LOH 11/21/13
Item No. 45

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 21TH DAY OF NOVEMBER, 2013 at the City Hall, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Julián Castro, Mayor
Diego M. Bernal, Councilmember, District 1
Ivy R. Taylor, Councilmember, District 2
Rebecca J. Viagran, Councilmember, District 3
Rey Saldaña, Councilmember, District 4
Shirley Gonzales, Councilmember, District 5
Ray Lopez, Councilmember, District 6
Cris Medina, Councilmember, District 7
Ron Nirenberg, Councilmember, District 8
Joe Krier, Councilmember, District 9
Carlton Soules, Councilmember District 10

all of said officers and members of said City Council were present, except the following absentees: NONE. Whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION NO. 2013-11-21-0404R

RESOLUTION OF THE CITY OF SAN ANTONIO REQUESTING AND APPROVING THE ISSUANCE BY THE CITY OF SAN ANTONIO, TEXAS EMPOWERMENT ZONE DEVELOPMENT CORPORATION OF $39,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS *CONTRACT REVENUE EMPOWERMENT ZONE REFUNDING BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2013A AND SERIES 2013B*, THE PROCEEDS OF WHICH WILL BE LOANED TO ALAMO NATIONAL BUILDING DEVELOPMENT, LP, A MISSOURI LIMITED PARTNERSHIP, TO PROVIDE FUNDS TO REFUND THE CORPORATION'S OUTSTANDING CONTRACT REVENUE EMPOWERMENT ZONE BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2005 AND SERIES 2007 WHICH WERE ISSUED TO FINANCE THE REDEVELOPMENT OF THE FORMER ALAMO NATIONAL BANK BUILDING INTO A HOTEL, AND APPROVING OTHER MATTERS RELATED THERETO

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

AYES: 11 NOES: Ø ABSTENTIONS: Ø

2. A true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Resolution 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 Resolution; 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 Resolution 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 THE 21ST DAY NOVEMBER, 2013

City Clerk, City of San Antonio, Texas

(Seal)

LOH 11/21/13
Item No. 45

RESOLUTION NO. 2013-11-21-0040R

RESOLUTION OF THE CITY OF SAN ANTONIO REQUESTING AND APPROVING THE ISSUANCE BY THE CITY OF SAN ANTONIO, TEXAS EMPOWERMENT ZONE DEVELOPMENT CORPORATION OF $39,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS *CONTRACT REVENUE EMPOWERMENT ZONE REFUNDING BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2013A AND SERIES 2013B*, THE PROCEEDS OF WHICH WILL BE LOANED TO ALAMO NATIONAL BUILDING DEVELOPMENT, LP, A MISSOURI LIMITED PARTNERSHIP, TO PROVIDE FUNDS TO REFUND THE CORPORATION'S OUTSTANDING CONTRACT REVENUE EMPOWERMENT ZONE BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2005 AND SERIES 2007 WHICH WERE ISSUED TO FINANCE THE REDEVELOPMENT OF THE FORMER ALAMO NATIONAL BANK BUILDING INTO A HOTEL, AND APPROVING OTHER MATTERS RELATED THERETO

* * * * *

WHEREAS, the **CITY OF SAN ANTONIO, TEXAS EMPOWERMENT ZONE DEVELOPMENT CORPORATION** (the "***Issuer***") is a nonprofit local government corporation created and existing under the laws of the State of Texas, including particularly Subchapter D of Chapter 431, Texas Transportation Code (the "***Act***"), to act on behalf of the **CITY OF SAN ANTONIO, TEXAS** (the "***City***") for the purpose of "*aiding and acting on behalf of the City to accomplish certain governmental purposes of the City, to wit: the administration of various federal tax incentives relating to the Empowerment Zone designated within the City, including but not limited to the issuance of empowerment zone facility bonds on behalf of qualified businesses within the Empowerment Zone, at the request of the City Council of the City*"; and

WHEREAS, pursuant to Section 431.101(b) of the Act, the Issuer has the powers of a corporation authorized for creation by the Texas Transportation Commission (the "***Commission***") under Chapter 431, Texas Transportation Code ("***Chapter 431***"), and pursuant to Section 431.062(a) of Chapter 431, a corporation created by the Commission under Chapter 431 "*has the powers and privileges of a nonprofit corporation incorporated under the Texas Non-Profit Corporation Act*"; accordingly, the Issuer, in addition to the powers expressed in the Act, has all powers and privileges of a nonprofit corporation granted under the Texas Non-Profit Corporation Act (which is now codified under various provisions of the Texas Business Organizations Code); and

WHEREAS, pursuant to law, particularly Section 99 of the Charter of the City, the City is authorized to issue revenue bonds for certain specific purposes enumerated therein and for "*any other lawful public purpose, provided such bonds shall never be a debt of the City and shall*

be a charge upon and payable solely from the designated sources, properties or interest acquired and the income therefrom"; and

WHEREAS, state law recognizes that economic development by municipalities is a "public purpose" as evidenced by, among other laws, the provisions of (i) Article III, Section 52-a of the Texas Constitution which provides that the "*development and diversification of the economy of the state, [and] the elimination of unemployment or underemployment in the state*" is a "public purpose", and (ii) Chapter 380, Texas Local Government Code, which was enacted by the Texas Legislature in 1987 to implement the authority granted in Article III, Section 52-a of the Texas Constitution by authorizing municipalities to "*establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality.*"

WHEREAS, a portion of the City was designated pursuant to Section 1391(h) of the Internal Revenue Code of 1986, as amended (the "***Code***") by the U.S. Department of Housing and Urban Development as a *Round III Urban Empowerment Zone* (the "***Empowerment Zone***"), which, among other areas, included the downtown area of the City; and

WHEREAS, among other federal tax incentives available to provide a catalyst for private investment and promote economic development within the Empowerment Zone, the City was authorized to issue up to *$230,000,000* in principal amount of bonds (the "***City's Empowerment Zone Bond Capacity***") and loan the proceeds thereof to a private entity to provide an "enterprise zone facility" which consists of "qualified zone property" the principal user of which is an "enterprise zone business" (as such terms are defined in Sections 1394, 1397D and 1397C, respectively, of the Code) in the Empowerment Zone, the interest on which is excludable from federal income taxation ("***Empowerment Zone Bonds***"); and

WHEREAS, the Issuer, acting on behalf of the City, issued and has outstanding the following series of Empowerment Zone Bonds:

> **CITY OF SAN ANTONIO, TEXAS EMPOWERMENT ZONE DEVELOPMENT CORPORATION CONTRACT REVENUE EMPOWERMENT ZONE BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2005**, dated as of October 1, 2005, and currently outstanding in the aggregate principal amount of *$21,900,000* (the "***Series 2005 Bonds***"); and
>
> **CITY OF SAN ANTONIO, TEXAS EMPOWERMENT ZONE DEVELOPMENT CORPORATION CONTRACT REVENUE EMPOWERMENT ZONE BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2007**, dated as of November 1, 2007, and currently outstanding in the aggregate principal amount of *$18,000,000* (the "***Series 2007 Bonds***"); and

WHEREAS, the Series 2005 Bonds were issued pursuant to the provisions of an Indenture of Trust, dated as of October 1, 2005, between the Issuer and *U.S. Bank National Association*, as Trustee (the "***2005 Indenture***"), and the Series 2007 Bonds were issued pursuant to the provisions of an Indenture of Trust, dated as of November 1, 2007, between the Issuer and *U.S. Bank National Association*, as Trustee (the "***2007 Indenture***"); and

WHEREAS, **ALAMO NATIONAL BUILDING DEVELOPMENT PARTNERSHIP, L.P.** (the "***Ground Lessor***"), a Texas limited partnership composed of **ALAMO NATIONAL MANAGEMENT, LLC**, a Texas limited liability company, as the general partner, and **DRURY SOUTHWEST ALAMO DEVELOPMENT**, a Delaware limited partnership, as limited partner, acquired the former Alamo National Bank Building and related parking facilities (located on the west side of St. Mary's Street between Commerce Street and Market Street in the City's downtown area), for the purpose of renovating and redeveloping such property into a new hotel as described in the following recital; and

WHEREAS, all proceeds of the Series 2005 Bonds and the Series 2007 Bonds were loaned to **ALAMO NATIONAL BUILDING DEVELOPMENT, LP**, a Missouri limited partnership (the "***Borrower***") pursuant to two separate loan agreements between the Issuer and the Borrower for the purpose of providing funds to pay a portion of the costs to acquire, renovate and redevelop the former Alamo National Bank Building and related parking facilities into an approximately 367-room hotel and to construct related amenities, parking facilities and improvements along the Riverwalk (collectively, the "***Project***"); however, for purposes of clarification the term "Project" does not include any costs or work related to the construction or renovation, furnishing and equipping of meeting rooms, restaurants, and the parking facilities associated with such hotel as such facilities were funded with funds other than proceeds of the Series 2005 Bonds and Series 2007 Bonds; and

WHEREAS, the Ground Lessor has leased the site on which the Project is located to the Borrower for an initial term of 50 years pursuant to a "Ground Lease" between the Ground Lessor and the Borrower, and the Borrower has completed the renovation and redevelopment the Project; and

WHEREAS, the Project is located within the Empowerment Zone, and the Borrower has represented to the City and the Issuer that the Borrower and the Project satisfies the requirements of an "enterprise zone facility" as set forth in Section 1394(b) of the Code, which include the requirements of an "enterprise zone business" as set forth in Section 1397B of the Code, as modified by Section 1394 of the Code (including but not limited to the requirement that during each year of the term that the Series 2005 Bonds and the Series 2007 Bonds are outstanding and the Series 2013A Bonds and the Series 2013B Bonds authorized by this Resolution are outstanding, at least 35% of the employees of the enterprise zone business, including the Project, will be residents of the Empowerment Zone) and "qualified zone property" as set forth in Section 1397D of the Code, as modified by Section 1394 of the Code; and

WHEREAS, the Project is operated on behalf of the Borrower by **DRURY HOTELS COMPANY, LLC** (the "***Operator***"), a Nevada limited liability company, pursuant to a "Hotel Management Agreement" between the Borrower and the Operator; and

WHEREAS, the Ground Lessor, the Borrower and the Operator are each related to or affiliated with Drury Southwest, Inc., a Missouri corporation; and

WHEREAS, pursuant to Section 10.02 of the 2005 Indenture and the Series 2007 Indenture, all liability of the Issuer in respect of the Series 2005 Bonds and the Series 2007 Bonds shall cease, terminate and be completely discharged when there has been deposited with the Trustee, in trust, at or before maturity or redemption, as the case may be, of money or securities in the necessary amount (as provided in Section 10.03 thereof) to pay or redeem all outstanding Series 2005 Bonds and Series 2007 Bonds (whether upon or prior to its maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption must have been given as provided in Article IV of the 2005 Indenture and the 2007 Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

WHEREAS, pursuant to Section 4.01(3) of the 2005 Indenture and the 2007 Indenture, the Series 2005 Bonds and the Series 2007 Bonds, while bearing interest at a "Weekly Interest Rate" (as defined therein), are subject to redemption on any "Interest Payment Date" (i.e., the first business day of each month) at the option of the Issuer upon direction of the Borrower as provided in Section 8.5 of the Loan Agreement, in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the date of redemption; and

WHEREAS, the Series 2005 Bonds and the Series 2007 Bonds currently are bearing interest at a Weekly Interest Rate, and the Borrower has requested the Issuer to redeem all outstanding Series 2005 Bonds and Series 2007 Bonds on the first business day of December 2013 (i.e., Monday, December 2, 2013) or the earliest possible date thereafter for which notice can be given if such Bonds cannot be redeemed, for any reason, on such date; and

WHEREAS, the Borrower also has requested the Issuer to issue two new series of revenue bonds for the purpose of providing funds sufficient, together with a contribution from the Borrower, to refund, redeem and defease all outstanding Series 2005 Bonds and Series 2007 Bonds; and

WHEREAS, the City previously determined that the construction and operation of the Project would promote economic development and stimulate business and commercial activity in the City and within the Empowerment Zone; and

WHEREAS, in lieu of the City issuing revenue bonds to refinance the Project as permitted by Chapter 99 of the City Charter, the City has requested the Issuer to issue the revenue

bonds on behalf of the City, and in so doing the Issuer will aid and act on behalf of the City, as permitted by Section 431.101(a), Texas Transportation Code, to accomplish the public purpose of enhancing economic development in the City and the governmental purpose of issuing revenue bonds, at the request of the Borrower, to provide funds to refinance a portion of the Project by refunding the outstanding Series 2005 Bonds and Series 2007 Bonds; and

WHEREAS, the City now deems it desirable to request the Issuer to authorize the issuance of (i) *$21,900,000* in principal amount of **CITY OF SAN ANTONIO, TEXAS EMPOWERMENT ZONE DEVELOPMENT CORPORATION CONTRACT REVENUE EMPOWERMENT ZONE REFUNDING BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2013A** (hereinafter called the "***Series 2013A Bonds***") for the purpose of making a loan to the Borrower to refund the outstanding Series 2005 Bonds, and (ii) *$18,000,000* in principal amount of **CITY OF SAN ANTONIO, TEXAS EMPOWERMENT ZONE DEVELOPMENT CORPORATION CONTRACT REVENUE EMPOWERMENT ZONE REFUNDING BONDS (DRURY SOUTHWEST HOTEL PROJECT), SERIES 2013B** (hereinafter called the "***Series 2013B Bonds***") for the purpose of making a loan to the Borrower to refund the outstanding Series 2007 Bonds; and

WHEREAS, the Series 2013A Bonds and the Series 2013B Bonds are collectively referred to herein as the "***Bonds***" and are to be authorized for issuance in accordance with a resolution to be adopted by the Board of Directors of the Issuer in substantially the form previously filed with the City (the "***Bond Resolution***") and in accordance with an Indenture of Trust in substantially the form being approved by the Bond Resolution; and

WHEREAS, the Bonds will be payable solely from revenues derived by the Issuer from the Borrower pursuant to provisions of the Bond Resolution and a Loan Agreement, dated as of November 1, 2013, between the Issuer and the Borrower (the "***Loan Agreement***"), and other applicable documents being entered into by the Issuer in connection with the issuance of the Bonds, and the City will have no responsibility in any manner for the payment of the debt service requirements of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended, requires an "applicable elected representative" of the City (which includes the City Council of the City) to approve the issuance of the Bonds after a public hearing is held following reasonable public notice; and

WHEREAS, on November 7, 2013, a public hearing was held with respect to the aforementioned subject matter and notice of such public hearing was published in a newspaper of general circulation in the City at least 14 days prior to such public hearing; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was adopted 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; and

WHEREAS, it is hereby deemed necessary and advisable that this Resolution be adopted; ***NOW THEREFORE:***

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

SECTION 1. REQUEST ISSUER TO UNDERTAKE REFINANCING OF THE PROJECT. The City Council hereby formally requests the Issuer to aid and act on behalf of the City to accomplish a governmental and public purpose of the City by issuing the Bonds for the purpose of providing funds to refinance a portion of the Project for the benefit of the Borrower by refunding and redeeming all outstanding Series 2005 Bonds and Series 2007 Bonds. The City hereby determines that the refinancing of the development, construction, equipping and furnishing of the Project will promote economic development and will stimulate business and commercial activity in the City and will further the objectives of the City to continue the utilization of a portion of the federal economic development incentives provided in connection with the City's Empowerment Zone.

SECTION 2. APPROVING THE ISSUANCE OF THE BONDS. In order to satisfy the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, the City hereby approves the issuance of the Bonds described above in the aggregate principal amount of $39,900,000 in order to obtain funds to refinance a portion of the Project (which is more fully described in Exhibit A to the Loan Agreement between the Issuer and the Borrower), all pursuant to the requirements of the Act, Section 99 of the City's Charter, and other applicable laws.

SECTION 3. FURTHER PROCEDURES. The Mayor, the City Clerk, the City Manager, each Deputy or Assistant City Manager, the Chief Financial Officer, the Director of Finance, and each Assistant Director of Finance of the City shall be, and they are hereby expressly authorized, empowered, and directed from time to time and at any time, to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and to accomplish the sale of the Bonds by the Issuer.

SECTION 4. SEVERABILITY. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 5. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City Council hereby incorporates such recitals as a part of this Resolution.

SECTION 6. FINANCIALS. Funds generated by this Resolution will be deposited into Fund 29700003, Cost Center 1614010001, General Ledger 4401290.

SECTION 7. EFFECTIVE DATE. This Resolution shall take effect immediately upon passage by at least (8) affirmative votes; otherwise it shall be effective ten (10) days after its passage.

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LOH 11/21/13
Item No. 45

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AT A REGULAR MEETING ON THIS 21ST DAY OF NOVEMBER, 2013.

M A Y O R
Julián Castro

ATTEST:

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

Michael D. Bernard, City Attorney

(CITY SEAL)

** ** ** ** **

Execution Page to City Resolution Relating to the Issuance of
City of San Antonio, Texas Empowerment Zone Development Corporation
Contract Revenue Empowerment Zone Refunding Bonds
(Drury Southwest Hotel Project), Series 2013A and Series 2013B

Agenda Item:	**45 (in consent vote: 5, 6, 7, 8, 10, , 11, 12, 13, 14, 15, , 19, 20, 21, 22, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 38, 40, 41, 42, 43, 44, 45, 46)**
Date:	11/21/2013
Time:	12:17:52 PM
Vote Type:	Motion to Approve
Description:	A Resolution approving the refinancing of $39,900,000.00 in tax-exempt Empowerment Zone Bonds for the Drury Southwest Hotel Project. [Carlos Contreras, Assistant City Manager; Rene Dominguez, Director, Economic Development]
Result:	Passed

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