

**AN ORDINANCE AUTHORIZING CERTAIN ACTIONS RELATING TO OUTSTANDING OBLIGATIONS DESIGNATED AS CITY OF SAN ANTONIO, TEXAS WATER SYSTEM SUBORDINATE LIEN REVENUE AND REFUNDING BONDS, SERIES 2003-A AND 2003-B; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; APPROVING AND AUTHORIZING THE DISTRIBUTION OF AN UPDATED OFFICIAL STATEMENT PERTAINING THERETO; AND PROVIDING AN EFFECTIVE DATE**

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

WHEREAS, pursuant to State law, the City Council (the *City Council*) of the City has heretofore issued, sold, and delivered, and there currently remains outstanding subordinate lien revenue bonds designated as the "City of San Antonio, Texas Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A" (the *2003-A Bonds*) and the "City of San Antonio, Texas Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-B" (the *2003-B Bonds*) and, collectively with the 2003-A Bonds, the *Variable Rate Bonds*, which Variable Rate Bonds were issued pursuant to the terms of an ordinance adopted by the City Council on March 13, 2003 (the *2003 Ordinance*) and are scheduled to mature on May 15, 2033; and

WHEREAS, the Variable Rate Bonds bear interest at rates determined weekly in accordance with current market conditions and, in order to provide certain liquidity support for the Variable Rate Bonds, the City previously entered into a Standby Bond Purchase Agreement, dated as of March 27, 2003 (the *Liquidity Agreement*), with JPMorgan Chase Bank, N.A. (the *Liquidity Provider*) and U.S Bank National Association (as the successor to Wachovia Bank, National Association) (the *Paying Agent/Registrar*); and

WHEREAS, because the City has retired \$110,615,000 in principal amount of the Variable Rate Bonds, leaving only \$1,000,000 in Variable Rate Bonds outstanding, the amount of liquidity support for the Variable Rate Bonds provided by the Liquidity Provider under the Liquidity Agreement has been reduced by its terms to a corresponding reduced amount; and

WHEREAS, the Liquidity Provider has, at the request of the San Antonio Water System (*SAWS*), agreed to extend the expiration date of the Liquidity Agreement, providing the reduced amount of liquidity support for the Variable Rate Bonds as described above, to June 26, 2009, from the current expiration date of March 26, 2009 (itself being an extension from the original Liquidity Agreement expiration date of March 27, 2008), in accordance with the terms specified herein; and

WHEREAS, the SAWS Board of Trustees (the *Board*) has found that the extension of the expiration date of the Liquidity Agreement in accordance with the terms specified in the Resolution adopted by the Board on March 3, 2009 is in the best interests of the SAWS ratepayers; and

WHEREAS, under the 2003 Ordinance, the City Council may authorize and approve the amendment to the Liquidity Agreement extending its expiration date in the manner herein described; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of SAWS, the Board has formally requested the City Council to adopt an ordinance approving the amendment to the Liquidity Agreement, including any documents related thereto to be entered into by the City, and the payment of associated fees relating thereto; and

WHEREAS, under the 2003 Ordinance, the City Council is permitted to authorize and approve the preparation and distribution of an updated offering document relating to the Variable Rate Bonds; and

WHEREAS, the City Council hereby finds and determines the adoption of this ordinance is in the best interests of the citizens of the City; NOW, THEREFORE,

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

SECTION 1. Authorization of an Amendment to the Liquidity Agreement for the Variable Rate Bonds; Payment of Fees. The City Council hereby authorizes an amendment to the Liquidity Agreement to be entered by the City, by and through SAWS. Any Designated Financial Officer (defined herein) is hereby authorized and directed to execute this amendment to the Liquidity Agreement, in substantially the form set forth in Exhibit A hereto, as well as any other documents, agreements, or certifications necessary to cause the same to become effective in accordance with its terms, on the City's behalf. The City Council also authorizes the payment of a one-time fee to the Liquidity Provider as consideration for its extension of the Liquidity Agreement, as well as the fees of its legal counsel (if any), from lawfully available funds of SAWS, such payment to be made at the time the amendment to the Liquidity Agreement becomes effective.

SECTION 2. Authorization of Official Statement for Variable Rate Bonds. If deemed necessary by a Designated Financial Officer, the City Council hereby authorizes and approves the preparation and distribution of an updated Official Statement pertaining to the Variable Rate Bonds.

SECTION 3. Designated Financial Officers. For purposes of this Ordinance, the term "Designated Financial Officer" means any one or more of the Mayor of the City, the City Clerk of the City, the City Manager of the City, the Director of Finance of the City, the President of the Board, the President/Chief Executive Officer of SAWS, and the Senior Vice President/Chief Financial Officer of SAWS (the CFO).

SECTION 4. 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 5. 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 6. 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 City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 7. Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council.

SECTION 8. 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.

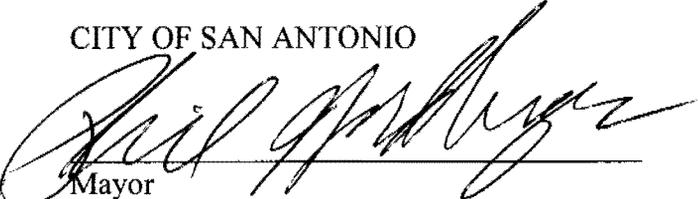
SECTION 9. Further Proceedings. The officers and employees of the City and SAWS, in consultation with SAWS's co-financial advisors (being First Southwest Company and Estrada Hinojosa & Company, Inc.) and SAWS's bond counsel (being Fulbright & Jaworski L.L.P.), are hereby authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and, upon execution and delivery thereof, the amendment and extension of the Liquidity Agreement. In case any officer of the City or SAWS whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. In addition, the City Council authorizes the payment, from legally available funds of SAWS, of the professional fees and expenses incurred by SAWS in association with this transaction upon the approval of a written invoice approved by the CFO or his designee.

SECTION 10. 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.

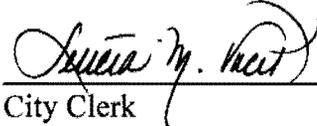
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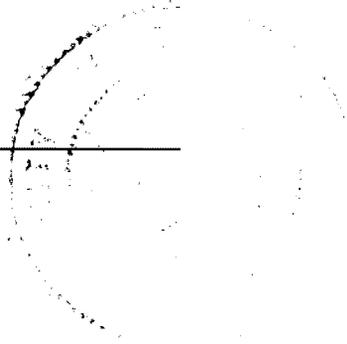
PASSED AND ADOPTED by an affirmative vote of 11 members of the City Council of the City of San Antonio, Texas, this the 19<sup>th</sup> day of March, 2009.

CITY OF SAN ANTONIO

  
\_\_\_\_\_  
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

**EXHIBIT A**  
**AMENDMENT TO LIQUIDITY AGREEMENT**

**CERTIFICATE OF CITY CLERK**

THE STATE OF TEXAS                   §  
  §  
COUNTIES OF BEXAR,                 §  
COMAL AND MEDINA                 §  
  §  
CITY OF SAN ANTONIO               §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 19th day of March, 2009, the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) convened in regular session at its regular meeting place in the Municipal Plaza Building of the City (the *Meeting*), the duly constituted members of the Council being as follows:

Phil Hardberger	Mayor
Jennifer V. Ramos	Mayor Pro Tem
Mary Alice P. Cisneros	Councilmember
Sheila D. McNeil	Councilmember
Philip A. Cortez	Councilmember
Lourdes Galvan	Councilmember
Delicia Herrera	Councilmember
Justin Rodriguez	Councilmember
Diane G. Cibrian	Councilmember
Louis E. Rowe	Councilmember
John G. Clamp	Councilmember

and all of such persons were present at the Meeting, except the following: NONE, thus constituting a quorum. Among other business considered at the Meeting, the attached Ordinance (the *Ordinance*) entitled:

AN ORDINANCE AUTHORIZING CERTAIN ACTIONS RELATING TO OUTSTANDING OBLIGATIONS DESIGNATED AS CITY OF SAN ANTONIO, TEXAS WATER SYSTEM SUBORDINATE LIEN REVENUE AND REFUNDING BONDS, SERIES 2003-A AND 2003-B; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; APPROVING AND AUTHORIZING THE DISTRIBUTION OF AN UPDATED OFFICIAL STATEMENT PERTAINING THERETO; AND PROVIDING AN EFFECTIVE DATE

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the Ordinance, a motion was made by Councilmember HERRERA that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember CISNEROS and carried by the following vote:

11 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council of the City on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 19th day of March, 2009.



(SEAL)

*Selena M. Vaca*  
City Clerk, City of San Antonio, Texas