS, pursuant to Ordinance No. 2010-06-24-0628 (the "*2010 Ordinance*"), on or about July 21, 2010, the City issued and delivered two bonds to the United States Department of Housing and Urban Development ("*HUD*"), one in the original principal amount of \$9,730,000 (referred to in the 2010 Ordinance and in also in this Ordinance as the "*\$9,730,000 Bond*") and the other in the original principal amount of \$2,425,000 (referred to in the 2010 Ordinance and in also in this Ordinance as the "*\$2,425,000 Bond*" and herein referred to collectively with the \$9,730,000 Bond, the "*2010 Bonds*"), the proceeds of which were used to refund, in order to achieve debt service savings, two loans previously issued by HUD to the City ("the "*Original Loans*") to provide funds to support the redevelopment of the former Kelly Air Force Base, all of which is more fully described in the 2010 Ordinance; and

WHEREAS, the 2010 Bonds are further described as follows:

DESCRIPTION OF \$9,730,000 BOND
(Identified by HUD as Note Number B-97-MC-48-0508)

<u>MATURITY (AUGUST 1)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>PRINCIPAL AMOUNT TO BE DEFEASED (\$)</u>
2015	1,410,000	1,410,000
2016	1,510,000	1,510,000
2017	<u>2,010,000</u>	<u>2,010,000</u>
Totals	<u>4,930,000</u>	<u>4,930,000</u>

DESCRIPTION OF \$2,425,000 BOND
(Identified by HUD as Note Number B-97-MC-48-0508)

<u>MATURITY (AUGUST 1)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>PRINCIPAL AMOUNT TO BE DEFEASSED (\$)</u>
2015	355,000	355,000
2016	375,000	375,000
2017	<u>500,000</u>	<u>500,000</u>
Totals	<u>1,230,000</u>	<u>1,230,000</u>

WHEREAS, the 2010 Bonds are not subject to redemption prior to stated maturity; accordingly, the City is obligated to continue making principal and interest payments to the final maturity dates of 2010 Bonds, which are further described in the following table:

<u>PAYMENT DATE</u>	<u>\$9,730,000 BOND PRINCIPAL (\$)</u>	<u>\$9,730,000 BOND INTEREST (\$)</u>	<u>\$2,425,000 BOND PRINCIPAL (\$)</u>	<u>\$2,425,000 BOND INTEREST (\$)</u>	<u>TOTAL PAYMENT (\$)</u>
2/15/2015		64,838.50		16,167.50	81,006.00
8/15/2015	1,410,000.00	64,838.50	355,000.00	16,167.50	1,846,006.00
2/15/2016		49,328.50		12,262.50	61,591.00
8/15/2016	1,510,000.00	49,328.50	375,000.00	12,262.50	1,946,591.00
2/15/2017		29,245.50		7,275.00	36,520.50
8/15/2017	<u>2,010,000.00</u>	<u>29,245.50</u>	<u>500,000.00</u>	<u>7,275.00</u>	<u>2,546,520.50</u>
Totals	<u>4,930,000.00</u>	<u>286,825.00</u>	<u>1,230,000.00</u>	<u>71,410.00</u>	<u>6,518,235.00</u>

WHEREAS, the former Kelly Air Force Base is now owned and operated by the **PORT AUTHORITY OF SAN ANTONIO** (the "**Port Authority**"), and the Port Authority is the successor to the rights and obligations of the *Greater Kelly Development Corporation* which was created by the City for the purpose of redeveloping Kelly Air Force Base; and

WHEREAS, the 2010 Bonds are secured with a lien on and pledge of certain funds and revenues of the City as set forth in Sections 5 and 15 of the "Contracts" defined in and approved by the 2010 Ordinance, including:

- (i) all allocations or grants which have been made or for which the City may become eligible under Section 106 of the HUD Act, as well as any grants which are or may become available to the City pursuant to Section 108(q) of the HUD Act;

- (ii) program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the "Guaranteed Loan Funds" (as defined in the Contract);
- (iii) other security as described in paragraph 15, et seq., of the Contracts or incorporated therein by paragraph D thereof, as applicable and if any;
- (iv) all proceeds (including insurance and condemnation proceeds) from any of the foregoing; and
- (v) all funds or investments in the accounts established pursuant to paragraphs 1 and 6 of the Contracts; and

WHEREAS, the proceeds of the Original Loans were loaned to the Greater Kelly Development Corporation (which is the predecessor of the Port Authority) pursuant to the terms of a *Commitment Letter and Loan Agreement*, dated as of July 21, 1998, between the City and the Greater Kelly Development Corporation, which was amended in connection with the issuance of the 2010 Bonds (collectively, the "*Loan Agreement*"); and

WHEREAS, pursuant to the terms of the Loan Agreement, the Port Authority is obligated to provide sufficient funds to the City, and has always provided such funds, to pay the principal of and interest on the Original Loans and, after refinancing the Original Loans in 2010, the 2010 Bonds when due; and

WHEREAS, in order to secure the Port Authority's obligations to provide funds to the City sufficient to pay debt service on the Original Loans, the Port Authority granted to the City, pursuant to a Deed of Trust, Security Agreement and Financing Statement, dated as of August 4, 1998 (the "*Deed of Trust*"), a lien on the Port Authority's leasehold and fee simple interest in Buildings 361, 363, 365, 375 and 379 and certain other property of the Port Authority described in the Deed of Trust; and

WHEREAS, the Deed of Trust remains outstanding and continues to secure the Port Authority's obligation to make payments to the City in an amount sufficient to pay debt service on the 2010 Bonds when due; and

WHEREAS, the Port Authority has notified the City that it is in the process of refinancing certain of its outstanding debt and, in connection therewith, desires to pledge all or a portion of its property which is currently pledged to the City under the Deed of Trust; accordingly, in order for the City to release its lien on such property, and to protect the City's financial interests, it will be necessary to establish and fund an escrow fund with cash and authorized investment securities sufficient to pay all principal and interest on the 2010 Bonds coming due until their scheduled maturity dates in order to legally defease the City's payment obligations on the 2010 Bonds; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("**Chapter 1207**"), authorizes the City to deposit any available funds or resources directly with a place of payment (paying agent) for the 2010 Bonds, or with another trust company or commercial bank that does not act as a depository for the City, in an amount sufficient to provide for the payment and/or redemption of the 2010 Bonds, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the 2010 Bonds; and

WHEREAS, Chapter 1207 (specifically Section 1207.062, Texas Government Code) further authorizes the City to enter into an escrow agreement with any paying agent for the 2010 Bonds, or with another trust company or commercial bank that does not act as a depository for the City, with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent may agree; provided that such deposits may be invested and reinvested in:

(i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States,

(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 City Council of the City adopts or approves this Ordinance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and

(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 City Council of the City adopts or approves this Ordinance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent,

and all of which must mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or redemption of the 2010 Bonds; and

WHEREAS, **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, currently serves as the paying agent for the 2010 Bonds pursuant to the terms of an Amended and Restated Master Fiscal Agency Agreement, dated as of May 17, 2000, between the Secretary of the United States Department of Housing and Urban Development and The Chase Manhattan Bank (now known as The Bank of New York Mellon Trust Company, N.A.), and the Escrow Agreement hereinafter authorized between the City and The Bank of New York Mellon Trust Company, N.A., shall constitute an escrow agreement of the kind authorized and permitted by Chapter 1207; and

WHEREAS, the Escrow Fund established by the Escrow Agreement approved pursuant to this Ordinance will be funded from the following sources provided by the City (the "**City Funds**"):

- (i) \$3,700,000 from the City, which amount represents the redirection of the same amount previously budgeted for street maintenance at the Port, all as further provided in an amendment to the Agreement to Pledge Structural Reserve Funds between the City and the Port Authority which was previously authorized by the City Council pursuant to Ordinance No. 2014-08-21-0607;
- (ii) All funds on deposit in an account generally known as the "HUD Loan Repayment Account" on the date the Escrow Fund is funded (which currently contains approximately \$483,655.89); and
- (iii) The remaining requirement from funds on deposit in the City's Structural Reserve established in connection with the Original Loans, as previously authorized by Ordinance No. 2014-08-21-0607; and

WHEREAS, the City Council further finds that defeasing the 2010 Bonds and releasing the City's lien on certain of the Port Authority's property as authorized by this Ordinance and for the purposes described in these recitals is in the best interests of the City and will be beneficial to the Port Authority; and

WHEREAS, the City Council now deems it necessary and appropriate to approve the form and content of the Escrow Agreement, to authorize the use of certain City funds to be contributed to the Escrow Fund established by the Escrow Agreement, to authorize the release of liens on certain real property owned by the Port Authority as described in the Deed of Trust, and to take all other actions deemed necessary in connection with defeasing the 2010 Bonds; and

WHEREAS, it is hereby officially found and determined that the meeting at which this ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; **NOW THEREFORE:**

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

SECTION 1. APPROVAL OF ESCROW AGREEMENT. The City Council hereby approves the Escrow Agreement in substantially the form attached hereto as *Exhibit A* and further authorizes the Mayor, City Manager, each Deputy and Assistant City Manager, the Chief Financial Officer and the Director of Finance of the City to execute the Escrow Agreement and approve any and all changes thereto from the form approved by this Ordinance.

SECTION 2. AUTHORIZATION TO UTILIZE CERTAIN CITY FUNDS TO CONTRIBUTE TO ESCROW FUND AND PAY RELATED COSTS. The City's Finance Department is hereby authorized to transfer up to a maximum of ***\$6,518,235.00*** of the City Funds described in the recitals of this Ordinance to the Escrow Agent for deposit in the Escrow Fund to be established by the Escrow Agreement. All or a portion of the funds deposited into the Escrow Fund may be used to purchase obligations described in Section 1207.062, Texas Government Code, which come due in the amounts and by the dates when the payment thereof would be required to pay amounts due on the 2010 Bonds. The Finance Department is further authorized to use any available funds to pay all costs associated with the defeasance of the 2010 Bonds, including but not limited to the fees and expenses of the Escrow Agent and advisors assisting the City with such defeasance.

SECTION 3. AUTHORIZATION TO RELEASE THE CITY'S LIEN ON CERTAIN PORT AUTHORITY PROPERTY. Upon the deposit of sufficient funds in the Escrow Agreement to legally defease the 2010 Bonds, the liens on all property of the Port Authority which was granted under the Deed of Trust to secure the Port Authority's payment obligation related to the 2010 Bonds shall be released, and the City Manager, each Deputy and Assistant City Manager, the Chief Financial Officer of the City, and the Director of Finance of the City are each authorized to execute any documents deemed necessary to release such liens.

SECTION 4. APPROVAL OF ALL OTHER DOCUMENTS AND ACTIONS. The City Council hereby authorizes the City Manager, each Deputy and Assistant City Manager, the Chief Financial Officer of the City, and the Director of Finance of the City 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, documents and agreements, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance.

SECTION 5. ENFORCEABILITY OF ORDINANCE. If any section, paragraph, clause, or provision of this Ordinance shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance. In case any obligation of the City authorized or established by this Ordinance is held to be in violation of law as applied to any person or any circumstance, such obligation shall be deemed to be the obligation of the City to the fullest extent permitted by law.

SECTION 6. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City Council hereby incorporates such recitals as a part of this Ordinance.

SECTION 7. EFFECTIVE DATE. This Ordinance become effective immediately upon its passage by (8) votes or more and upon ten (10) days following its passage if approved by fewer then eight (8) votes.

12/04/14
Item #30

PASSED AND APPROVED this 4th day of December, 2014.



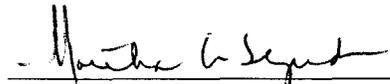
M A Y O R
Ivy R. Taylor

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Martha Sepeda, Acting City Attorney

(CITY SEAL)

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EXHIBIT A
FORM OF ESCROW AGREEMENT