

ORDINANCE NO. 75686

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 1992"; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT; PRESCRIBING CERTAIN MATTERS CONCERNING ESTABLISHMENT OF THE BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, PURCHASE CONTRACT, AND ESCROW AND TRUST AGREEMENT; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND DECLARING AN EMERGENCY

WHEREAS, the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*) in a cooperative effort with the Waterworks Board of Trustees of San Antonio (the *Old Board*) has determined that it is in the best interests of the customers of the System (hereinafter defined) to consolidate the existing waterworks, sanitary sewer, and water reuse systems of the City;

WHEREAS, the City Council and the Old Board are cognizant of the need to permit a stormwater utility system to be incorporated into the existing waterworks, sanitary sewer, and water reuse systems to provide for a comprehensive plan to develop, manage, control, and conserve the water resources in the City and surrounding areas;

WHEREAS, in order to provide for improved and more efficient development of the water resources in the City and surrounding areas and improved coordination of water-related issues, the City Council deems it advisable to consolidate (i) the City's existing waterworks system (currently operating as an agency of the City under the management and control of the Old Board), and (ii) the City's existing sanitary sewer and water reuse systems (currently operating as departments of the City under the management and control of the City Council), and to establish a new agency of the City to be known as the San



Antonio Water System Board of Trustees (the *Board*), which agency shall be under the management and control of the Board established and created pursuant to provisions of this Ordinance (hereinafter defined) and Texas Revised Civil Statutes Annotated Article 1115, as amended;

WHEREAS, the City Council has heretofore issued, sold, and delivered, and there are currently outstanding obligations in the aggregate principal amount of \$685,045,000 (the *Refunded Obligations*);

WHEREAS, the City Council has authorized a series of commercial paper designated as "City of San Antonio, Texas Water System Commercial Paper Notes, Series 1992", in the principal amount of \$50,000,000, which is equally and ratably secured by a lien on and pledge of the Net Revenues (hereinafter defined) of the System (hereinafter defined) that is subordinate and inferior to the lien on and pledge of the Pledged Revenues (hereinafter defined) securing the payment of the Bonds (hereinafter defined);

WHEREAS, the Old Board has determined that consolidation of all water-related activities of the City into one agency under the management and control of a board appointed by City Council provides for more complete and consistent planning and development of water resources for the City, is in the best overall interest of the City, and that such consolidation can best be accomplished by refunding all of the Refunded Obligations through the issuance of the Bonds and thereby achieving certain interest cost savings;

WHEREAS, the City Council deems it to be in its best interest to refund the Refunded Obligations described herein upon such terms and conditions as set forth in this Ordinance;

WHEREAS, pursuant to the provisions of Texas Revised Civil Statutes Annotated Articles 717k and 717q, as amended (the *Acts*), the City Council is authorized to issue the Bonds and to deposit the proceeds of sale under an escrow agreement to provide for the payment of the Refunded Obligations, and such deposit, when made in accordance with the Acts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations;

WHEREAS, the City Council also hereby finds and determines that the Refunded Obligations are scheduled to mature or are subject to being redeemed, not more than twenty (20) years from the date of issuance of the Bonds herein authorized and such refunding will result in a net present value saving of approximately \$17,392,301 to the City;



WHEREAS, the Acts require that the proceeds from the sale of the Bonds be deposited directly with any place of payment (paying agent) for the Refunded Obligations;

WHEREAS, The Frost National Bank of San Antonio, San Antonio, Texas currently serves as the paying agent for certain of the Refunded Obligations and will serve as the Paying Agent/Registrar (hereinafter defined) for the Bonds and Escrow Agent (hereinafter defined);

WHEREAS, the City Council has determined to authorize the issuance of a series of revenue refunding bonds on the date hereof, such bonds being designated as "City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992", in the aggregate principal amount of \$635,925,000 (the *Bonds*);

WHEREAS, the City Council hereby finds and determines that the Bonds are the first encumbrance on the System; therefore, the City Council need not satisfy any conditions precedent for the issuance of the Bonds;

WHEREAS, the City Council is now authorized and empowered to proceed with the passage and adoption of this Ordinance authorizing (i) the issuance of the Bonds to refund the Refunded Obligations described herein and to pay the costs and expenses of issuing the Bonds, (ii) the establishment and funding of a Reserve Fund, (iii) the execution and delivery of the Purchase Contract (hereinafter defined), the Paying Agent/Registrar Agreement (hereinafter defined), and the Escrow Agreement (hereinafter defined) relating to the Bonds, (iv) approving the distribution of the Official Statement relating to the Bonds, (v) the redemption of the Refunded Obligations described herein, and (vi) specifying certain powers and duties of the Board; and

WHEREAS, the issuance of the Bonds will reduce costs, increase borrowing capacity, and provide the City with greater financial ability to meet the financing needs of the System; and

WHEREAS, the City Council hereby finds and determines that the issuance of the Bonds and the adoption of this Ordinance as an emergency measure 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. Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires, the terms



defined in this Section have the meanings assigned to them in this Section, and certain terms used in Section 42 of this Ordinance have the meanings assigned to them in such Section, all as follows:

(a) *Accountant* means a certified public accountant or accountants or a firm of certified public accountants, in either case, with demonstrated expertise and competence in public accountancy.

(b) *Additional Senior Lien Obligations* means (i) bonds, notes, warrants, certificates of obligation, or other Debt which the City reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 23 of this Ordinance and which obligations are equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues on a parity with the Bonds, and (ii) obligations hereafter issued to refund any of the foregoing (as determined within the sole discretion of the City Council in accordance with applicable law) if issued in a manner so as to be payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues.

(c) *Annual Debt Service Requirements* means, as of the date of calculation, the principal of and interest on all Senior Lien Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the Board:

(1) Committed Take Out. If the City has entered into a Credit Agreement constituting a binding commitment within normal commercial practice, from any bank, savings and loan association, insurance company, financial institution, or similar institution to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made by the owner thereof) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation, and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in



the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added.

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year is substantially greater than the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year such that, in its reasonable judgment, the Board finds that the City will elect, or will find it necessary, in the future to issue Debt for the purposes of refunding all or a portion of such principal in order to restructure the payment of such principal (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Section as *Balloon Debt*), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation.

(3) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and



provided further that this clause (3) shall not apply where the Board has elected to apply the rule set forth in clause (2) above.

(4) Prepaid Debt. Principal of and interest on Senior Lien Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest is payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt.

(5) Variable Rate. As to any Senior Lien Obligations that bear interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement, then, at the option of the Board, the greater of (a) an interest rate equal to the average rate borne by such Senior Lien Obligations (or by comparable debt in the event that such Senior Lien Obligations have not been outstanding during the preceding 24 months) for any 24-month period ending within 30 days prior to the date of calculation, or (b) an interest rate equal to the 30-year "Tax-Exempt Revenue Bond Index" (as most recently published in *The Bond Buyer*), shall be presumed to apply for all future dates, unless such index is no longer published in *The Bond Buyer*, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a financial newspaper or journal with national circulation may be used for this purpose, and the maturity schedule for any such Senior Lien Obligations shall be calculated, to the extent necessary, in the manner provided in clause (2) of this definition.

(6) Commercial Paper. With respect to any Senior Lien Obligations issued in the form of commercial paper, the interest on such Senior Lien Obligations shall be calculated in the manner provided in clause (5) of this definition, and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition.

(7) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit



Agreement, from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (1) through (6) above, and any payments otherwise included above under (1) through (6) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation. With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation, and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

(d) *Average Annual Debt Service Requirements* means that average amount which, at the time of computation, will be required to pay the Annual Debt Service Requirements when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Annual Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such Senior Lien Obligations. For the purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from bond proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

(e) *Board* means the Board of Trustees of the System created and described in Section 32 of this Ordinance.

(f) *Bonds* means the \$635,925,000 "City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992" as authorized by this Ordinance.

(g) *Capital Additions* means any water, wastewater treatment, reuse water, and/or stormwater drainage plants or facilities, or an interest therein, including any associated transmission facilities with respect to each or any combination of the foregoing facilities found by the Board to be a Capital Addition.

(h) *Capital Improvements* means any extensions, improvements, replacements, and betterments to the System other than Capital Additions.

(i) *City* means the City of San Antonio, Texas, and where appropriate, the City Council.



(j) *Closing Date* means the date of physical delivery of the initial Bonds in exchange for the payment in full therefor by the Purchaser.

(k) *Commercial Paper* means the "City of San Antonio, Texas Water System Commercial Paper Notes, Series 1992" in the currently authorized maximum aggregate principal amount of \$50,000,000.

(l) *CPS Contract* means the Wastewater Contract executed on September 15, 1990 between the Alamo Conservation and Reuse District and the City Public Service Board of San Antonio. Pursuant to Ordinance No. 74983 the City Council abolished the Alamo Conservation and Reuse District and assumed all of such entity's assets and obligations by creating the Department of Water Reuse as a new City department pursuant to the provisions of the City's Home Rule Charter.

(m) *Credit Agreement* means a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Senior Lien Obligations, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of Senior Lien Obligations and on a parity therewith.

(n) *Credit Facility* means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a rating agency having an outstanding rating on Senior Lien Obligations would rate the Senior Lien Obligations fully insured by a standard policy issued by the insurer in its highest generic rating category for such obligations; or (ii) a letter or line of credit issued by any financial institution, provided that a rating agency having an outstanding rating on the Senior Lien Obligations would rate the Senior Lien Obligations in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Senior Lien Obligations and the interest thereon.

(o) *Credit Provider* means any bank, financial institution, insurance company, surety bond provider, or other institution which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.



(p) *Debt* means

(1) all indebtedness payable from Pledged Revenues and/or Net Revenues incurred or assumed by the City for borrowed money (including indebtedness payable from Pledged Revenues and/or Net Revenues arising under Credit Agreements) and all other financing obligations of the System payable from Pledged Revenues and/or Net Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness payable from Pledged Revenues and/or Net Revenues (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations pertaining to the System that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining *Debt*, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the System in prior Fiscal Years.

(q) *Debt Service Fund* means the special Fund created and established by the provisions of Section 15 of this Ordinance.



(r) *Depository* means one or more official depository banks of the Board.

(s) *DTC* means The Depository Trust Company, New York, New York and its successors and assigns.

(t) *Designated Financial Officer* means the chief executive officer of the Board, the chief financial officer of the Board, or such other financial or accounting official of the Board so designated by the City Council.

(u) *Engineer* means an individual, firm, or corporation engaged in the engineering profession, being a registered professional engineer under the laws of the State of Texas, having specific experience with respect to water, wastewater, reuse water, and/or stormwater drainage systems similar to the System and such individual, firm, or corporation may be employed by, or may be an employee of, the City or the Board.

(v) *Fiscal Year* means the twelve-month accounting period used by the Board in connection with the operation of the System, currently ending on May 31st of each year, which may be any twelve consecutive month period established by the Board, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

(w) *Funded Debt* of the System means all Senior Lien Obligations created or assumed by the City that mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the City to a date, more than one year after the original creation or assumption of such Debt by the City.

(x) *Government Securities* means direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, which are non-callable prior to the respective Stated Maturities of the Bonds and which may be United States Treasury Obligations such as the State and Local Government Series and may be in book-entry form.

(y) *Gross Revenues* for any period means all revenue during such period in respect or on account of the operation or ownership of the System, *excluding* refundable meter deposits, restricted gifts, grants in aid of construction, any amounts payable to the United States as rebate pursuant to the provisions of Section 42, any impact fees charged by the System pursuant to the provisions of Chapter 395, as amended, Local Government Code, payments received pursuant to the CPS Contract



together with earnings and interest thereon, and earnings and income derived from the investment or deposit of money in the Project Fund and, until the Reserve Fund contains the Required Reserve Amount, the Reserve Fund, *but including*, earnings and income derived from the investment or deposit of money in the Debt Service Fund, the Reserve Fund after it contains the Required Reserve Amount, and any earnings and income from any special fund or account created and established (excluding any construction fund or account) for the payment or security of the Senior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations.

(z) *Holder* or *Holder*s means the registered owner, whose name appears in the Security Register, for any Bond.

(aa) *Inferior Lien Obligations* means (i) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the City that are payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledge thereof securing payment of the Bonds or any Additional Senior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, (ii) any obligations that are issued subject to the limitations contained in Texas Revised Civil Statutes Annotated Article 1112, as amended, and (iii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues on a parity with the Inferior Lien Obligations.

(bb) *Interest Payment Date* means the date semiannual interest is payable on the Bonds, being May 15 and November 15 of each year, commencing November 15, 1992, while any of the Bonds remain Outstanding.

(cc) *Junior Lien Obligations* means (i) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the City that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues such pledge being junior and inferior to the lien on and pledge of the Pledged Revenues that are or will be pledged to the payment of the Bonds and any Additional Senior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues that are or will be pledged to the payment of any Subordinate Lien Obligations or Inferior Lien Obligations hereafter issued by the City, and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and



equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues on a parity with the Junior Lien Obligations.

(dd) *Maintenance and Operating Expenses* means all current expenses of operating and maintaining the System not paid from the proceeds of the Bonds, *including* (1) the cost of all salaries, labor, materials, repairs, and extensions necessary to render efficient service, *but only if*, in the case of repairs and extensions, they are, in the judgment of the Board (reasonably and fairly exercised), necessary to maintain operation of the System and render adequate service to the City and the inhabitants thereof and other customers of the System, or are necessary to meet some physical accident or condition which would otherwise impair the payment of Debt, (2) payments to pension, retirement, health, hospitalization, and other employee benefit funds for employees of the Board engaged in the operation or maintenance of the System, (3) payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods, or services for the System to the extent authorized by law and the provisions of such contract, (4) payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the City or the Board hereunder, (5) the payments made on or in respect of obtaining and maintaining any Credit Facility, and (6) any legal liability of the City or the Board arising out of the operation, maintenance, or condition of the System, *but excluding* any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Bonds or any Debt.

(ee) *Maximum Annual Debt Service Requirements* means the greatest requirements of Annual Debt Service Requirements (taking into account all mandatory principal redemption requirements) scheduled to occur in any future Fiscal Year or in the then current Fiscal Year for the particular obligations for which such calculation is made. Capitalized interest payments provided from bond proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

(ff) *Net Revenues* means Gross Revenues with respect to any period, after deducting the Maintenance and Operating Expenses during such period.

(gg) *Ordinance* means this ordinance adopted by the City Council on April 30, 1992.

(hh) *Outstanding* when used in this Ordinance with respect to Bonds means, as of the date of determination, all Bonds issued and delivered under this Ordinance, except:



(1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the City in accordance with the provisions of Section 44 of this Ordinance; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 37 of this Ordinance.

(ii) *Pledged Revenues* means (1) the Net Revenues, plus (2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the City to the payment of the Senior Lien Obligations, and excluding those revenues excluded from Gross Revenues.

(jj) *Project Fund* means the special fund created and established by the provisions of Section 19 of this Ordinance.

(kk) *Prudent Utility Practice* means any of the practices, methods, and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods, and acts engaged in or previously approved by a significant portion of the public utility industry, known at the time the decision was made, that would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. In the case of any facility included in the System which is operated in common with one or more other entities, the term *Prudent Utility Practice*, as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

(ll) *Purchaser* means the initial purchaser or purchasers of the Bonds named in Section 38 of this Ordinance.



(mm) *Rating Agency* means any nationally recognized securities rating agency which has assigned a rating to the Senior Lien Obligations.

(nn) *Renewal and Replacement Fund* means the special fund created and established by the provisions of Section 18 of this Ordinance.

(oo) *Required Reserve Amount* means the amount required to be deposited and maintained in the Reserve Fund under the provisions of Section 16 of this Ordinance.

(pp) *Required Reserve Fund Deposits* means the monthly deposits, if any, required to be deposited and maintained in the Reserve Fund under the provisions of Section 16 of this Ordinance.

(qq) *Senior Lien Obligations* means the Bonds and any Additional Senior Lien Obligations hereafter issued by the City or bonds issued to refund any of the foregoing (as determined within the sole discretion of the City Council in accordance with applicable law) if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues.

(rr) *Serial Bonds* means the Bonds stated to mature on May 15 in each of the years 1993 through 2007, inclusive.

(ss) *Serial Bonds Insurance Policy* means the insurance policy issued by the Serial Bonds Insurer guaranteeing the payment of the Serial Bonds.

(tt) *Serial Bonds Insurer* means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereof.

(uu) *Stated Maturity* means the annual principal payments of the Bonds payable on May 15 of each year, as set forth in Section 4 of this Ordinance.

(vv) *Special Project* means, to the extent permitted by law, any water, sewer, wastewater reuse, or municipal drainage system property, improvement, or facility declared by the City, upon the recommendation of the Board, not to be part of the System, for which the costs of acquisition, construction, and installation are paid from proceeds of a financing transaction other than the issuance of bonds payable from ad valorem taxes, Pledged Revenues, or Net Revenues and for which all maintenance and operation expenses are payable from sources other than ad valorem taxes, Pledged Revenues, or



Net Revenues, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction and installation under such financing transaction.

(ww) *Subordinate Lien Obligations* means (i) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the City that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues that are or will be pledged to the payment of the Bonds and any Additional Senior Lien Obligations or Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues that are or will be pledged to the payment of any Inferior Lien Obligations hereafter issued by the City, and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues on a parity with the Subordinate Lien Obligations.

(xx) *Surety Policy* means and includes a surety bond, insurance policy, letter of credit, or other agreement or instrument whereby the issuer is obligated to provide funds up to and including the maximum amount and under the conditions specified in such agreement or instrument.

(yy) *System* means all properties, facilities, and plants currently owned, operated, and maintained by the City and/or the Board for the supply, treatment, and transmission and distribution of treated potable water, chilled water, and steam, for the collection and treatment of wastewater, and for water reuse, together with all future extensions, improvements, purchases, repairs, replacements and additions thereto, whether situated within or without the limits of the City, all water (in any form) owned by the City, and any other projects and programs of the Board; provided, however, that the City expressly retains the right to incorporate (1) a stormwater system as provided by the provisions of Section 402.041 through 402.054, as amended, Local Government Code, or other similar law, and (2) any other related system as provided by the laws of the State of Texas as a part of the System. The System shall not include any Special Project or any water or water-related properties and facilities owned by the City as part of its electric and gas systems.

(zz) *Term Bonds* means the Bonds stated to mature on May 15, 2010, May 15, 2016, and May 15, 2018.



(aaa) *Term Bonds Insurance Policy* means the insurance policy issued by the Term Bonds Insurer guaranteeing the payment of the Term Bonds.

(bbb) *Term Bonds Insurer* means Municipal Bond Investors Assurance Corporation, a New York limited liability corporation, or any successor thereof.

(ccc) *Term of Issue* means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the "maximum maturity date" in the case of commercial paper ("maximum maturity date" having the meaning given to said term in any ordinance authorizing the issuance of commercial paper) or (ii) the maximum term provided by the laws of the State of Texas.

SECTION 2. Interpretations. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance and the Table of Contents of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Bonds. In the event the Board is abolished pursuant to the provisions of Section 32 and the City Council assumes the management and control of the System, all references in this Ordinance to Board shall be deemed to mean the City Council or the City, as appropriate, and all references to a Designated Financial Officer shall be deemed to mean the City Manager or the Director of Finance of the City, as appropriate.

SECTION 3. Authorization of Bonds - Designation - Principal Amount - Purpose. (a) Revenue refunding bonds of the City shall be and is hereby authorized to be issued in the aggregate principal amount of SIX HUNDRED THIRTY FIVE MILLION NINE HUNDRED TWENTY FIVE THOUSAND AND NO/100 DOLLARS (\$635,925,000), to be designated and bear the title of "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 1992" (the *Bonds*), for the purpose of providing funds for the discharge and final payment of certain currently outstanding obligations of the City referred to in the preamble hereof as the Refunded Obligations and to pay the costs and expenses of issuing the Bonds. The Bonds shall be payable from and equally



and ratably secured solely by a first and prior lien on and pledge of the Pledged Revenues. The City is authorized to issue the Bonds pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Texas Revised Civil Statutes Annotated Articles 717k and 717q, as amended, and the City's Home Rule Charter.

(b) Refunded Obligations. The following currently outstanding obligations of the City are the Refunded Obligations:

(1) Timber Creek Utility District Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1971, dated May 1, 1971, in the original aggregate principal amount of \$425,000, stated to mature on March 1, 1993 through March 1, 1996, in the aggregate outstanding principal amount of \$145,000;

(2) Timber Creek Utility District Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1972, dated June 1, 1972, in the original aggregate principal amount of \$610,000, stated to mature on March 1, 1993 through March 1, 1998, in the aggregate outstanding principal amount of \$290,000;

(3) Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1973, dated July 1, 1973, in the original aggregate principal amount of \$2,250,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$1,385,000;

(4) Timber Creek Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1973, dated September 1, 1973, in the original aggregate principal amount of \$75,000, stated to mature on March 1, 1993 through March 1, 1998, in the aggregate outstanding principal amount of \$24,000;

(5) Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1975, dated June 1, 1975, in the original aggregate principal amount of \$625,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$470,000;

(6) Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1978, dated April 1, 1978, in the



original aggregate principal amount of \$850,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$640,000;

(7) Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1979, dated April 1, 1979, in the original aggregate principal amount of \$1,730,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$1,285,000;

(8) Timber Creek Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1979, dated April 1, 1979, in the original aggregate principal amount of \$360,000, stated to mature on March 1, 1993 through March 1, 1999, in the aggregate outstanding principal amount of \$265,000;

(9) City of San Antonio Sewer System Revenue Refunding Bonds, Series 1980, dated May 1, 1980, in the original aggregate principal amount of \$17,610,000, stated to mature on November 1, 1995 and November 1, 1999, in the aggregate outstanding principal amount of \$7,420,000;

(10) City of San Antonio Water System Revenue Refunding Bonds, Series 1980, dated May 1, 1980, in the original aggregate principal amount of \$37,495,000, stated to mature on May 1, 1995 and May 1, 2001, in the aggregate outstanding principal amount of \$23,580,000;

(11) City of San Antonio Prior Lien Sewer System Revenue Bonds, Series 1980, dated June 1, 1980, in the original aggregate principal amount of \$20,000,000, stated to mature on November 1, 1992 through November 1, 2005, in the aggregate outstanding principal amount of \$16,100,000;

(12) City of San Antonio Prior Lien Water System Revenue Bonds, Series 1980, dated November 1, 1980, in the original aggregate principal amount of \$15,000,000, stated to mature on May 1, 1993 and May 1, 2005, in the aggregate outstanding principal amount of \$1,925,000;



(13) City of San Antonio, Texas Prior Lien Sewer System Revenue Bonds, Series 1982, dated February 1, 1982, in the original aggregate principal amount of \$15,000,000, stated to mature on November 1, 1992 and November 1, 1993, in the aggregate outstanding principal amount of \$1,600,000;

(14) City of San Antonio Prior Lien Water System Revenue Bonds, Series 1983, dated May 1, 1983, in the original aggregate principal amount of \$20,000,000, stated to mature on May 1, 1993 and May 1, 1994, in the aggregate outstanding principal amount of \$1,500,000;

(15) Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1984, dated February 1, 1984, in the original aggregate principal amount of \$1,110,000, stated to mature on April 1, 1993 through April 1, 1999, in the aggregate outstanding principal amount of \$690,000;

(16) City of San Antonio, Texas Prior Lien Sewer System Revenue Bonds, Series 1984, dated March 1, 1984, in the original aggregate principal amount of \$46,500,000, stated to mature on May 1, 1993 through May 1, 1996, in the aggregate outstanding principal amount of \$4,900,000;

(17) City of San Antonio Prior Lien Water System Revenue Bonds, Series 1984, dated July 1, 1984, in the original aggregate principal amount of \$30,500,000, stated to mature on May 1, 1993 in the aggregate outstanding principal amount of \$625,000;

(18) City of San Antonio, Texas Prior Lien Sewer System Revenue Bonds, Series 1985, dated May 1, 1985, in the original aggregate principal amount of \$85,000,000, stated to mature on May 1, 1993 through May 1, 2000, May 1, 2005, and May 1, 2010, in the aggregate outstanding principal amount of \$79,800,000;

(19) City of San Antonio, Texas General Improvement Bonds, Series 1985, dated July 1, 1985, in the original principal amount of \$41,740,000 stated to mature on July 1, 1993 through July 1, 2005, in the aggregate outstanding principal amount of \$27,300,000.

(20) City of San Antonio, Texas Prior Lien Sewer System Revenue Improvement and Refunding Bonds, Series 1986, dated April 15, 1986, in the original aggregate



principal amount of \$172,000,000, stated to mature on May 1, 1993 through May 1, 2001, May 1, 2006, and May 1, 2012, in the aggregate outstanding principal amount of \$166,850,000;

(21) City of San Antonio Prior Lien Water System Revenue Bonds, Series 1986, dated February 1, 1986, in the original aggregate principal amount of \$30,000,000, stated to mature on May 1, 1993 through May 1, 2002, May 1, 2009, and May 1, 2011, in the aggregate outstanding principal amount of \$27,880,000;

(22) City of San Antonio Prior Lien Water System Revenue Refunding Bonds, Series 1986-A, dated June 1, 1986, in the original aggregate principal amount of \$62,650,000, stated to mature on May 1, 1993 through May 1, 2004, in the aggregate outstanding principal amount of \$53,305,000;

(23) City of San Antonio Prior Lien Water System Revenue Bonds, Series 1987, dated August 1, 1987, in the original aggregate principal amount of \$30,000,000, stated to mature on May 1, 1993 through May 1, 2004, May 1, 2011, and May 1, 2012, in the aggregate outstanding principal amount of \$23,160,000;

(24) City of San Antonio, Texas Prior Lien Sewer System Revenue Improvement Bonds, Series 1987, dated August 1, 1987, in the original aggregate principal amount of \$50,000,000, stated to mature on May 1, 1993 through May 1, 2009, and May 1, 2014, in the aggregate outstanding principal amount of \$50,000,000;

(25) City of San Antonio Prior Lien Water System Revenue Bonds, Series 1989, dated January 1, 1989, in the original aggregate principal amount of \$28,000,000, stated to mature on May 1, 1993 through May 1, 2008, May 1, 2012, and May 1, 2014, in the aggregate outstanding principal amount of \$27,170,000;

(26) City of San Antonio, Texas Sewer System Commercial Paper Notes, Series 1989A, authorized July 13, 1989 in the aggregate outstanding principal amount of \$49,200,000;

(27) City of San Antonio, Texas Prior Lien Water System Revenue Bonds, Series 1990, dated June 1, 1990, in the original aggregate principal amount of \$36,454,519, stated to mature on May 1, 1993 through May 1, 2012, in the aggregate outstanding principal amount of \$36,139,519;



(28) City of San Antonio, Texas Prior Lien Water System Revenue Refunding Bonds, Series 1990A dated June 1, 1990, in the original principal amount of \$31,200,000, stated to mature on May 1, 1993 through May 1, 2005, and May 1, 2007, in the aggregate outstanding principal amount of \$30,770,000; and

(29) City of San Antonio, Texas Prior Lien Water System Revenue Bonds, Series 1991 dated January 1, 1991, in the original principal amount of \$27,500,000, stated to mature on May 1, 1993 through May 1, 2011, and May 1, 2016, in the aggregate outstanding principal amount of \$27,365,000.

(c) Purpose for Refunding. It is specifically found and determined by the City that the refunding of the Refunded Obligations in the manner herein provided will permit the consolidation of the City's water, wastewater, water reuse, and other water utility systems under terms not permitted by the ordinances which authorized the issuance of certain of the Refunded Obligations. Therefore, it is in the best interest of the City that such refunding be accomplished, that payment of the costs and expenses of issuance of the Bonds be authorized, and that the Refunded Obligations be refunded, discharged, and retired thereby.

SECTION 4. Fully Registered Bonds - Authorized Denominations - Stated Maturities - Interest Rates - Date. The Bonds are issuable in fully registered form only; shall be dated April 15, 1992 (the *Bond Date*) and shall be in denominations of \$5,000 or any integral multiple thereof, and the Bonds shall become due and payable on May 15 in each of the years and in principal amounts (the *Stated Maturities*) and bear interest on the unpaid principal amounts from the Bond Date, 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, at the per annum rates, while Outstanding, in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
1993	15,375,000	3.40
1994	16,580,000	4.60
1995	17,345,000	5.00
1996	18,205,000	5.20
1997	19,155,000	5.40
1998	20,190,000	5.60
1999	21,325,000	5.80



<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2000	22,555,000	5.90
2001	23,890,000	6.00
2002	25,320,000	6.10
2003	25,865,000	6.20
2004	27,470,000	6.30
2005	29,200,000	6.40
2006	31,070,000	6.40
2007	33,055,000	6.40
2010	112,530,000	6.50
2016	143,560,000	6.00
2018	33,235,000	5.50

SECTION 5. Payment of Bonds - Paying Agent/Registrar.

The principal of, premium, if any, and interest on the Bonds, 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 and interest on the Bonds shall be without exchange or collection charges to the Holder of the Bonds.

The Bonds shall bear interest on the unpaid principal amount thereof at the per annum rates shown above in Section 4, computed on the basis of a 360-day year of twelve 30-day months, and interest thereon shall be payable semiannually on May 15 and November 15 of each year (the *Interest Payment Date*), commencing November 15, 1992, while the Bonds are Outstanding.

The selection and appointment of The Frost National Bank of San Antonio, San Antonio, Texas, to serve as the initial Paying Agent/Registrar for the Bonds is hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the principal corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment, and transfer of the Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are Outstanding, and any successor Paying Agent/Registrar 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/Registrar shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

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

Both principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the Holder appearing on the Security Register maintained on behalf of the City by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest thereon, and (ii) on the date of surrender of the Bonds for purposes of receiving payment of principal thereof upon redemption of the Bonds or at the Bonds' Stated Maturity. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Bond for purposes of receiving payment and all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Bonds shall be payable only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its principal corporate trust office. Interest on the Bonds shall be paid to the Holder whose name appears in the Security Register at the close of business on the last day of the month next preceding an Interest Payment Date for the Bonds (the *Record Date*) and shall be paid (i) by check sent by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register, (ii) by wire transfer to any Holder of at least \$1,000,000 in aggregate principal amount of Bonds, or (iii) by such other method, acceptable to the Paying Agent/Registrar, 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 Bonds shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar 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 Bonds 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/Registrar, if and when funds for the payment of such interest have been received from the City. 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 Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

#### SECTION 6. Redemption of Bonds.

A. Optional Redemption. The Serial Bonds having Stated Maturities on and after May 15, 2003 and the Term Bond stated to mature on May 15, 2010 shall be subject to redemption prior to Stated Maturity, at the option of the City, on May 15, 2002, or on any date thereafter, as a 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/Registrar), at the redemption price (expressed as a percentage of the principal amount) set forth below, plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
May 15, 2002 through May 14, 2003	102%
May 15, 2003 through May 14, 2004	101%
May 15, 2004 and thereafter	100%

The Term Bonds stated to mature on May 15, 2016 and May 15, 2018 shall be subject to redemption prior to Stated Maturity, at the option of the City, on May 15, 2002, or on any date thereafter, as a 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/Registrar), at the redemption price of par, plus accrued interest to the date of redemption.



Any Bonds called for optional redemption pursuant to the provisions of the preceding paragraph hereof shall be due and payable on the specified redemption date only if money sufficient to pay the applicable redemption price, plus accrued interest, shall be on deposit with the Paying Agent/Registrar.

B. Mandatory Redemption. The Bonds stated to mature on May 15, 2010, May 15, 2016, and May 15, 2018 are hereby designated "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturity from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as set forth below:

<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2010</u>		<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2016</u>		<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2018</u>	
<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>
2008	35,175,000	2011	42,485,000	2017	16,175,000
2009	37,460,000	2012	45,040,000	2018	17,060,000*
2010	39,895,000*	2013	12,810,000		
		2014	13,575,000		
		2015	14,395,000		
		2016	15,255,000*		

\*Payable at stated maturity

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of any Term Bonds of the respective stated maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation; (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the City with money in the Debt Service Fund, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof; or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.



C. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the optional redemption of the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, 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 Bonds shall be entered in the minutes of the governing body of the City.

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

E. Notice of Redemption. Not less than thirty (30) days prior to an optional or mandatory redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first-class postage prepaid, in the name of the City and at the Board's expense, by the Paying Agent/Registrar 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. This notice may also be published once in a financial publication, journal, or reporter of general circulations 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 Board to any registered securities depository and to any national information service that disseminates redemption notices.

F. Transfer/Exchange of Bonds. Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) 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.



All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds 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 Bonds, 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 Bonds, or the principal amount thereof to be redeemed, shall be made at the principal corporate trust office of the Paying Agent/Registrar 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 Bonds (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/Registrar, then on the redemption date designated in such notice, interest on such Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance.

SECTION 7. Execution - Registration. The Bonds shall be executed on behalf of the City by its Mayor, and its seal shall be reproduced or impressed thereon and attested by its City Clerk. The signature of either officer on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were, at the time of the Bond Date, the proper officers of the City shall bind the City, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Bonds to the Purchaser, all as authorized and provided in the Bond Procedures Act of 1981, Texas Revised Civil Statutes Annotated Article 717k-6, as amended.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 11C executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 11D executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Bond shall be conclusive evidence, and the



only evidence, that such Bond has been duly certified or registered and delivered.

SECTION 8. Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every Holder, or, if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar 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/Registrar.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Paying Agent/Registrar, the City shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same series and of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Bond or Bonds surrendered for transfer.

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

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the principal corporate trust office of the Paying Agent/Registrar, 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 City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered upon such transfer or exchange.

All transfers or exchanges of Bonds 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/Registrar shall require payment by the Holder



requesting such transfer or exchange of any fee, tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Bonds, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any Bond registered and delivered pursuant to Section 44 in lieu of a mutilated, lost, destroyed, or stolen Bond which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 9. Book-Entry Only System.

It is intended that the Bonds initially be registered so as to participate in a securities depository system (the *DTC System*) with DTC, as set forth herein. Each Stated Maturity of the Bonds shall be issued (following cancellation of the initial Bonds described in Section 10) in the form of a separate single definitive Bond. Upon issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Bonds shall be registered in the name of Cede & Co., as the nominee of DTC. The City and the Paying Agent/Register are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representation attached hereto as Exhibit B (the *Representation Letter*).

With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Bonds from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (an *Indirect Participant*). Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, or (ii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Bond, of any amount with respect to principal of, premium, if any, or interest on, the Bonds. While in the DTC System, no person other than Cede & Co., or



any successor thereto, as nominee for DTC, shall receive a Bond certificate evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the City determines that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify the Paying Agent/Registrar, DTC, and DTC Participants of the availability within a reasonable period of time through DTC of Bond certificates, and the Bonds shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the City may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the City, or such depository's agent or designee, and if the City and the Paying Agent/Registrar do not select such alternate securities depository system then the Bonds may be registered in whatever name or names the Holders of Bonds transferring or exchanging the Bonds shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letters.

SECTION 10. Initial Bond(s). The Bonds herein authorized shall be issued initially either (i) as a single fully-registered Bond in the total principal amount of \$635,925,000 with principal installments to become due and payable as provided in Section 4 and numbered T-1, or (ii) as one (1) fully-registered Bond for each year of Stated Maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the *Initial Bond(s)*) and, in either case, the Initial Bond(s) shall be registered in the name of the Purchaser or the designee



thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchaser. Any time after the delivery of the Initial Bond(s), subject to Section 9, the Paying Agent/Registrar shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds 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 Purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 11. Form of Bonds.

A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds 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 (including insurance legends in the event the Bonds, or any Stated Maturities thereof, are insured and identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Bonds as evidenced by their execution thereof. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds shall be typewritten, 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 Bonds as evidenced by their execution thereof, but the Initial Bond(s) submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

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



B. Form of Definitive Bond.

REGISTERED  
NO. ....

REGISTERED  
\$ .....

United States of America  
State of Texas  
County of Bexar  
CITY OF SAN ANTONIO, TEXAS  
WATER SYSTEM REVENUE REFUNDING BOND,  
SERIES 1992

Interest Rate:      Bond Date:      Stated Maturity:      CUSIP NO:  
.....      April 15, 1992      .....      .....

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: ..... DOLLARS

The City of San Antonio, Texas (the City), a body corporate and municipal corporation in the County of Bexar, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity 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 Bond Date specified above, or from the most recent interest payment date to which interest has been paid or duly provided for, until such principal sum has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum Interest Rate specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on May 15 and November 15 of each year, commencing November 15, 1992.

Principal of this Bond shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender, at the principal corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last day of the month next preceding each interest payment date. All payments of principal of, premium, if any, and interest on this Bond 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/Registrar by (i) check sent on the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register, (ii) wire transfer to any Holder of at least \$1,000,000 in aggregate principal amount of Bonds, or (iii) such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$635,925,000 (the *Bonds*) pursuant to an ordinance adopted by the governing body of the City (the *Ordinance*), for the purpose of providing funds for the discharge and final payment of the Refunded Obligations and to pay the costs of issuing the Bonds. The Bonds are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Texas Revised Civil Statutes Annotated Articles 717k and 717q, as amended, and the City's Home Rule Charter.

The Serial Bonds stated to mature on and after May 15, 2003 and the Term Bond stated to mature on May 15, 2010 may be redeemed prior to their Stated Maturities, at the option of the City, on May 15, 2002, or on 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/Registrar) at the redemption price (expressed as a percentage of the principal amount) set forth below, plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
May 15, 2002 through May 14, 2003	102%
May 15, 2003 through May 14, 2004	101%
May 15, 2004 and thereafter	100%

The Term Bonds stated to mature on May 15, 2016 and May 15, 2018 shall be subject to redemption prior to Stated Maturity, at the option of the City, on May 15, 2002, or on any date thereafter, as a 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/Registrar), at the redemption price of par, plus accrued interest to the date of redemption.

Any Bonds called for optional redemption pursuant to the provisions of the Ordinance shall be due and payable on the specified redemption date only if money sufficient to pay the applicable redemption price shall be on deposit with the Paying Agent/Registrar.



The Bonds stated to mature on May 15, 2010, May 15, 2016, and May 15, 2018 are designated as "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturity from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as set forth below:

<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2010</u>		<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2016</u>		<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2018</u>	
<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>
2008	35,175,000	2011	42,485,000	2017	16,175,000
2009	37,460,000	2012	45,040,000	2018	17,060,000*
2010	39,895,000*	2013	12,810,000		
		2014	13,575,000		
		2015	14,395,000		
		2016	15,255,000*		

\*Payable at stated maturity

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of any Term Bonds of the respective stated maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation; (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the City with money in the Debt Service Fund, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof; or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

At least thirty (30) days prior to the date fixed for optional or mandatory redemption, a written notice of redemption shall be given by United States mail, first-class postage prepaid, to any Holders of the Bonds to be redeemed, all subject to the terms and provisions relating thereto contained in the Ordinance. This notice may also be published as provided in the Ordinance and provided to any registered



securities depository and to any national information service as provided 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/Registrar at its principal corporate trust office, a new Bond or Bonds 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 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/Registrar, 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/Registrar 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 Bonds of this series are special obligations of the City payable from and equally and ratably secured solely by a first lien on and pledge of the pledged revenues (the *Pledged Revenues*) including the Net Revenues derived from the operation of the System on a parity with any Additional Senior Lien Obligations hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Additional Senior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Ordinance or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or the System, except with respect to the Pledged Revenues.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.



Reference is hereby made to the Ordinance, copies of which are on file in the principal corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Pledged Revenues pledged for the payment of the Bonds; the terms and conditions under which the City may issue Additional Senior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations; the terms and conditions relating to the transfer or exchange of the Bonds; 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 City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or 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 Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds 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 City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (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 Bond 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 City nor the Paying Agent/Registrar, 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/Registrar, if and when funds for the payment of such interest have been received from the City. 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 Security Register 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 Bond in order to render the same a legal, valid, and binding special obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of and lien on the Pledged Revenues. In case any provision in this Bond 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 Bond 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 City Council of the City has caused this Bond to be duly executed under the official seal of the City.

CITY OF SAN ANTONIO

(CITY SEAL)

By .....  
Mayor

ATTESTED:

.....  
City Clerk

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



C. \*Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond(s) Only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS

§  
§  
§  
§

REGISTER NO. ....

THE STATE OF TEXAS

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this  
.....

.....  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

\* Note to Printer: Not to appear on definitive Bonds

D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.

This Bond has been duly issued under the provisions of the within-mentioned Ordinance; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

THE FROST NATIONAL BANK  
OF SAN ANTONIO  
San Antonio, Texas,  
as Paying Agent/Registrar

Registered this date:

.....

By .....  
Authorized Officer



E. 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 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ..... attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: .....

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

Signature guaranteed: .....  
.....

F. The Initial Bond(s) shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

- (i) immediately under the name of the Bond(s) the headings "Interest Rate ....." and "Stated Maturity ....." shall both be completed "as shown below";
- (ii) the first two paragraphs shall read as follows:

Registered Owner: .....  
Principal Amount: .....

The City of San Antonio, Texas, a body corporate and municipal corporation in the County of Bexar, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns



thereof, the Principal Amount specified above on the fifteenth day of May in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>YEARS OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
-------------------------------------	-----------------------------------	-------------------------------

(Information to be inserted from  
schedule in Section 4 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 Bond Date specified above, 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, 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 May 15 and November 15 of each year, commencing November 15, 1992.

Principal of this Bond shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, at the principal corporate trust office of The Frost National Bank of San Antonio, San Antonio, Texas (the *Paying Agent/Registrar*). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond 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/Registrar 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 Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

G. Insurance Legend. If bond insurance is obtained by the Purchaser or the City for the Bonds, the definitive Bonds and the Initial Bond(s) shall bear an appropriate legend as provided by the insurer.

SECTION 12. Pledge of Pledged Revenues. The City hereby covenants and agrees that the Pledged Revenues are hereby irrevocably pledged to the payment and security of the Senior Lien Obligations including the establishment and maintenance of the special funds created and established for



the payment and security thereof, all as hereinafter provided; and it is hereby ordained that the Senior Lien Obligations, and the interest thereon, shall constitute a lien on and pledge of the Pledged Revenues and be valid and binding without any physical delivery thereof or further act by the City, and the lien created hereby on the Pledged Revenues for the payment and security of the Senior Lien Obligations shall be superior to the lien on and pledge of the Net Revenues securing payment of any Junior Lien Obligations, Subordinate Lien Obligations, or Inferior Lien Obligations hereafter issued by the City.

SECTION 13. Rates and Charges. For the benefit of the Holders of the Senior Lien Obligations and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the Senior Lien Obligations are outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

A. to pay Maintenance and Operating Expenses;

B. to produce Pledged Revenues sufficient to pay (1) 1.25 times the Annual Debt Service Requirements for such Fiscal Year on the Senior Lien Obligations and (2) the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Senior Lien Obligations and any other obligations or evidences of indebtedness issued or incurred that are payable from and equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues;

C. to produce Net Revenues, together with any other lawfully available funds (including the proceeds of Debt which the City expects will be utilized to pay all or part of the principal of and/or interest on any obligations described in this subsection C.), sufficient to pay (1) the principal of and interest on any Junior Lien Obligations hereafter issued by the City and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Junior Lien Obligations and any other obligations or evidences of indebtedness issued or incurred that are payable from and equally and ratably secured, in whole or in part, by a junior lien on and pledge of the Net Revenues; (2) the principal of and interest on any Subordinate Lien Obligations hereafter issued by the City and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Subordinate Lien Obligations and any other obligations or evidences of indebtedness issued or incurred



that are payable from and equally and ratably secured, in whole or in part, by a subordinate lien on and pledge of the Net Revenues; and (3) the principal of and interest on any Inferior Lien Obligations hereafter issued by the City as the same become due and payable and to deposit the amounts required to be deposited in any special fund created and established for the payment and security of any Inferior Lien Obligations hereafter issued by the City;

D. to produce Net Revenues, together with any other lawfully available funds, to fund the transfers as permitted by the provisions of Section 17 of this Ordinance; and

E. to pay any other Debt payable from the Net Revenues and/or secured by a lien on the System.

Should the annual audit report required by Section 28 hereof reflect that the Pledged Revenues for the Fiscal Year covered thereby were less than necessary to meet the requirements of paragraph B of this Section, the Board will, within thirty (30) days after receipt of such annual audit report, report such fact to the City Council (which report shall be in addition to other required reports to the City Council) and review the operations of the System and the rates and charges for services provided, and the Board (and the City Council, if required) will make the necessary adjustments or revisions, if any, in order that the Pledged Revenues for the succeeding year will be sufficient to satisfy the foregoing coverage requirement specified in paragraph B above.

SECTION 14. System Fund - Flow of Funds. The City hereby covenants, agrees, and establishes that the Gross Revenues shall be deposited by the Board, as collected and received, into a separate account (hereby created, established, and to be maintained with the Depository) known as the "City of San Antonio, Texas Water System Revenue Fund" (the *System Fund*) and that the Gross Revenues shall be kept separate and apart from all other funds of the City. All Gross Revenues deposited into the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: to the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein or required by statute, including, but not limited to, Texas Revised Civil Statutes Annotated Article 1113, as amended, to be a first charge on and claim against the Gross Revenues, including a two-month reserve amount based upon the budgeted amount of Maintenance and Operating Expenses for the current Fiscal Year, which amount shall be retained in the System Fund.



SECOND: to the payment of the amounts required to be deposited into the Debt Service Fund created and established for the payment of the Bonds or any Additional Senior Lien Obligations hereafter issued by the City as the same become due and payable.

THIRD: to the payment of the amounts required to be deposited into the Reserve Fund created and established to maintain the amounts required to be deposited in accordance with the provisions of this Ordinance or the ordinances relating to the issuance of any Additional Senior Lien Obligations hereafter issued by the City.

FOURTH: to the payment of the amounts required to be deposited into the interest and sinking, reserve, or contingency fund to be created and established for the payment, security, and benefit of any Junior Lien Obligations hereafter issued by the City as the same become due and payable.

FIFTH: to the payment of the amounts required to be deposited into the interest and sinking, reserve, or contingency fund to be created and established for the payment, security, and benefit of any Subordinate Lien Obligations hereafter issued by the City as the same become due and payable.

SIXTH: to the payment of the amounts required to be deposited into the funds or accounts created and established for the payment of any Inferior Lien Obligations hereafter issued by the City as the same become due and payable; and

SEVENTH: to the payment of the amounts to be transferred to the City's General Fund as provided in Section 17 hereof and into the Renewal and Replacement Fund created and established by Section 18 hereof.

SECTION 15. Debt Service Fund - Excess Bond Proceeds.

For purposes of providing funds to pay the principal of, premium, if any, and interest on the Senior Lien Obligations as the same become due and payable, the City agrees that the Board shall maintain, at the Depository, and there is hereby created a separate and special account or fund to be created and known as the "City of San Antonio, Texas Water System Revenue Bonds Interest and Sinking Fund" (the *Debt Service Fund*). The City covenants that the Board shall deposit into the Debt Service Fund prior to each principal and interest payment date from the available Pledged Revenues an amount equal to one hundred per



cent (100%) of the amount required to fully pay the interest on and the principal of the Senior Lien Obligations then falling due and payable, such deposits to pay maturing principal and accrued interest on the Senior Lien Obligations to be made by the Board in substantially equal monthly installments on or before the business day before the 15th day of each month, beginning on or before the business day before the 15th day of the month next following the delivery of the Bonds to the Purchaser. If the Pledged Revenues in any month are insufficient to make the required payments into the Debt Service Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Debt Service Fund in the next month.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Senior Lien Obligations shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Debt Service Fund and the Reserve Fund is equal to the amount required to fully pay and discharge all outstanding Senior Lien Obligations (principal, premium, if any, and interest) or (ii) the Senior Lien Obligations are no longer outstanding.

Accrued interest and capitalized interest, if any, received from the purchaser of any Senior Lien Obligation shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited into the Debt Service Fund. Additionally, any proceeds of the Bonds not required to effectuate the refunding of the Refunded Obligations or the payment of the costs of issuance of the Bonds shall be deposited into the Debt Service Fund and shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Debt Service Fund from the Pledged Revenues.

SECTION 16. Reserve Fund. To accumulate and maintain a reserve for the payment of the Senior Lien Obligations equal to 100% of the Maximum Annual Debt Service Requirements (calculated by the Board at the beginning of each Fiscal Year and as of the date of issuance of the Bonds and each series of Additional Senior Lien Obligations) for the Senior Lien Obligations (the *Required Reserve Amount*), the City agrees that the Board shall create, establish, and maintain a separate and special fund or account known as the "City of San Antonio, Texas Water System Revenue Bond Reserve Fund" (the *Reserve Fund*), which Fund shall be maintained at the Depository. Earnings and income derived from the investment of amounts held for the credit of the Reserve Fund shall be retained in the Reserve Fund until the Reserve Fund contains the Required Reserve Amount; thereafter, such earnings and income shall be



Fund from the Pledged Revenues such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the business day before the 15th day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Debt Service Fund, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of Additional Senior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the Board may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the Debt Service Fund.

The City may provide a Surety Policy or Policies issued in amounts equal to all or part of the Required Reserve Amount for the Senior Lien Obligations in lieu of depositing cash into the Reserve Fund; provided, however, that no such Surety Policy may be so substituted unless the substitution of the Surety Policy will not, in and of itself, cause any ratings then assigned to the Senior Lien Obligations by any Rating Agency to be lowered and the ordinance authorizing the substitution of the Surety Policy for all or part of the Required Reserve Amount for the Senior Lien Obligations contains (i) a finding that such substitution is cost effective and (ii) a provision that the interest due on any repayment obligation of the City by reason of payments made under such Surety Policy does not exceed the highest lawful rate of interest which may be paid by the City at the time of the delivery of the Surety Policy. The City reserves the right to use Gross Revenues to fund the payment of (1) periodic premiums on the Surety Policy as a part of the payment of Maintenance and Operating Expenses, and (2) any repayment obligation incurred by the City (including interest) to the issuer of the Surety Policy, the payment of which will result in the reinstatement of such Surety Policy, prior to making payments required to be made to the Reserve Fund pursuant to the provisions of this Section to restore the balance in such fund the Required Reserve Amount for the Senior Lien Obligations.

In the event a Surety Policy issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Senior Lien



deposited to the credit of the System Fund. All funds deposited into the Reserve Fund shall be used solely for the payment of the principal of and interest on the Senior Lien Obligations, when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last Stated Maturity or Stated Maturities of or interest on the Senior Lien Obligations.

Until the issuance of any Additional Senior Lien Obligations (or as recalculated by the Board as provided in the preceding paragraph), the Required Reserve Amount shall be \$53,933,530, which shall be accumulated, if necessary, in the following manner. Beginning on or before the business day before the 15th day of the month next following the delivery of the Bonds to the Purchaser and on or before the business day before the 15th day of each following month until the Required Reserve Amount has been accumulated in the Reserve Fund, the City covenants and agrees that the Board shall deposit to the Reserve Fund from the Pledged Revenues an amount not less than \$213,893 being the Required Reserve Fund Deposits.

As and when Additional Senior Lien Obligations are delivered or incurred, the Required Reserve Amount shall be increased, if required, to an amount calculated in the manner provided in the first paragraph of this Section. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of all or a portion of the necessary amount from the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Senior Lien Obligations, or, at the option of the City, by the deposit of monthly installments, made on or before the business day before the 15th day of each month following the month of delivery of the then proposed Additional Senior Lien Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Senior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and for so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Senior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees that the Board shall cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to such



Obligations, the Board may transfer such excess amount to any fund or funds established for the payment of or security for the Senior Lien Obligations (including any escrow established for the final payment of any such obligations pursuant to the provisions of Texas Revised Civil Statutes Annotated Article 717k, as amended), or to the Renewal and Replacement Fund.

SECTION 17. Payments to City General Fund.

A. The Designated Financial Officer of the Board shall transfer no later than the last business day of each month, commencing November, 1992 (or such later date as shall be mutually agreed to by the Board and the City Council), an amount of money calculated, subject to the second paragraph of Section 18, not to exceed 5% (or such lesser amount as may be determined from time to time by the City Council) of the Gross Revenues (after making each of the payments required by the provisions of subparagraphs First through Sixth of Section 14 hereof) for the preceding month to be utilized by the City in the manner permitted by the provisions of Texas Revised Civil Statutes Annotated Article 1113a, as amended. The amount so transferred shall be net of all amounts owed by the City to the Board for the utility services described in Section 29E hereof; provided, however, that the Board shall provide the City with a sufficiently detailed statement of charges for such utility services to permit the City to allocate the charges for such utility services to the appropriate office, division, or department of the City.

B. To the extent that the available Net Revenues in any month are insufficient for the Board to make all or part of the transfer required by the preceding paragraph, the Board shall make up such shortfall (i) in the next month in which available Net Revenues exceed the amounts required to make the transfer to the City pursuant to the preceding paragraph and the *pari passu* payment to the Renewal and Replacement Fund under Section 18 or (ii) to the extent such shortfall has not been made up by the last month of the Fiscal Year, solely from any surplus funds deposited into the Renewal and Replacement Fund for such Fiscal Year. The Board's obligation to make up any shortfall in a Fiscal Year shall not carry over to a subsequent Fiscal Year.

SECTION 18. Renewal and Replacement Fund. There is hereby created and established and there shall be maintained on the books of the Board, and accounted for separate and apart from all other funds of the City and the Board, a separate fund to be entitled the "City of San Antonio, Texas Water System Renewal and Replacement Fund". The Renewal and Replacement



Fund shall be used for the purpose of (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System funds are not available, or (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System funds are not otherwise available, or (4) depositing any funds received by the City pursuant to the CPS Contract, and such funds, including any interest or income thereon, shall be maintained in a separate, segregated account of the Renewal and Replacement Fund and shall only be used to pay Maintenance and Operating Expenses of the water reuse facilities of the System or the debt service requirements on any obligations incurred as permitted by the CPS Contract and in no event shall any such amount, including interest and income thereon, be transferred to the general fund of the City except as permitted by the CPS Contract, or (5) paying bonds or other obligations of the System for which other System revenues are not available, or (6) in the last month of any Fiscal Year to make up any shortfall as required by Section 17B, or (7) for any other lawful purpose in support of the System. The Renewal and Replacement Fund shall be maintained at the Depository.

Deposits to the Renewal and Replacement Fund shall be *pari passu* with the gross amount payable to the City pursuant to Section 17 (prior to the deduction of any charges for utility services provided pursuant to Section 29E) until the full amount payable to the City under such Section has been paid. That is, such deposits to the Renewal and Replacement Fund shall be made equally and ratably, without preference, and on a dollar-for-dollar basis with the gross amount payable to the City pursuant to Section 17, prior to the deduction of any charges for services, until the full amount to be paid to the City in a Fiscal Year under Section 17 has been transferred to the City's General fund. Thereafter, all surplus Net Revenues shall be deposited to the Renewal and Replacement Fund.

SECTION 19. Project Fund. The creation of the special fund of the City, known as the "City of San Antonio, Texas Water System Project Fund" is hereby authorized and confirmed. The Project Fund shall be maintained as a separate account on the books of the Board at the Depository. The Project Fund shall be used only to account for (i) the proceeds of Senior Lien Obligations, (ii) any premium thereon, and (iii), except as hereinafter provided, investment earnings thereon issued for the purposes of paying the costs of and capitalized interest on, the Senior Lien Obligations during the extension, construction, improvement, or repair of the System, the costs of issuance of the Senior Lien Obligations, and for



any other lawful purpose. Any amounts remaining in the Project Fund upon the completion of the projects funded therefrom shall be transferred by the Board to the Debt Service Fund.

Money on deposit in the Project Fund may, at the option of the Board, be invested as permitted by Texas law; provided that all such deposits and investments shall be made in such manner that the money required to be expended from the Project Fund will be available at the proper time or times. All such investments shall be valued in terms of current market value no less frequently than the last business day of the Fiscal Year, except that any direct obligations of the United States of America -- State and Local Government Series shall be continuously valued at their par value or principal face amount. Any obligation in which money is so invested shall be kept and held in the Depository, except as hereinafter provided. For purposes of maximizing investment returns, money in the Project Fund may be invested, together with money in the funds maintained in the Renewal and Replacement Fund or with any other money of the Board, in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at the Depository, which shall not be deemed to be or constitute a commingling of such money or funds, provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased, with such money or owned by the Project Fund are held by or on behalf of the Project Fund.

All interest and income derived from such deposits and investments may be deposited in the Project Fund as permitted by the provisions of Texas Revised Civil Statutes Annotated Article 717k-9, as amended, and shall not constitute Gross Revenues, except that, to the extent required by law, such interest and income may be applied to make such payments to the United States as shall be required to assure that interest on the Senior Lien Obligations is excludable from gross income for federal income tax purposes of the Holders as described in Section 42 of this Ordinance.

SECTION 20. Deficiencies - Excess Pledged or Net Revenues.

A. If on any occasion there shall not be sufficient Pledged Revenues (after making all payments pertaining to the Bonds or any Additional Senior Lien Obligations hereafter issued by the City) to make the required deposits into the Debt Service Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Pledged Revenues, or from any other sources



available for such purpose, and such payments shall be in addition to the amounts required to be paid into these Funds during such month or months.

B. Subject to making the deposits required by this Ordinance, or any ordinances authorizing the issuance of Additional Senior Lien Obligations, or the payments required by the provisions of the ordinances authorizing the issuance of any Junior Lien Obligations, Subordinate Lien Obligations, or Inferior Lien Obligations hereafter issued by the City, the excess Net Revenues may be used as set forth in Sections 17 and 18 hereof.

SECTION 21. Payment of Bonds. While any of the Senior Lien Obligations are outstanding, the Designated Financial Officer shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Debt Service Fund, and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Senior Lien Obligations as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Senior Lien Obligations not later than the business day next preceding the date a debt service payment is due on the Senior Lien Obligations.

SECTION 22. Investment of Funds - Valuation - Transfer of Investment Income.

A. Money in the System Fund, the Debt Service Fund, the Reserve Fund, and the Renewal and Replacement Fund may, at the option of the Board, be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities of the United States of America or as otherwise permitted by state law including, but not limited to, the Public Funds Investment Act of 1987, as amended, Texas Revised Civil Statutes Annotated Article 842a-2, or any successor provision of law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investments with any national bank) that the money required to be expended from any fund will be available at the proper time or times, and provided further that in no event shall such deposits or investments of money in the Reserve Fund mature later than the final maturity date of the Senior Lien Obligations. All such investments shall be



valued in terms of current market value no less frequently than the last business day of the Board's Fiscal Year, except that any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount. Any obligation in which money is so invested shall be kept and held at the Depository, except as hereinafter provided. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the Board, in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at the Depository, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such fund are held by or on behalf of each such fund. If necessary, such investments shall be promptly sold to prevent any default.

B. All interest and income derived from such deposits and investments (other than interest and income derived from deposits to the Reserve Fund if the Reserve Fund does not contain the Required Reserve Amount) shall be credited to the System Fund monthly and shall constitute Gross Revenues.

SECTION 23. Issuance of Additional Senior Lien Obligations. In addition to the right to issue Junior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations as authorized by Section 24 hereof pursuant to any laws of the State of Texas, the City reserves the right to issue Additional Senior Lien Obligations. The Additional Senior Lien Obligations, when issued in compliance with the terms and conditions hereinafter prescribed, shall be payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues in the same manner and to the same extent as the Bonds. The Additional Senior Lien Obligations may be issued in such form and manner as is now or hereafter authorized by the laws of the State of Texas for the issuance of evidences of indebtedness or other instruments and should new methods or financing techniques be developed that differ from those now available, the City and the Board reserve the right to employ the same in their financing arrangements; provided, however, that none shall be issued unless and until the following conditions, as appropriate, have been met:

A. Conditions Precedent - General. The City covenants and agrees that Additional Senior Lien Obligations will not be issued unless and until:



(1) the Designated Financial Officer executes a certificate stating that (a) except for a refunding to cure a default, or the deposit of a portion of the proceeds of any Additional Senior Lien Obligations to satisfy the City's or the Board's obligations under this Ordinance, the City and the Board are not then in default as to any covenant, condition, or obligation prescribed in this Ordinance or in the ordinances authorizing the issuance of any then outstanding Senior Lien Obligations, and (b) each of the special funds created for the payment, security, and benefit of the Senior Lien Obligations then outstanding contains the amount of money then required to be on deposit therein. This certificate shall be dated as of the date the ordinance is adopted authorizing the issuance of the Additional Senior Lien Obligations;

(2) the laws of the State of Texas in force at such time provide for the issuance of the Additional Senior Lien Obligations;

(3) the ordinance authorizing the issuance of the Additional Senior Lien Obligations provides for deposits (at the times established in Section 15 hereof) to be made to the Debt Service Fund in amounts sufficient to pay the principal of, premium, if any, and interest on such Additional Senior Lien Obligations as the same mature; and

(4) the ordinance authorizing the issuance of the Additional Senior Lien Obligations (a) provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Required Reserve Amount, after giving effect to the issuance of the proposed Additional Senior Lien Obligations, and (b) provides that any additional amount required to be deposited in the Reserve Fund shall be so accumulated by the deposit in the Reserve Fund of all or any part of such required additional amount in cash immediately after the delivery of such Additional Senior Lien Obligations, or, at the option of the Board, by (i) the deposit of such required additional amount (or any balance of such required additional amount not deposited in cash as permitted above) in approximately equal monthly installments, made on or before the tenth day of each month following the delivery of such Additional Senior Lien Obligations (or 1/60 of the balance of such required additional amount not deposited in cash as permitted above) or (ii) the deposit of a Surety



Policy which, in whole or in combination with deposits described in clause (i) above, is sufficient to satisfy the required additional amount to be on deposited in the Reserve Fund to accumulate and maintain the Required Reserve Amount.

B. Conditions Precedent - Capital Improvements. The City covenants and agrees that Additional Senior Lien Obligations will not be issued for the purpose of financing Capital Improvements, unless and until the conditions precedent in subparagraph A above have been satisfied and, in addition thereto the Designated Financial Officer represents that, according to the books and records of the Board, the Net Revenues, for the preceding Fiscal Year or for any 12 consecutive calendar month period out of the 18-month period ending not more than ninety (90) days preceding the month the ordinance authorizing the issuance of the Additional Senior Lien Obligations is adopted, are equal to at least 125% of the Maximum Annual Debt Service Requirements for all Senior Lien Obligations to be outstanding after giving effect to the issuance of the Additional Senior Lien Obligations then proposed. In making such a determination of the Net Revenues, the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective not more than ninety (90) days prior to adoption of the ordinance authorizing the issuance of the Additional Senior Lien Obligations and, for purposes of satisfying the Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by this representation based on such change in rates and charges being in effect for the entire period covered by the Designated Financial Officer's representation.

C. Conditions Precedent - Capital Additions - Initial Issue. The City covenants and agrees that Additional Senior Lien Obligations will not be issued for the purpose of financing Capital Additions unless and until (i) the same conditions precedent specified in subparagraph A above have been satisfied, and (ii) the conditions precedent specified in subparagraph B above are satisfied or, in the alternative, the City and the Board have obtained:

(1) a comprehensive report from an Engineer concerning the Capital Additions to be financed, which report shall (a) contain (i) detailed estimates of the cost of acquiring and constructing the Capital Additions, (ii) the estimated date the acquisition and construction of the Capital Additions will be completed and commercially operative, and (iii) a detailed analysis of the impact of the Capital



Additions on the financial operations of the System during the construction thereof and for at least five Fiscal Years after the date the Capital Additions are anticipated to become commercially operative, and (b) conclude that (i) the Capital Additions are necessary and will substantially increase the capacity, or are needed to replace existing facilities, to meet current and projected demands for the service or product to be provided thereby, and (ii) the estimated cost of providing the service or product from the Capital Additions will be reasonable in comparison with projected costs for furnishing such service or product from other reasonably available sources; and

(2) a certificate of an Engineer to the effect that, based on the report described in C(1) above, the projected Net Revenues for each of the five Fiscal Years subsequent to the date the Capital Additions are anticipated to become commercially operative, as estimated in the report, will be equal to at least 125% of the Maximum Annual Debt Service Requirements for all Senior Lien Obligations to be outstanding after giving effect to the issuance of the Additional Senior Lien Obligations.

D. Condition Precedent - Capital Additions - Subsequent Issues. Once a Capital Addition has been initiated by meeting the conditions precedent specified in subparagraph C and the initial issue or series of Additional Senior Lien Obligations delivered therefor, the City reserves the right to issue additional issues or series of Additional Senior Lien Obligations to finance the costs of completing the acquisition and construction thereof and making the same commercially operative without satisfying of any condition precedent under subparagraphs B or C but not until or unless:

(1) the Board makes a forecast (the *Forecast*) of the operations of the System demonstrating the System's ability to pay all obligations payable from the Net Revenues to be outstanding after the issuance of the Additional Senior Lien Obligations then being issued for the period (the *Forecast Period*) of each ensuing year through the fifth Fiscal Year subsequent to the latest estimated date such Capital Additions are anticipated to be commercially operative (in the event any obligation does not bear a fixed numerical rate of interest, the calculation as to the rate to be borne until the fifth Fiscal Year after the Capital Additions are estimated to become commercially



operative shall be based upon an estimate by the Board of such interest rate); and

(2) the Engineer reviews such Forecast and executes a certificate to the effect that (a) such Forecast is reasonable and, based thereon (and such other factors deemed to be relevant), the Net Revenues will be adequate to pay all Senior Lien Obligations to be outstanding after the issuance of the Additional Senior Lien Obligations then being issued for the Forecast Period and (b) the proceeds from the sale of such Additional Senior Lien Obligations are estimated to be sufficient to complete such acquisition and construction.

E. Computations; Reports. In the preparation of the Engineer's report required in subparagraphs C or D above, the Engineer may rely upon other experts or professionals, including those in the employment of the City or the Board, provided such Engineer's report discloses the extent of such reliance and concludes it is reasonable to rely on these experts or professionals. In connection with the issuance of Additional Senior Lien Obligations for Capital Additions, the Engineer's certificate, together with the Engineer's report for the initial issue and the Forecast for a subsequent issue, shall be conclusive evidence and the only evidence required to show compliance with the provisions and requirements of subparagraphs C and D above.

F. Combined Issues. Additional Senior Lien Obligations for Capital Additions may be combined in a single issue with Additional Senior Lien Obligations for Capital Improvements provided the conditions precedent set forth in the applicable subparagraphs B, C, and D are complied with as the same relate to the respective purposes.

G. Parity. All such Additional Senior Lien Obligations provided for in this Section, when issued in accordance with the above, shall be payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues on a parity with the pledge thereof securing the payment of the Bonds, and the provisions of this Ordinance relating to the use of Pledged Revenues shall be applicable to such Additional Senior Lien Obligations as though the same were a part of such original authorization.

SECTION 24. Issuance of Junior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations. The City hereby reserves the right to issue, at any time, obligations including, but not limited to, Junior Lien



Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues, subordinate and inferior in rank and dignity to the lien on and pledge of such Net Revenues securing the payment of the Bonds or any Additional Senior Lien Obligations hereafter issued by the City, as may be authorized by the laws of the State of Texas.

SECTION 25. Refunding Bonds. The City reserves the right to issue refunding bonds to refund all or any part of the outstanding Senior Lien Obligations, pursuant to any law then available, upon such terms and conditions as the City Council may deem to be in the best interest of the City, its inhabitants, and other customers of the System, and if less than all such outstanding Senior Lien Obligations are refunded, the conditions precedent prescribed for the issuance of Additional Senior Lien Obligations set forth in Section 23 of this Ordinance shall be satisfied and the representations and certifications required in Section 23B and C shall give effect to the Maximum Annual Debt Service Requirements of the proposed refunding bonds (but shall not give effect to the Maximum Annual Debt Service Requirements of the obligations being refunded following their cancellation or provision being made for their payment); provided, however, if as a result of such refunding the Annual Debt Service Requirements are not increased in any Fiscal Year, the City shall not be required to satisfy the requirements of Section 23B or C as a requirement for the issuance of such refunding bonds.

SECTION 26. Issuance of Special Project Obligations. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project obligations, provided, however, the City will not issue Special Project obligations unless the City concludes, upon recommendation of the Board, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and efficiently utilized by the Board to meet water, wastewater, water reuse, or stormwater drainage requirements and the cost of such will be reasonable.

SECTION 27. Maintenance of System - Insurance. The City covenants and agrees that while the Senior Lien Obligations remain outstanding the Board will maintain and operate the System in accordance with Prudent Utility Practice and will maintain casualty and other insurance on the



properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business (which may include an adequate program of self-insurance); and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, are hereby pledged as security for the Senior Lien Obligations until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof and the costs associated with the maintenance of any self-insurance program shall be considered Maintenance and Operating Expenses. Nothing in this Ordinance shall be construed as requiring the City or the Board to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City or the Board from doing so.

SECTION 28. Records and Accounts - Annual Audit.

The City covenants and agrees that so long as any of the Senior Lien Obligations remain outstanding, the Board will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by generally accepted accounting principles, consistently applied, and by Texas Revised Civil Statutes Annotated Articles 1113 and 1113b, as amended, or other applicable law. The Holders of the Bonds or any duly authorized agent or agents of such Holders shall have the right to inspect the System and all properties comprising the same. The City further agrees that, following the close of each Fiscal Year, commencing May 31, 1993, the Board will cause an audit of such books and accounts to be made by an Accountant. Copies of each annual audit shall be made available for public inspection during normal business hours at the Board's principal office and the City Clerk's office and may be furnished to, upon written request, any Holder upon payment of the reasonable copying and mailing charges. Expenses incurred in making the annual audit of the operations of the System shall be considered as Maintenance and Operating Expenses.

SECTION 29. Special Covenants. The City hereby further covenants that:



A. it has the lawful power to pledge the Pledged Revenues supporting the Bonds and has lawfully exercised this power under the laws of the State of Texas, including the power existing under Texas Revised Civil Statutes Annotated Articles 717k, 717q, and 1111 through 1118, as amended, and the City's Home Rule Charter;

B. the Senior Lien Obligations shall be equally and ratably secured by a lien on and pledge of the Pledged Revenues in a manner that one obligation shall have no preference over any other obligation;

C. other than for the payment of the Commercial Paper and the Senior Lien Obligations, the Pledged Revenues and/or the Net Revenues have not in any manner been pledged to the payment of any debt or obligation of the City or of the System;

D. as long as any Bonds, or any interest thereon, remain Outstanding, neither the City nor the Board will sell, lease, or encumber the System or any substantial part thereof (except as provided in Sections 23, 24, and 25 of this Ordinance) provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System;

E. no free service (except water provided to the City for municipal fire-fighting purposes and any stormwater utility service) of the System shall be allowed, and, should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made, if necessary, by the City pursuant to Section 17;

F. to the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing utility systems, and the operation of any such systems by anyone is hereby prohibited;

G. through the Board as an agent of the City, it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance; through the Board as an agent of the City, it will promptly pay or cause to be paid the principal amount of and interest on all Senior Lien Obligations, on the dates and in the places and manner prescribed in this Ordinance; and through the Board as an agent of the City, it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Funds and accounts as



provided in accordance with this Ordinance; and any Holder of any Senior Lien Obligations may require the City and the Board, their officials, and employees to carry out, respect or enforce the covenants and obligations of this Ordinance by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City or the Board, their officials, and employees;

H. through the Board as an agent of the City, it shall at all times operate or cause to be operated the System consistent with Prudent Utility Practice;

I. it has or will obtain, or through the Board as an agent of the City, it has or will obtain, lawful title, whether such title is in fee or lesser interest, to the land, buildings, structures, facilities, and other property constituting the System; that it warrants that it will, or through the Board as an agent of the City, defend the title to all such land, buildings, structures, facilities, and other property and every part thereof, for the benefit of the Holders of the Senior Lien Obligations, against the claims and demands of all persons whomsoever; it is lawfully qualified to pledge the Pledged Revenues to the payment of the Senior Lien Obligations in the manner prescribed herein, and it has lawfully exercised such rights;

J. through the Board as an agent of the City, it will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, the Board, or the System; through the Board as an agent of the City, it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City or the Board; and

K. the City and the Board will comply with all of the terms and conditions of any and all laws, franchises,



permits, and authorizations applicable to or necessary with respect to the System; and the City and the Board have obtained or will obtain and keep in full force and effect all franchises, permits, authorization, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the System.

SECTION 30. Limited Obligations of the City. The Senior Lien Obligations are limited, special obligations of the City payable from and equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues, and the Holders thereof shall never have the right to demand payment of the principal or interest on the Bonds from any funds raised or to be raised through taxation by the City.

SECTION 31. Security for 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 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 32. Management of System.

A. Pursuant to the authority contained in Texas Revised Civil Statutes Annotated, Article 1115, as amended, except as otherwise specifically provided in this Ordinance, the complete management and control of the System during such time as any Debt is outstanding shall be vested in a board of trustees to be known as the "San Antonio Water System Board of Trustees". Such board is referred to in this Ordinance as the *Board*. The Mayor of the City from time to time shall ex-officio be one of the members of the Board, and the remaining members of the initial Board shall be Victor Miramontes to serve for a term ending May 31, 1996, Cliff Morton to serve for a term ending May 31, 1996, Curtis Neal to serve for a term ending May 31, 1994, and Diane Rath to serve for a term ending May 31, 1994. The members of the Board from time to time are referred to herein as the *Members*. In addition, there shall be two (2) initial advisory members (the *Advisory Members*) of the Board who shall be Pablo Escamilla to serve for a term ending May 31, 1994 and Christina Garcia to serve for a term ending May 31, 1996. The Advisory Members shall have all of the rights, duties, and obligations of Members of the Board but shall not be permitted to vote on matters considered by the Board and shall not be considered members of the governing body of the System for purposes of Texas Revised Civil Statutes Annotated Article 6252-17, as



amended, or for purposes of establishing a quorum. If subsequently permitted by law, the Advisory Members shall, from and after the effective date of such change in law, without further action by the Board or the City Council, become Members of the Board for the remainder of their respective terms. Thereafter, the Board shall be composed of seven (7) Members. If applicable law permits only six (6) Members to serve on the Board, the City Council shall select the Advisory Member who shall thereafter be a Member of the Board for the remainder of such person's term. Thereafter, the Board shall be composed of six (6) Members.

B. Members of the Board and Advisory Members must be citizens of the United States and must either reside inside the corporate limits of the City or inside the area served by the System. No person who is related within the second degree of consanguinity or affinity (or as further restricted by the City's Home Rule Charter) to any Member of the Board or any member of the City Council shall be eligible for appointment as a Member of the Board. The term of office of each Member of the Board, after the initial terms of the Members named above, shall be four (4) years. All terms (other than the initial terms described above) shall commence on a June 1 and shall terminate on May 31 four years later; provided, however, in the event a replacement for a Member has not been named by the City Council prior to the expiration of such Member's term, such Member shall serve until such Member's successor shall be appointed, and such successor's term shall terminate on May 31st of the year in which such term normally would have terminated if the City Council had appointed such successor prior to the termination of such Member's term. No person who has served as a Member of the Board for a total of two (2) terms shall be eligible for appointment as a Member of the Board. Any initial Member of the Board, any initial Advisory Member, and any Member who is appointed to the Board to serve out an unexpired portion of another Member's term shall not be considered to have served a term unless the initial term or the unexpired portion of the term, as the case may be, so served is two (2) years or more.

C. Removal of residence from the area served by the System by any Member of the Board shall vacate such person's office as a Member of the Board, and any Member of the Board (other than the Mayor of the City) who shall be continuously absent from all meetings of the Board for a period of four (4) consecutive months shall, unless such person has requested and been granted leave of absence by the unanimous vote of the remaining Members of the Board, be considered to have vacated such person's office as a Member of the Board.



D. All vacancies in membership on the Board, whether occasioned by failure or refusal of any person to accept appointment or by resignation, failure to continue to qualify to serve, expiration of term of office, or otherwise, shall be filled by majority vote of all members of the City Council then holding office. Any Member of the Board other than the Mayor of the City may, by a two-thirds (2/3) vote of all members of the City Council then holding office, be removed from office, with or without cause. For purposes of this Section 32, the term *members of the City Council then holding office* shall be the number of persons authorized from time to time by the City's Home Rule Charter to be members of the City Council, whether or not all such positions are filled at any particular time.

E. Except as otherwise specifically provided in this Ordinance, the Board shall have absolute and complete authority and power to control, manage, and operate the System and shall control the expenditure and application of the Gross Revenues of the System pursuant to this Ordinance. In connection with the control, management, and operation of the System and the expenditure and application of the Gross Revenues therefrom, the Board shall be vested with all of the powers of the City with respect thereto, including all powers necessary or appropriate for the performance of all the covenants, undertakings, and agreements of the City contained in this Ordinance, and, with the exception of fixing rates and charges for service rendered by the System, shall have full power and authority to make rules and regulations governing the furnishing of services of the System to customers and for the payment of the same, and for the discontinuance of such services upon failure of customers to pay therefor and, to the extent authorized by law and by this Ordinance, shall have authority to make extensions, improvements, and additions to the System and to acquire by purchase or otherwise properties of every kind in connection therewith. The operational policies of the Board shall parallel those of the City Council insofar as practicable.

F. The Board shall determine the rates, fees, and charges for services rendered and to be rendered by the System, with due consideration being accorded to the terms, covenants, and conditions contained in this Ordinance and the ordinances authorizing the issuance of any Additional Senior Lien Obligations. In the event any such determination reflects a necessity for the adjustment either by an increase or a reduction of such rates, fees, and charges, then the Board shall submit to the City Council a full report of the basis upon which such proposed adjustment is predicated, accompanied by a formal request from the Board for approval and adoption of



the rates, fees, and charges recommended by the Board. If the City Council approves the adjustment thus recommended by the Board, it shall pass an appropriate ordinance placing such adjusted rates, fees, and charges in effect; provided, however, that the rates, fees, and charges for services rendered by the System shall never be reduced in such amounts as will impair the performance of any of the covenants contained in this Ordinance or in any ordinance authorizing the issuance of any Additional Senior Lien Obligations. The rates, fees, and charges of the Waterworks Board of Trustees of San Antonio, the Wastewater Department of the City, and the Water Reuse Department of the City in effect on the date hereof are hereby confirmed and continued as the rates, fees, and charges of the Board for such services.

G. The Mayor, with the concurrence of the City Council, annually shall appoint one of the other Members of the Board as the Chairman of the Board. The Board annually shall elect one of its Members as Vice-Chairman of the Board and shall appoint a Secretary and an Assistant Secretary, either or both of whom may, but need not be, a Member or Members of the Board. If a Member of the Board is not appointed as Secretary or Assistant Secretary, then an employee or employees of the Board may be so appointed. The Board may adopt rules for the orderly conduct of its meetings. The Board shall manage and conduct the affairs of the System in a manner consistent with practices ordinarily employed by the boards of directors of private utility corporations operating properties of a similar nature and with the same degree of prudence. The Board shall have at least one meeting monthly. All meetings of the Board shall be open to the public in accordance with the requirements of Texas Revised Civil Statutes Annotated Article 6252-17, as amended. The Board is authorized to adopt rules of procedure and standards of conduct for persons attending and participating in its meetings and any public hearings conducted by or on behalf of the Board.

H. The Board shall appoint and employ all officers, employees, and professional consultants which it may deem desirable, including, without limitation, a chief executive officer of the System, attorneys, auditors, engineers, architects, and other advisers; provided, however, that the City Attorney shall be the chief legal adviser of the Board. The selection of additional attorneys shall be made in consultation with the City Attorney but the decision of the Board shall be final. The Board may delegate administrative duties and authority to its employees and consultants. No officer or employee of the Board may be employed who shall be related within the second degree of consanguinity or affinity (or as further restricted by the City's Home Rule Charter) to



any Member of the Board or any Advisory Member or any member of the City Council.

I. The Board shall obtain and keep continually in force an employees' fidelity and indemnity bond ("blanket" form), or its equivalent, written by a solvent and recognized insurer and covering losses to the amount of not less than One Hundred Thousand Dollars (\$100,000.00).

J. The Board shall make such provision for an employee retirement plan or pensions for employees of the Board as it may in its discretion determine. The Board may continue in existence the retirement plans in effect on the date of adoption of this Ordinance for the Waterworks System, the Wastewater Department of the City, and the Water Reuse Department of the City and may change the same from time to time as it may determine. The title to and ownership of funds set aside in accordance with an employee retirement plan shall be held in trust for the benefit of the members of such pension plan.

K. The Members of the Board, other than the Mayor of the City, and the Advisory Members shall receive annual compensation in the amount of \$2,500.00 or such additional amount as may be determined from time to time by the City Council. The members of the Board shall be entitled to payment by the Board of their reasonable and necessary expenses for the discharge of their duties.

L. The Members of the Board shall not be personally liable, either individually or collectively, for any act or omission in the performance of their duties as Members of the Board not willfully fraudulent or in bad faith. The Board may authorize the use of Board funds to provide defense for its Members or its employees for civil actions brought against them for any such acts and may hold such Members and employees harmless from any damages awarded against them in any civil action.

M. The City Manager, or the City Manager's designee, shall be authorized to attend meetings of the Board, and the Board shall provide the City Manager with notice of such meetings in the same manner that such notice is given by the Board to its Members.

N. The Board when expending funds for improvements and materials and supplies shall be governed by the then current provisions of applicable City policy and the laws of the State of Texas relating to notices to bidders, advertisement thereof, requirements as to the taking of sealed



bids based upon specifications for such improvements or purchase, the furnishing of surety bonds by contractors, and the manner of letting contracts.

O. The City Council reserves the right to require the Board, at the System's expense and payable from the Renewal and Replacement Fund, to conform its installations in the streets, alleys, and public ways of the City to any changes created by City construction projects; provided, however, such City-ordered relocation of System facilities at System expense shall be limited, in any Fiscal Year, to an amount not to exceed 5% of the Board's annual budget for Maintenance and Operating Expenses in such Fiscal Year. Relocation costs exceeding such 5% limitation shall be funded through direct payment of such excess costs by the City, through payment to the Board of such excess cost by the City, or through the issuance of Debt.

P. No Member of the Board, Advisory Member, or any officer, agent, or employee of the Board shall have a financial interest, direct or indirect, in any contract with the Board or shall be financially interested, directly or indirectly, in the sale to the Board of any land, materials, supplies, or services except on behalf of the Board as an officer or employee or as permitted by the provisions of Chapter 171, as amended, Local Government Code, or any other similar general Texas law in effect from time to time, or the City's Home Rule Charter, whichever is most restrictive.

Q. The Board shall prepare an annual budget to serve as a tool in controlling and administering the management and operation of the System. The annual budget shall reflect an estimate of Gross Revenues and an estimate of the disposition of these revenues in accordance with the funds flow requirements of this Ordinance. The annual budget shall be presented and approved by the Board at least sixty (60) days prior to the beginning of the Board's Fiscal Year. Immediately following approval of the annual budget by the Board, it shall be submitted to the City Council for review and consultation. The Board may subsequently modify its approved budget by giving notice thereof to the City.

R. The Board shall prepare and administer, and may amend from time to time, a master plan for the System (the *Master Plan*), addressing the water resource and capital improvement projects required to accommodate the projected growth and development of the service area of the System. The Master Plan (and any amendment thereof) shall be approved by the Board and submitted for consideration and approval by the City Council in accordance with applicable provisions of the City's Home Rule Charter then in effect.



S. The Board shall provide the City Council with a complete briefing on any matter of litigation which is being contemplated involving the Board as a plaintiff against the City or any of its agencies, and City Council approval shall be obtained by the Board prior to the formal initiation of any such matter of litigation. Unless the City Attorney recommends City Council approval with respect to a particular matter of litigation proposed to be initiated by the Board, all other matters of litigation initiated by the Board may be approved by the Board without approval of the City Council.

T. The Board shall establish an appeals process for disciplinary actions involving its employees. An appeals committee composed of at least three (3) persons who are neither employees, Members, or Advisory Members of the Board shall be appointed by the Board, and such committee shall operate under rules established by the Board from time to time. Such committee shall make recommendations to the chief executive officer of the System, with the final determination concerning disposition of a disciplinary action being made by the chief executive officer of the System. The Board shall further establish Equal Employment Opportunity and Affirmative Action programs in compliance with applicable federal and State of Texas guidelines. All personnel policies established by the Board shall parallel those of the City in effect from time to time insofar as practicable.

U. During each Fiscal Year, the Board shall prepare and formally present to the City Council a minimum of two (2) reports regarding the status of water resource planning and development, other water related issues being undertaken or contemplated by the Board, and other matters previously requested by the City Council.

V. The City Council reserves the right, by ordinance, to abolish the Board and thereafter transfer control, maintenance, and operation of the System to a department of the City in accordance with the provisions of the laws of the State of Texas and the City's Home Rule Charter. The City Council may so abolish the Board at any regular or special meeting of the City Council upon the affirmative vote of 3/4 of the members of the City Council then holding office. Such vote must be preceded by at least two (2) public hearings conducted by the City Council at least 30 days apart. Notice of such public hearings and the subject matter to be discussed shall be published at least one (1) time prior to each such hearing in a newspaper of general circulation within the City at least 15 days prior to the hearing. Such hearings may be conducted at a regular or special meeting of the City Council or in some other location designated by the City Council, and



the calling of such hearings and the authorization of the publication of such notices may be by majority vote of all Members of the City Council then holding office at any regular or special meeting of the City Council. The ordinance abolishing the Board shall name the effective date of the abolition of the Board and the transfer of maintenance, control, and operation of the System to the City. By the same procedure, the City Council may subsequently reconstitute the Board and thereafter transfer control, maintenance, and operation of the System to such Board as otherwise set forth in this Ordinance.

W. The City Council hereby approves, ratifies, and confirms the assumption by the Board of all contractual commitments, obligations, and the prosecution and defense of all litigation (including eminent domain proceedings now pending), claims, and administrative proceedings in the name of the Waterworks Board of Trustees of San Antonio, the Wastewater Department of the City, or the Water Reuse Department of the City (or in the name of the City but which arise out of the functions performed by any of the aforementioned entities).

SECTION 33. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Debt Service Fund or Reserve 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 Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and/or the Board and other officers of the City and/or the Board to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

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 remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

SECTION 34. 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 Security Register.

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/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 35. Negotiable Instruments. Each of the Bonds authorized herein shall be deemed and construed to be a *security* and as such a negotiable instrument with the meaning of the Chapter 8 of the Texas Uniform Commercial Code.

SECTION 36. Cancellation. All Bonds surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 37. Mutilated, Destroyed, Lost, and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same series, 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 Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond or payment in lieu thereof, under this Section, the City 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/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Bond 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 Bonds.

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 Bonds.

SECTION 38. Sale of Bonds - Official Statement Approval. The Bonds authorized by this Ordinance are hereby sold by the City to Dean Witter Reynolds Inc. as the authorized representatives of a group of underwriters (the *Purchaser*) in accordance with the provisions of a Purchase Contract dated of even date with this Ordinance (the *Purchase Contract*), attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes. The Mayor and City Clerk are hereby authorized and directed to execute the Purchase Contract for and on behalf of the City and as the act and deed of the City Council, and in regard to the approval and execution of the Purchase Contract, the City Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained in the Purchase Contract are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement by the Purchaser in connection with the public offering and sale of the Bonds is hereby ratified, confirmed, and approved in all respects. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale, attached as Exhibit A to the Purchase Contract (together with such changes approved



by the Mayor), shall be and is hereby in all respects approved and the Purchaser is hereby authorized to use and distribute the final Official Statement, dated of even date with this Ordinance, in the reoffering, sale, and delivery of the Bonds to the public. The Mayor and City Clerk are further authorized and directed to manually execute and deliver for and on behalf of the City copies of the Official Statement in final form as may be required by the Purchaser, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchaser.

SECTION 39. Escrow Agreement Approval and Execution - Proceeds of Sale. The Escrow and Trust Agreement dated as of the date of this Ordinance (the *Agreement*) by and between the City and The Frost National Bank of San Antonio (the *Escrow Agent*), attached hereto as Exhibit D and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor and City Clerk and on behalf of the City and as the act and deed of the City Council; and the Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Agreement herein approved.

Furthermore, the Mayor, City Clerk, or City Manager, any one or more of said officials, and the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Federal Securities referenced in the Agreement and the delivery thereof to the Escrow Agent on the Closing Date for deposit to the credit of the Escrow Fund established in the Agreement, including the execution of subscription forms for the purchase and issuance of the "United States Treasury Securities - State and Local Government Series" for deposit to the Escrow Fund; all as contemplated and provided by the provisions of the Acts, this Ordinance, and the Agreement.

Immediately following the delivery of the Bonds, the proceeds of sale along with a cash contribution, if any, from the City (less certain costs of issuance and accrued interest received from the Purchaser of the Bonds) shall be deposited with the Escrow Agent for application and disbursement in accordance with the provisions of the Agreement and this Ordinance. The proceeds of sale of the Bonds not so deposited with the Escrow Agent for the refunding of the Refunded



Obligations shall be disbursed for payment of costs of issuance or deposited in the Debt Service Fund for the Bonds, all in accordance with written instructions from the Mayor.

SECTION 40. Application of Bond Proceeds.

A. Proceeds from the sale of the Bonds shall, promptly upon receipt by the City, be applied as follows:

- (1) Accrued interest shall be deposited into the Debt Service Fund.
- (2) An amount identified in instructions from the City's Director of Finance shall be deposited in the Project Fund for the payment of certain costs of issuance relating to the Bonds.
- (3) The remaining proceeds from the sale of the Bonds shall be applied, together with other legally available funds of the City, to establish an Escrow Fund to refund the Refunded Obligations, as more fully provided in the Agreement, and to pay certain expenses arising in connection with the issuance of the Bonds, the establishment of the Escrow Fund, and the refunding of the Refunded Obligations. Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Debt Service Fund.

SECTION 41. Redemption of Refunded Obligations.

Certain of the Refunded Obligations described in the preamble hereof are or will be subject to redemption prior to their stated maturity on various dates at the price of par, premium, if any, and accrued interest to the date of redemption. The Mayor shall give written notice to the Escrow Agent that these Refunded Obligations have been called for redemption, and the City Council ordains that such obligations are called for redemption on the dates shown in Exhibit E hereto, and such order to redeem the Refunded Obligations on the date herein specified shall be irrevocable upon the delivery of the Bonds. A copy of the notices of redemption pertaining to these Refunded Obligations is attached to this Ordinance as Exhibit E and is incorporated herein by reference for all purposes.

SECTION 42. Covenants to Maintain Tax-Exempt Status.

A. Definitions. When used in this Section, the following terms have the following meanings:



*Advance Refunded Bonds* means that portion of the Bonds the proceeds of which are used to redeem the Refunded Obligations other than the Sewer Commercial Paper.

*Advance Refunding Bonds* means collectively the Bonds, other than that portion of the Bonds the proceeds of which are used to redeem the Sewer Commercial Paper.

*Code* means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

*Commercial Paper Refunding Bonds* means that portion of the Bonds the proceeds of which are used to redeem the Sewer Commercial Paper.

*Computation Date* has the meaning set forth in Temporary Regulations Section 1.148-8T(b)(1).

*Gross Proceeds* when used with respect to the Bonds or any other issue of obligations of the City, means sale proceeds and original proceeds, amounts received (including repayments of principal) as a result of investing the sale proceeds and original proceeds of the issue, transferred proceeds, sinking fund proceeds, amounts invested in a reserve or replacement fund, securities or obligations pledged by the City as security for payment of debt service on the Bonds or such other issue, and any other amounts used to pay debt service on the Bonds or such other issue, together with earnings from the investment of the foregoing.

*Investment Property* means

(1) a share of stock in a corporation or a right to subscribe for or to receive such a share,

(2) any indebtedness, evidence thereof, or obligation, including without limitation United States Treasury bonds, notes, and bills (whether or not of State and Local Government Series) and bank deposits, (whether or not certificated or interest bearing or made pursuant to a depository contract),

(3) any annuity contract, or any other deferred payment contract acquired to fund an obligation of the City, or



(4) any other property held for investment,  
but excluding Tax-Exempt Obligations.

*Issue Price* means the aggregate initial offering price of each Stated Maturity of the Bonds to the public, at or below which a substantial amount of each stated maturity of the Bonds were sold to the public, including accrued interest and premium or discount, if any. For purposes of this definition, the term "public" does not include (a) the Purchaser, (b) members of the syndicate, if any, managed by the Purchaser nor (c) any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

*1954 Code Refunded Obligations* means the Original Bonds issued before September 1, 1986, and any Refunded Obligations the proceeds of which were used to refund such Original Bonds and which were issued before September 1, 1986, or, if issued after August 31, 1986, were issued in compliance with a transition rule under Section 1313(a) or (b) of the Tax Reform Act of 1986.

*1986 Code Refunded Obligations* shall mean Refunded Obligations other than 1954 Code Refunded Obligations.

*Nonpurpose Investment* means any Investment Property in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

*Original Bonds* means all the Refunded Obligations, other than the Refunded Obligations the proceeds of which were used to advance refund other obligations of the City.

*Rebatable Arbitrage* has the meaning set forth in Temporary Regulation Section 1.148-2T.

*Sewer Commercial Paper* means the currently outstanding obligations of the City designated as "City of San Antonio, Texas Sewer System Commercial Paper Notes, Series 1989A" authorized in the principal amount of \$49,200,000 that will be refunded by a portion of the Bonds.



*Temporary Regulations* mean Temporary Treasury Regulations Sections 1.148, 1.149 and 1.150 as the same shall be amended or promulgated as final, temporary, or proposed Treasury Regulations and any other proposed, temporary, or final Treasury Regulation which replaces, amends, is in lieu of, or is in substitution for any section and which is applicable to the Bonds or the proceeds thereof.

*Tax-Exempt Obligations* mean (i) obligations the interest on which is excludable from the gross income of any owner thereof under section 103 of the Code and is not an item of tax preference under section 57 of the Code, including any beneficial interest in a trust, the assets of which consist exclusively of such obligations, but excluding shares in any mutual fund which is invested in such obligations, unless such fund is a qualified regulated investment company, and (ii) one-day certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series Program.

*Yield* has the meaning set forth in Temporary Regulation Section 1.148-9T and Treasury Regulation Sections 1.103-13 and 1.103-14.

B. Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on Bonds to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bonds, the City shall comply with each of the specific covenants in this Section.

C. Refunding.

(1) The Commercial Paper Refunding Bonds are issued exclusively to refund the Sewer Commercial Paper. All the proceeds of the Commercial Paper Refunding Bonds will be used to pay costs of issuing the Commercial Paper Refunding Bonds or expended



within 90 days of the date of issuance to retire the Sewer Commercial Paper.

(2) Less than five percent of the proceeds of the Sewer Commercial Paper, has been or will be used, either directly or indirectly, in the trade or business of any person other than a governmental unit, or less than five percent of the debt service on the Sewer Commercial Paper is secured or derived, either directly or indirectly, by payments made with respect to property so used. The Sewer Commercial Paper is not and would not have been a private activity bond within the meaning of section 141 of the Code. The proceeds of the Sewer Commercial Paper, were not at the time of issuance reasonably expected to be, have not been, and will not be, used directly or indirectly to make or finance loans to persons other than governmental units.

(3) The Advance Refunding Bonds are issued exclusively to refund the Advance Refunded Bonds. The Advance Refunding Bonds will be issued more than 90 days before the redemption of the Advance Refunded Bonds.

(4) Less than twenty-five percent (25%) of the proceeds of the 1954 Code Refunded Obligations has been and will be used, either directly or indirectly, in a trade or business of any person other than the governmental unit, or less than twenty-five percent (25%) of the debt service on the 1954 Code Refunded Obligation is secured or derived, either directly or indirectly, by payment with respect to property so used. The 1954 Code Refunded Obligations were not described in section 103(b)(2) or section 103(o)(2)(A) of the Internal Revenue Code of 1954.

(5) Less than five percent of the proceeds of the 1986 Code Refunded Obligations, has been or will be used, either directly or indirectly, in the trade or business of any person other than a governmental unit, or less than five percent of the debt service on the 1986 Code Refunded Obligations is secured or derived, either directly or indirectly, by payments made with respect to property so used. The 1986 Code Refunded Obligations are not private activity bonds within the meaning of section 141 of the Code. The proceeds of the 1986 Code Refunded Obligations, were not at the time of issuance reasonably expected to be, have not been, and will not be, used directly or



indirectly to make or finance loans to persons other than governmental units.

(6) The Advance Refunding Bonds are the first or second advance refunding (within the meaning of section 149(d)(5) of the Code as modified by section 149(d)(6)(B) of the Code) of the Original Bonds.

(7) Each of the Advance Refunded Bonds which is part of an issue of Advance Refunded Bonds with respect to which the City will realize present value debt service savings (determined without regard to administrative expenses) are being called for redemption, and will be redeemed, (i) in the case of Advance Refunded Bonds issued after 1985, not later than the earliest date on which such bonds may be redeemed and (ii) in the case of Advance Refunded Bonds issued before 1986, not later than the earliest date on which such issue may be redeemed at par or at a premium of 3 percent or less.

(8) The initial temporary period under section 148(c) of the Code will end (i) with respect to the proceeds of the Bonds not later than 30 days after the date of issue of such Bonds and (ii) with respect to proceeds of the Advance Refunded Bonds on the Closing Date if not ended prior thereto.

(9) Section 148(e) of the Code did not apply to the 1954 Code Refunded Obligations. On and after the date of issue of the Bonds no proceeds of the 1954 Code Refunded Obligations will be invested in Nonpurpose Investments having a Yield in excess of the Yield on the Advance Refunded Bonds to which any of such proceeds relate.

(10) The Bonds are being issued for the purposes stated in the preamble of this Ordinance. The debt service savings achieved by the City are a result of the interest rates on the Bonds being lower than the interest rates on each series of the Advance Refunded Bonds. In the issuance of the Advance Refunding Bonds the City has employed no *device* to obtain a material financial advantage (based on arbitrage), within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates and reduced debt service payments in early years.

D. Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior



to the final Stated Maturity of the Bonds, directly or indirectly invest Gross Proceeds of the Bonds in any Investment Property (or use Gross Proceeds of the Bonds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investment Property acquired with Gross Proceeds (or with money replaced thereby) of the Bonds whether then held or previously disposed of, exceeds the Yield of the Bonds.

E. Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the regulations and rulings thereunder.

F. Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as such Secretary may prescribe.

G. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and shall retain all records of such accounting for at least six years after the day on which the last outstanding Bonds is discharged. The City may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate or cause to be calculated by a nationally recognized accounting, financial advisory firm or financial institution, in accordance with rules set forth in section 148(f) of the Code and the regulations, Temporary Regulations and rulings thereunder, the Rebatable Arbitrage. The City shall maintain such calculations with the official transcript of the proceedings relating to the issuance of the Bonds until six years after the final Computation Date.



(3) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby, and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States the amount described in paragraph (2) above, at the times, in the installments, to the place, in the manner, and accompanied by Form 8038-T or such other forms or other information as is or may be required by section 148(e) or (f) of the Code and the regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any Correction Amount as described in Temporary Regulation Section 1.148-1T(c)(2), including any penalty related thereto.

H. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection G. of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

I. Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Clerk, City Manager, City Attorney, Designated Financial Officer, or Director of Finance, either or any combination of the foregoing, to make such elections in the Certificate as to Tax Exemption or similar or other appropriate certificate, form, or document permitted or required pursuant to the provisions of the Code, Regulations, or Temporary Regulations as they deem necessary or appropriate in connection with the Bonds. Such elections shall deemed to be made on the Closing Date.

SECTION 43. Control and Custody of Bonds. The Mayor shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Bonds pending their approval by the



Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery of the initial Bonds to the Purchaser.

Furthermore, the Mayor, City Clerk, City Manager, Director of Finance, Designated Financial Officer, or City Attorney, either or all, are hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the City's financial advisor, bond counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the initial Bonds to the Purchaser.

SECTION 44. Satisfaction of Obligation of City. If the City 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 Bonds, at the times and in the manner stipulated in this Ordinance, then the lien on and pledge of Pledged Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Principal of, premium, if any, or interest on any Bond 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 principal, premium, if any, or interest at Stated Maturity or to the redemption date therefor shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm, or such other persons as permitted by the laws of the State of Texas, 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, premium, if any, or interest on such Bonds on and prior to 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/Registrar have been made) the redemption date thereof. 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 Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 42 hereof).



Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of, premium, if any, or interest on the Bonds and remaining unclaimed for a period of four (4) years after the Stated Maturity, or applicable redemption date, of the Bonds such money was deposited and is held in trust to pay shall upon the request of the Board be remitted to the Board against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

SECTION 45. Printed Opinion. The Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Fulbright & Jaworski and McCall, Parkhurst & Horton L.L.P., Attorneys at Law, approving certain legal matters as to the Bonds, such opinion to be dated and delivered as of the date of initial delivery and payment for such Bonds by the Purchaser. Printing of a true and correct copy of such opinion on the reverse side of each definitive Bond, with an appropriate certificate pertaining thereto executed by facsimile signature of the City Clerk of the City is hereby approved and authorized.

SECTION 46. CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof, and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 47. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 48. Ordinance a Contract - Amendments - Outstanding Senior Lien Obligations. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Bonds. This Ordinance shall constitute a contract with the Holders from time to time, shall be binding on the City and the Board and their successors and assigns, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section.



A. The Holders of a majority in Outstanding principal amount of the Senior Lien Obligations shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Senior Lien Obligations so as to:

(1) make any change in the maturity of any of the outstanding Senior Lien Obligations;

(2) reduce the rate of interest borne by any of the outstanding Senior Lien Obligations;

(3) reduce the amount of the principal payable on the outstanding Senior Lien Obligations;

(4) modify the terms of payment of principal of, premium, if any, or interest on the outstanding Senior Lien Obligations or impose any conditions with respect to such payment;

(5) affect the rights of the Holders of less than all of the Senior Lien Obligations then outstanding;

(6) amend clause A of this Section; or

(7) change the minimum percentage of the principal amount of Senior Lien Obligations necessary for consent to any amendment;

unless such amendment or amendments shall be approved by the Holders of all of the Senior Lien Obligations then outstanding.

B. If at any time the City shall desire to amend this Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal corporate trust office of the Paying Agent/Registrar for inspection by all Holders of the Senior Lien Obligations. Such publication is not required, however, if notice in writing is given to each Holder of any Senior Lien Obligations.

C. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of such notice, or other service of written notice, the City shall



receive an instrument or instruments executed by the Holders of at least a majority in outstanding principal amount of the Senior Lien Obligations then outstanding, which instrument or instruments shall refer to the proposed amendment described in such notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council may pass such amendment in substantially the same form.

D. Upon the passage of any such amendment pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendment, and the respective rights, duties and obligations under this Ordinance of the City, the Board, and all the Holders of then outstanding Senior Lien Obligations shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendment.

E. Any consent given by the Holders of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future Holders of the same Senior Lien Obligations during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the Holder who gave such consent (as long as such person remains a Holder), or by a successor in title, by filing written notice thereof with the Paying Agent/Registrar and the City, but such revocation shall not be effective if the Holders of at least a majority in outstanding principal amount of the Senior Lien Obligations have, prior to the attempted revocation, consented to and approved the amendment.

F. The foregoing provisions of this Section notwithstanding, the City Council may amend this Ordinance without the consent of any Holder of the Senior Lien Obligations, solely for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City or the Board contained in this Ordinance, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the Holders of the Senior Lien Obligations or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City or the Board;

(2) to make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in



this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the Holders of the Senior Lien Obligations then Outstanding;

(3) to modify any of the provisions of this Ordinance in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after the Senior Lien Obligations outstanding at the date of the adoption of such modification shall cease to be outstanding;

(4) to make such amendments to this Ordinance as may be required, in the opinion of bond counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(5) to make such changes, modifications, or amendments as may be necessary or desirable in order to allow the Holders of the Senior Lien Obligations to thereafter avail themselves of a book-entry system for payments, transfers, and other matters relating to the Senior Lien Obligations, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of this Ordinance and which shall not adversely affect the interests of the Holders of the Senior Lien Obligations;

(6) to make such changes, modifications, or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Senior Lien Obligations by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility issued in support of the Senior Lien Obligations; or

(7) to make such changes, modifications, or amendments as may be necessary or desirable, which shall not adversely affect the interests of the Holders of the Senior Lien Obligations in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar type of agreements with respect to the Senior Lien Obligations. Notice of any such amendment may be published by the City in the manner described in clause B of this Section; provided, however, that



the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

G. Ownership of the Senior Lien Obligations shall be established by the Security Register maintained by the Paying Agent/Registrar, in its capacity as registrar and transfer agent for the Senior Lien Obligations.

SECTION 49. Legal Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, Sunday, or legal holiday in the City or a day on which the Paying Agent/Registrar for the Bonds is authorized by law or executive order to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding day which is not such a day with the same force and effect as if made on the date of maturity or the date fixed for redemption and no interest shall accrue for the period from the date of maturity or redemption to the date of actual payment.

SECTION 50. 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 City or of the Paying Agent/Registrar 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 51. No Recourse Against City or Board Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Bonds or for any claim based thereon or on this Ordinance against any official of the City, the Board, or any person executing any Bonds.

SECTION 52. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Board, bond counsel, the Paying Agent/Registrar, 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 City, the Board, bond counsel, the Paying Agent/Registrar, and the Holders.

SECTION 53. 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 54. 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 55. 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 56. 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 City Council.

SECTION 57. Authorization of Paying Agent/Registrar Agreement. The City Council hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement in order to comply with the provisions of this Ordinance. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 58. 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 Texas Revised Civil Statutes Annotated Article 6252-17, as amended.

SECTION 59. Approval of Consolidation of System. The City Council hereby approves the consolidation of the System effective as of the Closing Date, and on such date the Old Board shall be dissolved and the Board shall be empowered to



operate and manage the System as provided by the provisions of Section 32 of this Ordinance.

SECTION 60. Emergency. By reason of the necessity for achieving the benefits of consolidating the water utility systems of the City and interest rate savings to the City as a result of the issuance of the Bonds, an emergency is hereby declared to exist making it necessary for the preservation of the public peace, property, health and safety that this Ordinance become effective immediately upon its enactment, and it is so enacted.

SECTION 61. Insurance Provisions Relating to the Serial Bonds. The following provisions shall be effective as long as any Serial Bonds are insured by the Serial Bonds Insurer pursuant the Serial Bonds Insurance Policy:

- (a) The City shall provide the Serial Bonds Insurer with the following information:
  - (i) System budget for each year and annual audited financial statements of the System, preferably within 120 days after the end of the System's fiscal year;
  - (ii) official statement, if any, prepared in connection with the issuance of additional debt relating to the System, whether or not it is on a parity with the Serial Bonds within 30 days of the date of initial delivery of such additional debt;
  - (iii) notice of any draw upon or deficiency due to market fluctuation in the amount, if any, in the Reserve Fund;
  - (iv) simultaneously with the delivery of the annual audited financial statements set forth in (i) above: (A) the number of users of the System as of the end of the fiscal year, (B) notification of the withdrawal of any user of the System comprising 4% or more of sales of the System measured in terms of revenue dollars since the last reporting date, and (C) any significant plant retirements or expansions planned or undertaken since the last reporting date; and
  - (v) such additional information as the Serial Bonds Insurer may reasonably request from time to time.



- (b) Notwithstanding satisfaction of other conditions to the issuance of additional bonds contained in this Ordinance, no such issuance may occur should any event of default have occurred and be continuing.
- (c) In determining whether a payment default has occurred, no effect shall be given to payments made under the Serial Bonds Insurance Policy.
- (d) Any acceleration of the Serial Bonds or annulment thereof shall be subject to the prior written consent of the Serial Bonds Insurer (if it has not failed to comply with its payment obligations under the Serial Bonds Insurance Policy).
- (e) Insured Holders' direction or institution of remedies upon default shall be subject to the prior written consent of the Serial Bonds Insurer, and the Serial Bonds Insurer, acting alone, shall have the right to direct all remedies upon default, if it has not failed to comply with its payment obligations under the Serial Bonds Insurance Policy.
- (f) The Serial Bond Insurer shall receive immediate notice of any payment default and notice of any other default known to the Paying Agent/Registrar within 30 days of the Paying Agent/Registrar's knowledge thereof.
- (g) Any waiver of an event of default shall be subject to the prior written consent of the Serial Bonds Insurer.
- (h) Remedies shall be cumulative with respect to the Paying Agent/Registrar, Holders, and the Serial Bonds Insurer. If any remedial action is discontinued or abandoned, the Paying Agent/Registrar, Holders, and Insurer shall be restored to their former positions.
- (i) Any successor Paying Agent/Registrar or Co-Paying Agent/Registrar must have combined capital, surplus and undivided profits of at least \$50,000,000, unless the Serial Bonds Insurer shall otherwise approve. No resignation or removal of the Paying Agent/Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent/Registrar. The Serial Bond Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent/Registrar and Bond Registrar and the appointment of any successor thereto.



- (j) The City or Paying Agent/Registrar shall not take the Serial Bonds Insurance Policy into effect in determining whether the rights of Holders are adversely affected by actions taken pursuant to the terms and provisions of this Ordinance.
- (k) The Serial Bond Insurer shall be included as a party in interest and as a party entitled to (i) notify the Paying Agent/Registrar of the occurrence of an event of default and (ii) request the Paying Agent/Registrar to intervene in judicial proceedings that affect the Serial Bonds or the security therefor. The Paying Agent/Registrar shall be required to accept notice of default from the Serial Bonds Insurer.
- (l) For the purposes of amending or supplementing this Ordinance, the Serial Bonds Insurer shall be deemed the sole owner of the Serial Bonds. In addition, the rating agencies rating the Serial Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption.
- (m) The Serial Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any supplemental ordinance relating to this Ordinance.
- (n) Only cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated "AAA" by Standard & Poor's Corporation, rated "AAA" by Fitch Investors Service, or "Aaa" by Moody's Investors Service (or any combination thereof) shall be used to effect defeasance of the Serial Bonds unless the Serial Bonds Insurer otherwise approves. In the event of an advance refunding, the City shall cause to be delivered a verification report of an independent nationally recognized certified public accountant.
- (o) The following provisions shall apply with respect to claims under the Serial Bonds Insurance Policy:
  - (i) If, on the third day preceding any interest payment date for the Serial Bonds there is not on deposit with the Paying Agent/Registrar sufficient money available to pay all principal



of and interest on the Serial Bonds due on such date, the Paying Agent/Registrar shall immediately notify the Serial Bonds Insurer and Citibank, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said payment date, the City has not provided the amount of such deficiency, the Paying Agent/Registrar shall simultaneously make available to the Serial Bonds Insurer and to the Fiscal Agent the registration books for the Serial Bonds maintained by the Paying Agent/Registrar. In addition:

- (A) The Paying Agent/Registrar shall provide the Serial Bonds Insurer with a list of the Holders entitled to receive principal or interest payments from the Serial Bonds Insurer under the terms of the Serial Bonds Insurance Policy and shall make arrangements for the Serial Bonds Insurer and its Fiscal Agent (1) to mail checks or drafts to Holders entitled to receive full or partial interest payments from the Serial Bonds Insurer and (2) to pay principal of the Serial Bonds surrendered to the Fiscal Agent by the Holders entitled to receive full or partial principal payments from the Serial Bonds Insurer; and
- (B) The Paying Agent/Registrar shall, at the time it makes the registration books available to the Serial Bonds Insurer pursuant to (A) above, notify Holders entitled to receive the payment of principal of or interest on the Serial Bonds from the Serial Bonds Insurer (1) as to the fact of such entitlement, (2) that the Serial Bonds Insurer will remit to them all or part of the interest payments coming due, (3) that, except as provided in paragraph (ii) below, in the event that any Holder is entitled to receive full payment of principal from the Serial Bonds Insurer, such Holder must tender his Serial Bond with the instrument of transfer in the form provided on the Serial Bond executed in the name of the Serial Bonds Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Holder is entitled to



receive partial payment of principal from the Serial Bonds Insurer, such Holder must tender his Serial Bond for payment first to the Paying Agent/Registrar, which shall note on such Serial Bond the portion of principal paid by the Paying Agent/Registrar, and then, with the form of transfer executed in the name of the Serial Bonds Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder.

- (ii) In the event that the Paying Agent/Registrar has notice that any payment of principal of or interest on an Serial Bond has been recovered from a Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent/Registrar shall, at the time it provides notice to the Serial Bonds Insurer, notify all Holders that in the event that any Holder's payment is so recovered, such Holder will be entitled to payment from the Serial Bonds Insurer to the extent of such recovery, and the Paying Agent/Registrar shall furnish to the Serial Bonds Insurer its records evidencing the payments of principal of and interest on the Serial Bonds which have been made by the Paying Agent/Registrar and subsequently recovered from Holders, and the dates on which such payments were made.
  
- (iii) The Serial Bonds Insurer shall, to the extent it makes payment of principal of or interest on the Serial Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Serial Bonds Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Paying Agent/Registrar shall note the Serial Bonds Insurer's rights as subrogee on the registration books maintained by the Paying Agent/Registrar upon receipt from the Serial Bonds Insurer of proof of the payment of interest thereon to the Holders of such Serial Bonds and (2) in the case of subrogation as to claims for past due principal, the Paying Agent/Registrar shall note the Serial Bonds Insurer's rights as subrogee on the registration books for the Serial Bonds maintained by the Paying Agent/Registrar



upon receipt of proof of the payment of principal thereof to the Holders of such Serial Bonds.

- (p) To the extent permitted by the terms of Section 22 of this Ordinance and in accordance with the provisions of the laws of the State of Texas, money deposited in any fund or account established pursuant to the provisions of this Ordinance may be invested in only the following permitted investments:
- (1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");
  - (2) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks. debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Corporations; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; and obligations of the Resolution Funding Corporation (collectively, "Agency Obligations");
  - (3) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;
  - (4) commercial paper rated "Prime-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;



- (5) obligations rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;
- (6) deposits, Federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which:
  - a. has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, or
  - b. is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in (a.) above;
- (7) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation;
- (8) investments in a money-market fund rated "Am" or "Am-G" or better by Standard & Poor's Corporation;
- (9) repurchase agreements with a term of one year or less with any institution with debt rated "AA" or commercial paper rated "A-1" (in each case by Standard & Poor's Corporation);
- (10) repurchase agreements collateralized by Direct Obligations or Agency Obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:



- a. a master repurchase agreement or specific written, repurchase agreement governs the transaction; and
- b. the securities are held free and clear of any lien by the Paying Agent/Registrar or an independent third party acting solely as agent for the Paying Agent/Registrar, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, or (iii) a bank approved in writing for such purpose by the Serial Bonds Insurer, and the Paying Agent/Registrar shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Paying Agent/Registrar; and
- c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Paying Agent/Registrar; and
- d. the repurchase agreement has a term of thirty days or less, or the Paying Agent/Registrar will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and
- e. the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to a debt service payment date, and
- f. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%; and

investment agreements with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated "A3" or better by Moody's Investors Service and "A-" or better by



Standard & Poor's Corporation, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided:

- a. interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with bond payment dates, and
  - b. moneys invested thereunder may be withdrawn without any penalty, premium, or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and
  - c. the agreement is not subordinated to any other obligations of such insurance company or bank, and
  - d. the same guaranteed interest rate will be paid on any future deposits made to restore the reserve to its required amount, and
  - e. the Paying Agent/Registrar receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank.
- (q) The permitted investments disclosed in Section (p) above (except investment agreements) shall be valued by the Paying Agent/Registrar as frequently as deemed necessary by the Serial Bonds Insurer, but not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Investments purchased with funds on deposit in the Reserve Fund shall have an average aggregate weighted term to maturity not greater than five years.
- (r) The notice address for the Serial Bonds Insurer is: Financial Guaranty Insurance Company, 175 Water Street, New York, New York 10038, Attention: General Counsel.
- (s) The notice address for the Fiscal Agent is: Citibank, N.A., 20 Exchange Plaza, 16th Floor, New York, New York 10005, Attention: Municipal Trust and Agency Services Administration.



SECTION 61: Insurance Provisions Relating to the Term Bonds. The following provisions shall be effective as long as any of the Term Bonds are insured by the Term Bonds Insurer pursuant to the provisions of the Term Bonds Insurance Policy:

A. In the event that, on the second Business Day, and again on the business day, prior to the payment date on the Term Bonds, the Paying Agent/Registrar has not received sufficient money to pay all principal of and interest on the Term Bonds due on the second following or following, as the case may be, business day, the Paying Agent/Registrar shall immediately notify the Term Bonds Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent/Registrar shall so notify the Term Bonds Insurer or its designee.

C. In addition, if the Paying Agent/Registrar has notice that any Holder has been required to disgorge payments of principal or interest on the Term Bond to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Holder within the meaning of any applicable bankruptcy laws, then the Paying Agent/Registrar shall notify the Term Bonds Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Paying Agent/Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Term Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Term Bonds, the Paying Agent/Registrar shall (a) execute and deliver to Citibank, N.A., or its successors under the Term Bonds Insurance Policy (the "Insurance Paying Agent/Registrar"), in form satisfactory to the Insurance Paying Agent/Registrar, an instrument appointing the Term Bonds Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Term Bonds Insurer of the claims for interest to which such deficiency relates and which are paid by the Term Bonds Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent/Registrar) in accordance with the tenor of the Term Bonds



Insurance Policy payment from the Insurance Paying Agent/Registrar with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Term Bonds, the Paying Agent/Registrar shall (a) execute and deliver to the Insurance Paying Agent/Registrar in form satisfactory to the Insurance Paying Agent/Registrar an instrument appointing the Term Bonds Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Term Bonds Insurer of any of the Term Bond surrendered to the Insurance Paying Agent/Registrar of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent/Registrar and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent/Registrar is received), (b) receive as designee of the respective Holders (and not as Paying Agent/Registrar) in accordance with the tenor of the Term Bonds Insurance Policy payment therefor from the Insurance Paying Agent/Registrar, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Term Bonds disbursed by the Paying Agent/Registrar from proceeds of the Term Bonds Insurance Policy shall not be considered to discharge the obligation of the City with respect to such Term Bonds, and the Term Bonds Insurer shall become the owner of such unpaid Term Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the City and the Paying Agent/Registrar hereby agree for the benefit of the Term Bonds Insurer that,

1. They recognize that to the extent the Term Bonds Insurer makes payments, directly or indirectly (as by paying through the Paying Agent/Registrar), on account of principal of or interest on the Term Bonds, the Term Bonds Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in this Ordinance and the Term Bonds; and



2. They will accordingly pay to the Term Bonds Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Term Bonds Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Ordinance and the Term Bond, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Term Bonds to Holders, and will otherwise treat the Term Bonds Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional bonds, the City shall deliver to the Term Bonds Insurer a copy of the disclosure document, if any, circulated with respect to such additional bonds.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Term Bonds which are consented to by the Term Bonds Insurer shall be sent to Standard & Poor's Corporation.

I. The Term Bonds Insurer shall receive notice of the resignation or removal of the Paying Agent/Registrar and the appointment of a successor thereto.

J. The Term Bonds Insurer shall receive copies of all notices required to be delivered to Holders and, on an annual basis, copies of the City's audited financial statements and annual budget.

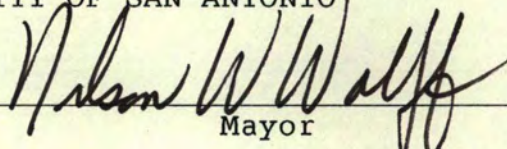
Notices: Any notice that is required to be given to a holder of the Term Bond or to the Paying Agent/Registrar pursuant to the Ordinance shall also be provided to the Term Bonds Insurer. All notices required to be given to the Term Bonds Insurer under the Ordinance shall be in writing and shall be sent by registered or certified mail addressed to Municipal Bond Investors Assurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

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

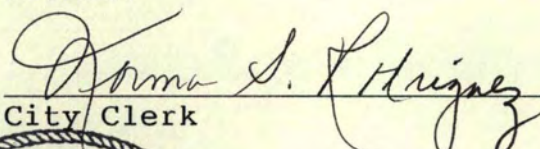


PASSED AND ADOPTED by an affirmative vote of 10  
members of the City Council of the City of San Antonio, Texas,  
this the 30th day of April, 1992.

CITY OF SAN ANTONIO

  
\_\_\_\_\_  
Mayor

ATTEST:

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



- Exhibit A - Form of Paying Agent/Registrar Agreement
- Exhibit B - Form of DTC Letter of Representation
- Exhibit C - Form of Purchase Contract
- Exhibit D - Form of Escrow and Trust Agreement
- Exhibit E - Form of Notices of Redemption



The foregoing ordinance is hereby approved as to form  
by me this, the 30TH day of April, 1992.

Thomas L. Ginday  
City Attorney,  
City of San Antonio, Texas

92 - 19



Exhibit A

Form of Paying Agent/Registrar Agreement

EQUIPMENT & JAWORSKI



EXHIBIT B

Form of DTC Letter of Representation

FRANCIS J. JAWORSKI



EXHIBIT C

Form of Purchase Contract

FOR THE USE OF JAWORSKI



EXHIBIT D

Form of Escrow and Trust Agreement

FOR SETTING UP TRUSTS



EXHIBIT E

Form of Notices of Redemption



CERTIFICATE OF CITY CLERK

THE STATE OF TEXAS  
COUNTY OF BEXAR  
CITY OF SAN ANTONIO

§  
§  
§  
§  
§

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The City Council of the City of San Antonio, Texas (the *City*) convened on the 30th day of April, 1992, in regular session at its regular meeting place in the City Hall of the City (the *Meeting*); the duly constituted officers and members of the City Council being as follows:

Nelson Wolff	Mayor
Weir Labatt	Mayor Pro Tem
Roger Perez	Councilmember
Frank Pierce	Councilmember
Lynda Billa Burke	Councilmember
Frank Wing	Councilmember
Juan F. Solis, III	Councilmember
Helen Ayala	Councilmember
Yolanda Vera	Councilmember
William Thornton	Councilmember
Lyle Larson	Councilmember

and all of said persons were present at the Meeting, except the following: Billa Burke, thus constituting a quorum. Among other business considered at the Meeting, the attached ordinance (the *Ordinance*) entitled:

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 1992; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT; PRESCRIBING CERTAIN MATTERS CONCERNING ESTABLISHMENT OF THE BOARD; AUTHORIZING THE EXECUTION OF A PAYING



AGENT/REGISTRAR AGREEMENT, PURCHASE CONTRACT,  
AND ESCROW AND TRUST AGREEMENT; ENACTING OTHER  
PROVISIONS INCIDENT AND RELATED TO THE SUBJECT  
AND PURPOSE OF THIS ORDINANCE; AND DECLARING  
AN EMERGENCY

was introduced for the consideration of the City Council. It was then duly moved by Councilmember King and seconded by Councilmember Pierce that the Ordinance be adopted as an emergency measure in accordance with the provisions of the City's Home Rule Charter; and, after due discussion, such motion prevailed and carried by the following vote:

10 voted "For"    0 voted "Against"    0 "Abstained"

all as shown in the official Minutes of the City 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 City Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the City Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the matter 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 Texas Revised Civil Statutes Annotated Article 6252-17, as amended.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 30th day of April, 1992.

Arma J. Rodriguez  
City Clerk,  
City of San Antonio, Texas





FINAL

\$635,925,000  
City of San Antonio, Texas  
Water System Revenue Refunding Bonds,  
Series 1992

FULBRIGHT & JAWORSKI



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Signatures and Seal

- Exhibit A - Form of Paying Agent/Registrar Agreement
- Exhibit B - Form of DTC Letter of Representation
- Exhibit C - Form of Purchase Contract
- Exhibit D - Form of Escrow and Trust Agreement
- Exhibit E - Form of Notices of Redemption



GENERAL CERTIFICATE

THE STATE OF TEXAS  
COUNTY OF BEXAR  
CITY OF SAN ANTONIO

§  
§  
§  
§  
§

THE UNDERSIGNED HEREBY CERTIFY that:

1. The City Council of the City of San Antonio, Texas (the City) has authorized the issuance of the "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 1992" in the aggregate principal amount of \$635,925,000 (the Bonds), authorized by an ordinance passed and adopted on the 30th day of April, 1992 (the Ordinance).

2. The City is a duly incorporated home rule city, having more than 5,000 inhabitants, operating and existing under the laws of the State of Texas and the duly adopted Home Rule Charter of the City, which Charter has been amended since the last issuance of bonds or other obligations of the City, being "City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 1991, 1991A, and 1991B", dated April 1, 1991, such amendment (the Amendment) being pursuant to an election held on May 4, 1991. A certified copy of the Amendment is attached hereto as Exhibit A and is incorporated by reference for all purposes.

3. The members of the City Council of the City are as follows:

Nelson Wolff	Mayor
Weir Labatt	Mayor Pro Tem
Roger Perez	Councilmember
Frank Pierce	Councilmember
Linda Billa Burke	Councilmember
Frank Wing	Councilmember
Juan F. Solis, III	Councilmember
Helen Ayala	Councilmember
Yolanda Vera	Councilmember
William Thornton	Councilmember
Lyle Larson	Councilmember

4. Alexander E. Briseno is the duly appointed, qualified, and acting City Manager of the City.

5. Norma S. Rodriguez is the duly appointed, qualified, and acting City Clerk of the City.



6. Nora W. Chavez is the duly appointed, qualified, and acting Director of Finance of the City.

7. None of the Net Revenues of the System has been pledged or encumbered to the payment of any debt or obligation of the City or the System, except in connection with the Bonds and the Commercial Paper.

8. A schedule of the gross revenues of the City's existing waterworks and sanitary sewer systems, maintenance and operating expenses of these systems, and net revenues of these systems (as shown by the records of the City) for the last five fiscal years of these systems is attached hereto as Exhibit B and made a part hereof for all purposes.

9. The Bonds and Commercial Paper represent the initial encumbrance of the System and therefore the City is not in default as to any covenant, condition, or obligation in connection with any ordinances.

10. The current water and sewer rates charged by the City are attached hereto as Exhibit C and made a part hereof for all purposes.

11. Pursuant to the provisions of 1 Tex. Admin. Code §53.51(18), none of the Refunded Obligations being refunded by the Bonds has ever been held in or purchased for the account of any of the special funds created and maintained for the payment or security of the Refunded Obligations, and none of the Refunded Obligations is currently owned nor has any of such Refunded Obligations ever been purchased or held for any account or fund of the City.

12. All of the meetings held by the City Council pursuant to which any proceedings were passed, adopted, and approved in connection with the Bonds were meetings open to the public for which public notice had been given, all as required by law and particularly Texas Revised Civil Statutes Annotated Article 6252-17, as amended.

13. Capitalized terms used and not defined in this certificate shall have the meanings assigned them in the Ordinance.

14. This certificate is made for the benefit of the parties to this transaction and the Attorney General of The State of Texas in connection with his examination into and the approval of the Bonds.



WITNESS OUR HANDS AND THE SEAL OF THE CITY OF SAN ANTONIO, TEXAS, this 30th day of April, 1992.

CITY OF SAN ANTONIO, TEXAS

*Alton W. Wolff*

Mayor

*Arma S. Rodriguez*

City Clerk





ARTS & CULTURAL AFFAIRS
AVIATION
BUILDING INSPECTIONS
BUILDING INSPECTIONS HOUSE NUMBER
CITY ATTORNEY
MUNICIPAL COURT (HOLLIS YOUNG)
REAL ESTATE (FASSNIDGE)
REAL ESTATE (HUBBARD)
REAL ESTATE (WOOD)
TRIAL SECTION
CITY MANAGER
TRAVIS BISHOP, ASST. TO MGR.
CODE COMPLIANCE
INTERGOVERNMENTAL RELATIONS
CITY PUBLIC SERVICE-GENERAL MGR.
CITY PUBLIC SERVICE-MAPS/RECORDS
CITY WATER BOARD-GENERAL MGR.
COMMERCIAL RECORDER
COMMUNITY DEVELOPMENT (BASEMENT)
COMMUNITY INITIATIVES
CONVENTION & VISITORS BUREAU
CONVENTION FACILITIES
DOME DEVELOPMENT OFFICE
ECONOMIC DEVELOPMENT
FINANCE DIRECTOR
ASSESSOR
CONTROLLER
GRANTS
RISK MANAGEMENT
TREASURY
FIRE DEPARTMENT
HOUSING TRUST
INFORMATION RESOURCES
INTERNATIONAL RELATIONS
LIBRARY
MANAGEMENT SERVICES (BUDGET)
MANAGEMENT SERVICES (PERSONNEL)
MARKET SQUARE
METROPOLITAN HEALTH DISTRICT
MUNICIPAL CODE CORP. (PUBLICATION)
MUNICIPAL COURTS
PARKS & RECREATION
PLANNING
LAND DEVELOPMENT SERVICES
POLICE DEPARTMENT
POLICE DEPT.-GROUND TRANSPORTATION
PUBLIC INFORMATION OFFICE
PUBLIC UTILITIES
PUBLIC WORKS
CAPITAL PROJECTS
CENTRAL MAPPING
ENGINEERING
PARKING DIVISION
REAL ESTATE (BILL TOUDOUZE)
SOLID WASTE
TRAFFIC ENGINEERING
PURCHASING & GENERAL SERVICES
WASTEWATER MANAGEMENT

# 635,925  
*Water System*  
*Rev. Refunding Bonds*  
 MEETING OF THE CITY COUNCIL

ITEM NO. 40  
 DATE: April 30, 1992

MOTION BY: Wing      SECONDED BY: Pierce

**75686**

ORD. NO. \_\_\_\_\_ ZONING CASE \_\_\_\_\_  
 RESOL. \_\_\_\_\_ PETITION \_\_\_\_\_

	ROLLCALL	AYES	NAYS
ROGER PEREZ PLACE 1		✓	
FRANK PIERCE PLACE 2		✓	
LYNDA BILLA BURKE PLACE 3		absent	
FRANK D. WING PLACE 4		✓	
JUAN F. SOLIS III PLACE 5		✓	
HELEN AYALA PLACE 6		✓	
YOLANDA VERA PLACE 7		✓	
BILL THORNTON PLACE 8		✓	
WEIR LABATT PLACE 9		✓	
LYLE LARSON PLACE 10		✓	
NELSON WOLFF PLACE 11 (MAYOR)		✓	

92-19

W-A-T-E-R  
 San Antonio Water System #2



EXHIBIT A

[AMENDMENT]



EXHIBIT B

OPERATIONS RECORDS



EXHIBIT C-1

WATER RATES



EXHIBIT C-2

SEWER RATES



April 30, 1992

Attorney General of Texas  
P. O. Box 12548  
Capitol Station  
Austin, Texas 78711

Attention: Bond Division

Re: \$635,925,000, "City of San Antonio, Texas Water System  
Revenue Refunding Bonds, Series 1992"

Ladies and Gentlemen:

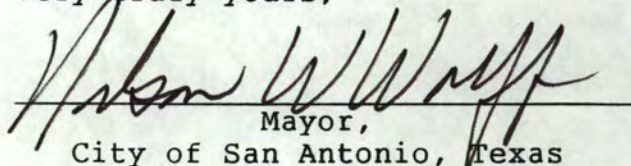
The Initial Bonds to be delivered in connection with the captioned financings have been, or soon will be, received by you for approval. In this connection, I enclose a Signature and No-Litigation Certificate relating thereto, executed and completed except as to date.

When the Bonds receive your approval and the Initial Bonds are ready for delivery to the Comptroller of Public Accounts for registration, this will be your authority to insert the date of your approval in the Signature and No-Litigation Certificate and to deliver the Initial Bonds to the Comptroller.

Should litigation in any way affecting the issuance of the Bonds or the security for the payment thereof develop prior to that date, I will notify you at once by telephone or by telegraph. You may thus be assured that there is no such litigation at the time the Bonds are finally approved unless notice to the contrary has been given in the manner aforementioned.

Thank you for your assistance in this matter.

Very truly yours,

  
\_\_\_\_\_  
Mayor,  
City of San Antonio, Texas



April 30, 1992

Ms. Arlene Chisholm  
Bond Registration Division  
Comptroller of Public Accounts  
111 East 17th Street  
Austin, Texas 78702

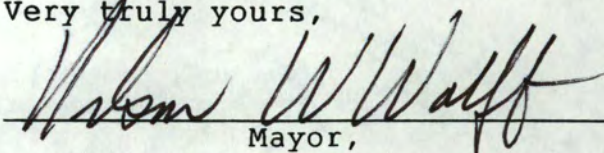
Re: \$635,925,000, "City of San Antonio, Texas Water System  
Revenue Refunding Bonds, Series 1992"

Dear Ms. Chisholm:

The Initial Bonds prepared in connection with the captioned financings will be delivered to you by the Attorney General, when approved by him. We request that you register the Initial Bonds on behalf of the City and, when so registered, mail them, along with all of the approving opinions of the Attorney General, together with the Comptroller's registration certificates, by Federal Express delivery to Fulbright & Jaworski, 300 Convent Street, Suite 2200, San Antonio, Texas 78205, Attn: W. Jeffrey Kuhn.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Wilson W. Wolff", is written over a horizontal line.

Mayor,  
City of San Antonio, Texas



REGISTERED  
NO. T-1

REGISTERED  
\$635,925,000

United States of America  
State of Texas  
County of Bexar  
CITY OF SAN ANTONIO, TEXAS  
WATER SYSTEM REVENUE REFUNDING BOND,  
SERIES 1992

Interest Rate: Bond Date: Stated Maturity: CUSIP NO:  
as shown below April 15, 1992 as shown below .....

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: SIX HUNDRED THIRTY FIVE MILLION NINE HUNDRED  
TWENTY FIVE THOUSAND AND NO/100 DOLLARS

The City of San Antonio, Texas, a body corporate and municipal corporation in the County of Bexar, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the fifteenth day of May in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>YEARS OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2000	22,555,000	5.90
2001	23,890,000	6.00
2002	25,320,000	6.10
2003	25,865,000	6.20
2004	27,470,000	6.30
2005	29,200,000	6.40
2006	31,070,000	6.40
2007	33,055,000	6.40
2010	112,530,000	6.50
2016	143,560,000	6.00
2018	33,235,000	5.50



(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 Bond Date specified above, 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, 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 May 15 and November 15 of each year, commencing November 15, 1992.

Principal of this Bond shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, at the principal corporate trust office of The Frost National Bank of San Antonio, San Antonio, Texas (the *Paying Agent/Registrar*). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the *Paying Agent/Registrar* at the close of business on the Record Date, which is the last day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond 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/Registrar* 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 Security Register or by such other method, acceptable to the *Paying Agent/Registrar*, requested by, and at the risk and expense of, the Holder hereof.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$635,925,000 (the *Bonds*) pursuant to an ordinance adopted by the governing body of the City (the *Ordinance*), for the purpose of providing funds for the discharge and final payment of the Refunded Obligations and to pay the costs of issuing the Bonds. The Bonds are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Texas Revised Civil Statutes Annotated Articles 717k and 717q, as amended, and the City's Home Rule Charter.

The Serial Bonds stated to mature on and after May 15, 2003 and the Term Bond stated to mature on May 15, 2010 may be redeemed prior to their Stated Maturities, at the option of the City, on May 15, 2002, or on 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/Registrar*) at the redemption price



(expressed as a percentage of the principal amount) set forth below, plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
May 15, 2002 through May 14, 2003	102%
May 15, 2003 through May 14, 2004	101%
May 15, 2004 and thereafter	100%

The Term Bonds stated to mature on May 15, 2016 and May 15, 2018 shall be subject to redemption prior to Stated Maturity, at the option of the City, on May 15, 2002, or on any date thereafter, as a 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/Registrar), at the redemption price of, par plus accrued interest to the date of redemption.

Any Bonds called for optional redemption pursuant to the provisions of the Ordinance shall be due and payable on the specified redemption date only if money sufficient to pay the applicable redemption price shall be on deposit with the Paying Agent/Registrar.

The Bonds stated to mature on May 15, 2010, May 15, 2016, and May 15, 2018 are designated as "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturity from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as set forth below:

<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2010</u>		<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2016</u>		<u>Term Bonds</u> <u>Stated to Mature</u> <u>on May 15, 2018</u>	
<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Year</u>	<u>Principal</u> <u>Amount (\$)</u>
2008	35,175,000	2011	42,485,000	2017	16,175,000
2009	37,460,000	2012	45,040,000	2018	17,060,000*
2010	39,895,000*	2013	12,810,000		
		2014	13,575,000		
		2015	14,395,000		
		2016	15,255,000*		

\*Payable at stated maturity



The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of any Term Bonds of the respective stated maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation; (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the City with money in the Debt Service Fund, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof; or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

At least thirty (30) days prior to the date fixed for optional or mandatory redemption, a written notice of redemption shall be given by United States mail, first-class postage prepaid, to any Holders of the Bonds to be redeemed, all subject to the terms and provisions relating thereto contained in the Ordinance. This notice may also be published as provided in the Ordinance and provided to any registered securities depository and to any national information service as provided 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/Registrar at its principal corporate trust office, a new Bond or Bonds 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 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/Registrar, 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/Registrar 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 Bonds of this series are special obligations of the City payable from and equally and ratably secured solely by a first lien on and pledge of the pledged revenues (the *Pledged Revenues*) including the Net Revenues derived from the operation of the System on a parity with any Additional Senior Lien Obligations hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Additional Senior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Ordinance or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or the System, except with respect to the Pledged Revenues.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Reference is hereby made to the Ordinance, copies of which are on file in the principal corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Pledged Revenues pledged for the payment of the Bonds; the terms and conditions under which the City may issue Additional Senior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations; the terms and conditions relating to the transfer or exchange of the Bonds; 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 City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or 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 Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds 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 City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (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 Bond 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 City nor the Paying Agent/Registrar, 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/Registrar, if and when funds for the payment of such interest have been received from the City. 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 Security Register 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 Bond in order to render the same a legal, valid, and binding special obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of and lien on the Pledged Revenues. In case any provision in this Bond 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 Bond 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 City Council of the City has caused this Bond to be duly executed under the official seal of the City.

CITY OF SAN ANTONIO

By

*William W. Wolff*  
.....  
Mayor

ATTESTED

*Anna S. Rodriguez*  
.....  
City Clerk



REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS

§  
§  
§  
§

REGISTER NO. ....

THE STATE OF TEXAS

I HEREBY CERTIFY that this Bond has been examined,  
certified as to validity and approved by the Attorney General  
of the State of Texas, and duly registered by the Comptroller  
of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this  
.....

.....  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)



Statement of Serial Bond Insurance

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992, such policy being on file at the principal corporate office of the Paying Agent/Registrar (the "Paying Agent"): The Frost National Bank of San Antonio, San Antonio, Texas.

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, but not any earlier date on which the payment of principal of the Bonds is due by reason of acceleration, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY



## Statement of Term Bond Insurance

The Municipal Bond Investors Assurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the corporate trust office of The Frost National Bank of San Antonio, San Antonio, Texas.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City of San Antonio, Texas (the "Issuer") to The Frost National Bank of San Antonio, San Antonio, Texas or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$635,925,000  
City of San Antonio, Texas  
Bexar County  
Water System Revenue Refunding Bonds,  
Series 1992

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION in the event the Insurer is unable to fulfill its contractual obligation under the policy or contract or application or certificate or evidence of coverage, the policyholder or certificateholder is not protected by an insurance guaranty fund or other solvency protection arrangement.

MUNICIPAL BOND INVESTORS  
ASSURANCE CORPORATION



PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT entered into as of April 30, 1992 (this *Agreement*) is between the City of San Antonio, Texas (the *Issuer*) and The Frost National Bank of San Antonio, San Antonio, Texas, a national banking association duly organized and existing under the laws of the United States of America (the *Bank*).

RECITALS OF THE ISSUER

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992" (the *Bonds*) in the aggregate principal amount of \$635,925,000 to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, premium (if any) and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds;

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE  
APPOINTMENT OF BANK AS  
PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, in order to pay, when due, the principal, premium (if any), and interest on all or any of the Bonds to the Holders of the Bonds.



The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

The Bank hereby accepts its appointment and agrees to act as the Paying Agent and the Registrar.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank fees and amounts set forth in Annex A hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO  
DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

*Bank Office* means the principal corporate trust office of the Bank set forth on the signature page of this Agreement. The Bank will notify the Issuer, in writing, of any change in location of the Bank Office.

*Bond Ordinance* means the ordinance of the governing body of the Issuer pursuant to which the Bonds are issued, certified by the City Clerk or any other officer of the Issuer, and delivered to the Bank.

*Fiscal Year* means the fiscal year of the Issuer.

*Holder* means a Person in whose name a Security is registered in the Security Register.

*Issuer Request* and *Issuer Order* means a written request or order signed in the name of the Issuer by the Mayor or the City Clerk of the Issuer and delivered to the Bank.



*Legal Holiday* means a day on which the Bank is required or authorized to be closed.

*Person* means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

*Redemption Date* when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

*Responsible Officer* when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

*Security Register* means a register maintained by the Bank on behalf of the Issuer providing for the registration of Bonds and of transfers of Bonds.

*Stated Maturity* means the date specified in the Bond Ordinance as the fixed date on which the principal of a Bond is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms *Bank*, *Bond*, and *Issuer*, have the meanings assigned to them in the opening paragraph of this Agreement or in the Recitals of the Issuer.

The term *Paying Agent/Registrar* refers to the Bank in the performance of the duties and functions of this Agreement.



ARTICLE THREE  
PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Bond at its Stated Maturity or Redemption Date, if any, to the Holder upon surrender of the Bond to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Bond when due, by computing the amount of interest to be paid each Holder, preparing the checks and mailing the checks on the payment date, to the Holders of the Bonds on the Record Date, addressed to their address appearing on the Security Register.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of, premium, if any, and interest on the Bonds at the dates specified in the Bond Ordinance.

ARTICLE FOUR  
REGISTRAR

Section 4.01. Transfer and Exchange.

The Issuer shall keep at the Bank Office a register (the *Security Register*) in which, subject to such reasonable written regulations as the Issuer may prescribe (which regulations shall be furnished the Bank herewith or subsequent hereto by Issuer Order), the Issuer shall provide for the registration of the Bonds and for transfers of Bonds. The Bank is hereby appointed *Registrar* for the purpose of registering Bonds and transfers of Bonds as herein provided. The Bank agrees to maintain the Security Register while it is Registrar.

Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof, or his agent, duly authorized in writing.



The Registrar may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02. Form of Security Register.

The Bank as Registrar will maintain the records of the Security Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.03. List of Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of any required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena, court order, or as required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.04. Return of Cancelled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer Bonds in lieu of which or in exchange for which other Bonds have been issued or which have been paid.

Section 4.05. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to Section 3.01 and Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01.



ARTICLE FIVE  
THE BANK

Section 5.01. Duties of Bank

The Bank undertakes to perform the duties set forth herein and in the Bond Ordinance and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.



(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Bond, or any other Person for any amount due on any Bond from its own funds.

Section 5.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar or any other agent.

Section 5.05. Money Held by Bank.

A fiduciary account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of money received from the Issuer hereunder for the payment of the Bonds, and money deposited to the credit of such account until paid to the Holders of the Bonds shall be continuously collateralized by securities or obligations which qualify and are eligible under the laws of the State of Texas to secure and be pledged as collateral for fiduciary accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Bond and remaining unclaimed for four years after final maturity of such Bond has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Property Code or inactive under Chapter 73 of the Property Code.



Section 5.06. Indemnification.

The Issuer agrees, to the extent it legally may, to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in Bexar County, Texas and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company.

It is hereby represented and warranted that, in the event the Bonds are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", as promulgated from time to time by The Depository Trust Company, which establishes requirements for securities to be eligible for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX  
MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.



Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. Separability.

In case any provision herein, or application thereof, shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions or applications shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar for the Bonds, and if any conflict exists between this Agreement and the Bond Ordinance, the Bond Ordinance shall govern.



Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal of and interest on the Bonds.

This Agreement may be earlier terminated upon 60 days written notice by either party; provided, however, that this Agreement may not be terminated (i) by the Bank until a successor Paying Agent/Registrar that is a national or state banking institution and a corporation or association organized and existing under the laws of the United States of America or of any state which possesses trust powers and is subject to supervision or examination by a federal or state regulatory agency has been appointed by the Issuer and has accepted such appointment, or (ii) at any time during which such termination might, in the judgment of the Issuer, disrupt, delay, or otherwise adversely affect the payment of the principal, premium, if any, or interest on the Bonds. Prior to terminating this Agreement, the Issuer may reasonably require the Bank to show that such termination will not occur during a period described in (ii) above.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

\* \* \*



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.



CITY OF SAN ANTONIO, TEXAS

BY *Nelson W Wolff*  
Name: Nelson Wolff  
Title: Mayor  
Address: Military Plaza  
San Antonio, Texas 78204

Attest: *Norma J. Rodriguez*  
Title: City Clerk

THE FROST NATIONAL BANK OF SAN ANTONIO, San Antonio, Texas

BY *James C. Hynd*  
Title: *Branch Manager*  
Address: *102 W. San Antonio St*  
*San Antonio, TX*

[SEAL]

Attest: *[Signature]*  
Title: *Senior Vice President*



**ANNEX A**  
**Fee Schedule**



EXHIBIT A-1

Paying Agent



EXHIBIT A-2

Original Paying Agent



EXHIBIT B

Schedule of Debt Service on  
Refunded Commercial Paper

Payment Dates

Amounts

\$



EXHIBIT C

Beginning Cash Balance  
and  
Escrowed Securities



City of San Antonio, Texas Water System Revenue  
Refunding Bonds Escrow Fund, Series 1992

Refunded Commercial Paper Account

Beginning Cash Balance \$

United States Treasury Securities

Refunded Bonds Account

Beginning Cash Balance \$

United States Treasury Securities



EXHIBIT D

Escrow Fund Cash Flow



FINAL

ESCROW AND TRUST AGREEMENT

THIS ESCROW AND TRUST AGREEMENT, dated as of April 30, 1992 to be effective upon the initial delivery of the Refunding Bonds to the initial purchasers thereof (together with any amendments or supplements hereto, this *Agreement*), is entered into between the City of San Antonio, Texas (the *City*), a duly organized and existing home rule city, and The Frost National Bank of San Antonio, San Antonio, Texas, as escrow agent (together with any successor in such capacity, the *Escrow Agent*), a national banking association organized under the laws of the United States of America.

W I T N E S S E T H:

WHEREAS, the City has heretofore issued or assumed and there currently remain outstanding the obligations (the *Refunded Bonds*) set forth on Schedule I; and

WHEREAS, the Refunded Bonds were issued pursuant to ordinances, orders, or resolutions which provide that the Refunded Bonds shall be stated to mature in such years, be redeemable prior to stated maturities, bear interest at such rates, and have debt service at the times and in the amounts set forth on Exhibit A attached hereto and made a part hereof for all purposes; and

WHEREAS, the City has heretofore issued, and there is currently outstanding a series of commercial paper designated as "City of San Antonio, Texas Sewer System Commercial Paper Notes, Series 1989A" (the *Refunded Commercial Paper*), authorized on July 13, 1989 to be issued in an amount not to exceed \$49,200,000; and

WHEREAS, the City intends to refund the Refunded Commercial Paper in the amounts set forth on Exhibit B attached hereto and made a part hereof for all purposes; and

WHEREAS, the Refunded Bonds and the Refunded Commercial Paper are hereinafter sometimes referred to herein as the *Refunded Obligations*; and

WHEREAS, when firm banking arrangements have been made for the payment of principal, premium, if any, and interest to the stated maturity or redemption dates of the Refunded Obligations, the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and



WHEREAS, Texas Revised Civil Statutes Annotated Articles 717k and 717q, as amended (the Acts), authorize the City to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with one of the places of payment (the paying agent) for the Refunded Obligations, 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 of the Refunded Obligations; and

WHEREAS, the Acts further authorize the City to enter into an escrow agreement with any paying agent or trustee for the Refunded Obligations 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 or trustee may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Refunded Obligations; and

WHEREAS, the Acts require that the proceeds from the sale of refunding bonds be deposited directly with any place of payment (paying agent) for the Refunded Obligations; and

WHEREAS, The Frost National Bank of San Antonio, San Antonio, Texas currently serves as a paying agent for certain of the Refunded Obligations and is hereby designated as the Escrow Agent by the City; and

WHEREAS, the Escrow Agent is a paying agent for certain of the Refunded Obligations, and this Agreement constitutes an escrow agreement as authorized and permitted by the Acts; and

WHEREAS, concurrently herewith the City has adopted an ordinance (the *Ordinance*) authorizing the issuance of and sale of "City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992" (the *Refunding Bonds*) for the purpose, among others, of providing amounts which, when added to cash on hand, will be sufficient to refund, discharge, and make final payment of the principal of and premium, if any, on the Refunded Obligations at their respective stated maturity or redemption dates and interest thereon to such dates; and

WHEREAS, the Refunded Bonds being called for redemption prior to stated maturity have been duly called for redemption on the dates specified for payment on Exhibit A; and



WHEREAS, the City desires that, concurrently with the delivery of the Refunding Bonds to the initial purchasers thereof, proceeds of the Refunding Bonds together with certain other lawfully available funds of the City, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the Escrowed Securities for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in this Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide money which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of and premium, if any, on the Refunded Obligations to their stated maturity or redemption dates, if any; and

WHEREAS, a description of the Escrowed Securities is attached hereto as Exhibit C, which Exhibit C is hereby incorporated by reference and made a part of this Agreement for all purposes; and

WHEREAS, the City has completed all arrangements for the purchase of the Escrowed Securities and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the City desires to establish an irrevocable Escrow Fund at the principal corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a national banking association organized and existing under the laws of the United States of America, possessing trust powers, and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, the City Council of the City and the Board of Trustees of the City Water Board (the *Board*) have duly approved and authorized the execution of this Agreement; and

WHEREAS, the City, the Board, and the Escrow Agent, as the case may be, shall take all action necessary to call, pay, redeem, and retire the Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinances, orders, and resolutions authorizing the issuance of the Refunded Obligations, the Acts, the Ordinance, and this Agreement; and



WHEREAS, the Escrow Agent and the Original Paying Agents and Commercial Paper Paying Agent (each as hereinafter defined) are parties to this Agreement to acknowledge their acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises, and agreements herein contained, the sufficiency of which hereby is acknowledged, and to secure the full and timely payment of the principal of, premium, if any, and the interest on the Refunded Obligations, the City and the Escrow Agent (and to the extent necessary the Original Paying Agents and Commercial Paper Paying Agent) mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

#### ARTICLE I

##### DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

*City* means the City of San Antonio, Texas.

*Closing Date* means the date of physical delivery of the initial Refunding Bonds in exchange for the payment in full therefor by the initial purchasers.

*Commercial Paper Paying Agent* means Morgan Guaranty Trust Company of New York, or its successors or assigns.

*Escrow Agent* means The Frost National Bank of San Antonio, San Antonio, Texas, or its successors as Escrow Agent under this Agreement.

*Escrow Fund* means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

*Escrowed Securities* means the noncallable United States Treasury obligations described in Exhibit C attached to this Agreement.

*Original Paying Agents* means Ameritrust Texas National Association, Dallas, Texas and First Interstate Bank of Texas, N.A., Houston, Texas, or their respective successors or assigns.

*Paying Agent* means The Frost National Bank of San Antonio, San Antonio, Texas, or its successors or assigns.



**Refunded Obligations** means the City's obligations more fully described in Schedule I to this Agreement.

**Refunding Bonds** means the City's Water System Revenue Refunding Bonds, Series 1992.

Section 1.02. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

## ARTICLE II

### DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Funds. The City has, on the date of initial delivery of the Refunding Bonds to the initial purchasers thereof, deposited, or caused to be deposited, in the Escrow Fund the money and Escrowed Securities described in Exhibit C attached to this Agreement.

Section 2.02. Receipt. The Escrow Agent acknowledges receipt of copies of the ordinances, orders, or resolutions authorizing issuance of the Refunded Obligations and the Ordinance authorizing issuance of the Refunding Bonds. Reference herein to or citation herein of any provision of such instruments shall be deemed to be an incorporation of such provision as a part hereof.

## ARTICLE III

### CREATION AND OPERATION OF ESCROW FUNDS

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the "City of San Antonio, Texas Water System Revenue Refunding Bonds Escrow Fund" (the *Escrow Fund*) for the benefit of the holders of the Refunded Obligations. The Escrow Fund shall consist of two accounts designated as the "Refunded Bond Account" and the "Refunded Commercial Paper Account." The Escrowed Securities and cash, if any, deposited in the Refunded Bond Account shall be utilized to defease the Refunded Bonds and the Escrowed Securities, if any, and cash deposited in the Refunded Commercial Paper Account shall be



utilized to defease the Refunded Commercial Paper. The Escrow Agent hereby acknowledges that there has been deposited to the credit of the Escrow Fund the beginning cash balance, if any, and the Escrowed Securities as described in Exhibit C. The Escrowed Securities and all proceeds therefrom shall be the property of the respective accounts of such Escrow Fund and shall be applied only in strict conformity with the terms and conditions of this Agreement. All of the Escrowed Securities in the Escrow Fund, all proceeds therefrom, and all cash balances and reinvestment of such cash balances in accordance with Sections 4.02 and 4.03 from time to time on deposit in the Escrow Fund are hereby irrevocably pledged to the payment of the principal of, premium, if any, and interest on the respective Refunded Obligations which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02. The City anticipates that no excess funds will remain in the Refunded Commercial Paper Account after the Closing Date; moreover, in the event that any funds remain in such account on the 90th day following the Closing Date the Escrow Agent is hereby instructed to return such excess funds to the City without satisfying the provisions of Section 4.04 hereof. When the final transfers have been made for the payment of such principal of, premium, if any, and interest, if any, on the Refunded Bonds any balance then remaining in the Refunded Bond Account shall be transferred to the City, and the Escrow Agent shall thereupon be discharged from any further duties pertaining to the Escrow Fund.

Section 3.02. Payment of Principal, Premium, if any, and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund (i) with respect to the Refunded Bonds described in Exhibit A-1, to itself as Paying Agent, the amounts required to pay the principal and premium, if any, of such Refunded Bonds at their respective stated maturity or redemption dates and interest thereon to such dates in the amounts and at the times shown in Exhibit A-1 attached hereto, (ii) with respect to the remainder of the Refunded Bonds (as set forth on Exhibit A-2), to each Original Paying Agent as paying agent for such Refunded Bonds as shown on such Exhibit A-2, the amounts required to pay the principal, and premium, if any, of such Refunded Bonds at their respective stated maturity or redemption dates and interest thereon to such dates in the amounts and at the times shown in Exhibit A-2 attached hereto, and (iii) with respect to the Refunded Commercial Paper described in Exhibit B to the Commercial Paper Paying Agent, the amounts required to pay the principal and interest on the Refunded Commercial Paper at its stated maturity in the amounts and on the dates identified in Exhibit B.



Section 3.03. Sufficiency of Escrow Fund. The City and the Board represent that the successive receipts of the principal of and interest on the Escrowed Securities, together with the beginning cash balance, if any, in the Escrow Fund will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide money for transfer to the respective paying agents at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due, the principal and redemption premium (as applicable) of the Refunded Obligations as the principal and redemption premium come due on the Refunded Obligations, all as more fully set forth in Exhibit A attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in any Escrow Fund shall be insufficient to transfer the amounts required by the paying agents to make the payments set forth in Section 3.02, the Board shall timely deposit in the Escrow Fund, from lawfully available funds, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly by the Escrow Agent to the City and the Board.

Section 3.04. Trust Funds. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities, and all other assets of the Escrow Fund wholly segregated on its books from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the holders of the Refunded Obligations; and the books and records of the Escrow Agent shall reflect the foregoing. The holders of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they were entitled as holders of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City or the Board, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts, or checks drawn by the City or the Board or, except to the extent expressly herein provided, by the Paying Agent, the Commercial Paper Paying Agent, or the Original Paying Agents.



Section 3.05. Non-Presentment. If any Refunded Obligation shall not be presented for payment when the principal thereof, premium, if any, or interest, if applicable and if any, thereon shall have become due, and if cash shall at such times be held by the Paying Agent, the Commercial Paper Paying Agent, or the Original Paying Agents in trust for that purpose sufficient and available to pay the principal and premium, if any, of such Refunded Obligation and interest, if applicable and if any, thereon, it shall be the duty of the Paying Agent, the Commercial Paper Paying Agent, or the Original Paying Agents, as the case may be, to hold such cash without liability to the holder of such Refunded Obligation for interest, if any, thereon after such stated maturity or redemption date, if any, in trust for the benefit of the holder of such Refunded Obligation, who shall thereafter be restricted exclusively to said cash for any claim of whatever nature on his part on or with respect to such Refunded Obligation, including for any claim for the payment thereof and interest, if any, thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Refunded Obligations, including interest, if any, thereon, shall be applied to and used solely for the payment of the Refunded Obligations and interest, if any, thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 3.01, cash held by the Paying Agent, the Commercial Paper Paying Agent, or the Original Paying Agents in trust for the payment and discharge of any of the Refunded Obligations and interest, if applicable and if any, thereon which remains unclaimed for a period of four (4) years after the stated maturity date of such Refunded Obligations shall be returned to the City. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent, the Commercial Paper Paying Agent, or Original Paying Agents to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

Section 3.06. Destruction. Any Refunded Obligations cancelled on account of payment by the Paying Agent, the Commercial Paper Paying Agent, or the Original Paying Agents shall be cremated or otherwise destroyed or handled by the Paying Agent, the Commercial Paper Paying Agent, or the Original Paying Agents, as the case may be, in accordance with the applicable ordinance, order, or resolution authorizing such Refunded Obligations.

Section 3.07. Irrevocable Escrow. The escrow created by this Agreement shall be irrevocable, and the holders of the Refunded Obligations shall have an express lien on all money and Escrowed Securities in the Escrow Fund until paid out, used, and applied in accordance with this Agreement.



## ARTICLE IV

### LIMITATION ON INVESTMENTS

Section 4.01. Duty to Invest. Except for the initial investment of the proceeds of the Refunding Bonds in the Escrowed Securities, and except as provided in Sections 4.02, 4.03, and 4.04, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, make substitutions of the Escrowed Securities, or sell, transfer, or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Certain Cash Balances in Escrow Funds by Escrow Agent. (a) Except as provided in paragraph (b) of this Section or Section 4.03, money deposited in the Escrow Fund shall be invested only in the Escrowed Securities listed in Exhibit C hereto, and neither the City nor the Escrow Agent shall otherwise invest or reinvest any money in the Escrow Fund.

(b) Except as provided in Section 4.03 hereof, if there exists cash in the Escrow Fund on the respective dates identified in Exhibit D attached hereto in amounts sufficient to invest the same in SLGS having a zero percent (0%) interest rate ("Zero Interest SLGS"), the Escrow Agent and the City agree to make timely subscriptions for and apply such amounts to the purchase of the Zero Interest SLGS identified in Exhibit D on the respective dates, in the respective amounts, and scheduled to mature as provided on Exhibit D by executing and filing subscription forms prepared therefor in such form as may be then required by the United States Department of the Treasury; provided that the then existing rules and regulations and policy of the United States Department of the Treasury permit and authorize such investments. Should the policies, rules, and regulations of the United States Department of the Treasury not permit or authorize the purchase of Zero Interest SLGS at such time or times, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the dates and in the amount such money would have been expended had such Zero Interest SLGS been acquired and matured.

Section 4.03. Substitutions and Reinvestments. The Escrow Agent shall be authorized to accept initially and temporarily cash and/or substituted securities pending the delivery of the Escrowed Securities identified in Exhibit C, or shall be authorized to redeem the Escrowed Securities and reinvest the proceeds thereof, together with other money held in the Escrow Fund, provided that the Escrow Agent receives the following:



TO: CITY CLERK  
FROM: REAL ESTATE DIVISION

RECEIVED  
CITY OF SAN ANTONIO  
CITY CLERK

97 NOV 26 Parcel No. 13896

2

The instruments listed below pertaining to a conveyance of right-of-way to the City are transmitted herewith:

Deed

Easement

Title Guaranty Policy

Other: Release of Property Under Trust: VOL5548 PAGE 0374-0378

The above parcel was obtained for 39th Street #58, Phase II

Ordinance No.: N/A 751686, Date: 04-30-92

REAL ESTATE DIVISION

BY: William S. Toudouze

DATE: November 28, 1997

FILED \_\_\_\_\_ (date) in

the Office of the City Clerk

James S. Polignone  
CITY CLERK



(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Escrowed Securities identified in Exhibit C pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Escrowed Securities and the reinvestment of such funds in one or more substituted securities [which shall be securities approved by the Serial Bonds Insurer and Term Bonds Insurer (each as defined in the Ordinance) and permitted by the laws of the State of Texas and the ordinances, orders, or resolutions authorizing the Refunded Obligations to be held in the Escrow Fund], together with the interest thereon and other available investments and money then held in the Escrow Fund, will, in either case, be sufficient to pay, as the same become due in accordance with Exhibit A, the principal of, premium, if any, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Escrowed Securities and the reinvestment of the proceeds thereof, an opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Refunding Bonds or Refunded Obligations to be included in the gross income of the owners thereof for federal income tax purposes, under the Internal Revenue Code of 1986, as amended, and applicable related regulations, and (b) such reinvestment complies with the laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Refunding Bonds.

Section 4.04. Excess Balances. Except with respect to final transfers of amounts held in the Refunded Bond Account and Refunded Commercial Paper Account (which shall be controlled by Section 3.01), the Escrow Agent may transfer amounts held in the Escrow Fund to or on the order of the City provided that the City delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that, after the transfer of the excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available money, will be sufficient to pay, as the same become due, in accordance with Exhibit A, the principal of, premium, if any, and interest on the Refunded Obligations which have not previously been paid, and



(2) an unqualified opinion of nationally recognized bond counsel to the effect that (a) such transfer will not make the interest on the Refunding Bonds or the Refunded Obligations relating to such Escrow Fund subject to federal income taxation, and (b) such transfer complies with the laws of the State of Texas and with all relevant documents relating to the issuance of such Refunded Obligations and the applicable Refunding Bonds.

Section 4.05. Allocation of Certain Escrow Securities. The maturing principal of and interest on the Escrowed Securities in the Escrow Fund may be applied to the payment of any Refunded Obligations relating to the Escrow Fund, and no allocation or segregation of the receipts of principal or interest from such Escrowed Securities is required.

Section 4.06. Security for Funds. The Escrow Agent shall continuously secure the money in the Escrow Fund not invested in Escrowed Securities by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of such uninvested money to the extent such money is not insured by the Federal Deposit Insurance Corporation. Not more than five percent (5%) of the proceeds of the Refunding Bonds shall be invested, directly or indirectly, in deposits insured by the Federal Deposit Insurance Corporation or other federally insured deposits or accounts.

## ARTICLE V

### APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.01, 3.02, 4.02, 4.03, and 4.04, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

## ARTICLE VI

### RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations, and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the City and the holders of the Refunded Obligations.



Section 6.02. Reports. As soon as practicable following each May 31, beginning May 31, 1993, while any amount is held in the Escrow Fund, the Escrow Agent shall prepare and send to the City and the Board a written report summarizing all transactions occurring since the preceding June 1 (or since the date of establishment of the Escrow Fund with respect to the initial report) relating to the Escrow Fund, including without limitation credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of each such annual period.

## ARTICLE VII

### CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the City and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the ordinances authorizing the Refunding Bonds or the Refunded Obligations, other than in its role as Paying Agent/Registrar for the Refunding Bonds and for certain of the Refunded Obligations and is not responsible for nor bound by any of the other provisions thereof. In its capacity as Escrow Agent, the Escrow Agent undertakes to perform such duties and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

The Escrow Agent makes no representations as to the value, conditions, or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the City thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.



It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder, except for its own action, neglect, or default or for any loss resulting from its negligence or bad faith.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in the exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect, or default, nor for any loss unless the same shall have been through its negligence or bad faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the City with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, and to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the City or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the City at any time.

Section 7.03. Compensation. (a) Except as provided below, no fee will be paid to the Escrow Agent for the administration of this Agreement. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder and the Escrow Agent agrees to perform such request, the City hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, including counsel fees, and the Escrow Agent hereby agrees to look only to the Board



for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) The Paying Agent is a place of payment (paying agent) for the Refunded Obligations listed on Exhibit A-1. Concurrently with the sale and delivery of the Refunding Bonds, the Board shall pay to the Paying Agent \$\_\_\_\_\_ for all future paying agency services of the Paying Agent with respect to such Refunded Obligations. The City warrants that it has received from the Paying Agent approval of the arrangements herein made and written acknowledgment that the sum paid to the Paying Agent has been accepted in payment of all future paying agency services of the Paying Agent in connection with the Refunded Obligations listed on Exhibit A-1.

(c) The Original Paying Agents are the places of payment (paying agent) for the Refunded Obligations listed on Exhibit A-2. Concurrently with the sale and delivery of the Refunding Bonds, the Board shall pay to the Original Paying Agents \$\_\_\_\_\_ (Ameritrust Texas National Association) and \$\_\_\_\_\_ (First Interstate Bank of Texas, N.A.) for all future paying agency services of the Original Paying Agents with respect to such Refunded Obligations. The City warrants that it has received from the Original Paying Agents approval of the arrangements herein made and written acknowledgment that the sum paid to the Original Paying Agents has been accepted in payment of all future paying agency services of the Original Paying Agents in connection with the Refunded Obligations listed on Exhibit A-2.

(d) The Commercial Paper Paying Agent is a place of payment (paying agent) for the Refunded Commercial Paper listed on Exhibit B. Concurrently with the sale and delivery of the Refunding Bonds, the Board shall pay to the Commercial Paper Paying Agent \$\_\_\_\_\_ for all future paying agency services of the Commercial Paper Paying Agent with respect to such Refunded Obligations. The City warrants that it has received from the Commercial Paper Paying Agent approval of the arrangements herein made and written acknowledgment that the sum paid to the Commercial Paper Paying Agent has been accepted in payment of all future paying agency services of the Commercial Paper Paying Agent in connection with the Refunded Commercial Paper listed on Exhibit B.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be



taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the City, by appropriate resolution or ordinance, shall promptly appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the City within 60 days, a successor may be appointed by the holders of a majority in principal amount of the Refunded Obligations then outstanding for purposes of this Agreement by an instrument or instruments in writing filed with the City, signed by such holders or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this Section within three months after a vacancy shall have occurred, the holder of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation or banking association organized and doing business under the laws of the United States or one of the states, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Texas or in the City of New York, having a combined capital and surplus of at least \$50,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge, and deliver to the City and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers, and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers, and duties.

Section 7.05. Notices of Redemption. The Escrow Agent shall publish or mail the Notices of Redemption for the Refunded Obligations listed on Exhibit A-1 in the form attached to the Ordinance authorizing the Refunding Bonds relating thereto as required by the ordinances, orders, or resolutions authorizing such Refunded Obligations, and the Original Paying Agents shall publish or mail the Notices of Redemption for the Refunded Obligations listed on Exhibit A-2 in the form attached to the Ordinance authorizing the Refunding Bonds relating thereto as required by the ordinances, orders, or resolutions authorizing such Refunded Obligations.



ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

To the Escrow Agent:

The Frost National Bank of San Antonio  
100 West Houston Street  
San Antonio, Texas 78205

Attention: Corporate Trust Department

To the Issuer:

City of San Antonio, Texas  
Military Plaza  
San Antonio, Texas 78205

Attention: Director of Finance

To the Board:

San Antonio Water System Board of Trustees  
1001 E. Market, P.O. Box 2449  
San Antonio, Texas 78298

Attention: Chief Financial Officer

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the City, the holders of the Refunded Obligations, or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the City, the Board, and the Escrow Agent and their respective successors and legal representatives and shall



inure solely to the benefit of the holders of the Refunded Obligations, the City, the Board, the Escrow Agent, and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be deemed to be an agreement made under the laws of the State of Texas and for all purposes shall be governed by and construed in accordance with the laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Amendments and Modifications. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Board, the Escrow Agent, and their respective successors and legal representatives. Furthermore, no alteration, amendment, or modification of any provision of this Agreement shall be effective unless (i) prior written consent of such alteration, amendment, or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment, or modification and all rating agencies then rating the Refunding Bonds and the Refunded Obligations and (ii) such alteration, amendment, or modification is in writing and signed by the parties hereto; provided, however, the City and the Escrow Agent may, without the consent of the holders of the Refunded Obligations (but with the consent of all rating agencies then rating the Refunding Bonds and the Refunded Obligations), amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Obligations any ambiguity, formal defect, or omission in this Agreement; provided, however, that no such amendment shall adversely affect the firm banking arrangements made for the payment of the principal of and interest on the Refunded Obligations.

Section 8.08. Holiday. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, is not



a business day, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the date provided therefor herein and, in the case of any payment, no interest shall accrue for the period after such date.

Section 8.09. Covenants. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Agreement, in any and every Refunded Obligation as executed, authenticated, and delivered, and in all proceedings pertaining thereto as the Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of the Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken, and that the Refunded Obligations in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

Section 8.10. Interpretation of Agreement. In the event of any disagreement or controversy hereunder or if conflicting demands or notices are made upon the Escrow Agent growing out of or relating to this Agreement or in the event that the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the Board expressly agrees and consents that the Escrow Agent shall have the absolute right at its election to

(a) withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) file a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Escrow Agent becomes involved in litigation in connection with this Agreement, the Board agrees to indemnify and save the Escrow Agent harmless, to the extent permitted by law, from all loss, cost, damages, expenses, and attorney fees suffered or incurred by the Escrow Agent as a result thereof. The obligations of the Escrow Agent under this Agreement shall be performable at the principal corporate office of the Escrow Agent in San Antonio, Texas.



The Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

Section 8.11. Liability; Reliance; Assignment. The Escrow Agent shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City or the Board, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City or the Board. The Escrow Agent is authorized by the City and the Board to rely upon the representations of the City and the Board with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Escrow Agent shall not be liable in any manner as a result of such reliance. The duty of the Escrow Agent hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City, the Board, nor the Escrow Agent shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

Section 8.12. Counterparts. This Agreement may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

Section 8.13. Representative of City. Any action, notice, delivery, or performance to be undertaken hereunder by a representative of the City may be undertaken by a duly authorized representative of the San Antonio Water System Board of Trustees, including by the Chairman, Vice Chairman, General Manager, or chief financial officer, in addition to any other duly authorized representative of the City.

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



EXECUTED as of the date first written above.

CITY OF SAN ANTONIO, TEXAS

By

*Robert W. Wolff*  
Mayor

ATTEST:

*Arnon S. Rodriguez*  
City Clerk



THE FROST NATIONAL BANK OF  
SAN ANTONIO, San Antonio, Texas  
as Escrow Agent

By

*[Signature]*  
Senior Vice President

ATTEST:

*[Signature]*  
Trust Officer

(SEAL)

Acknowledged and Agreed:

AMERITRUST TEXAS NATIONAL  
ASSOCIATION, Dallas, Texas

By: .....  
Title: .....

Acknowledged and Agreed:

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK, New York, New York

By: .....  
Title: .....

Acknowledged and Agreed:

FIRST INTERSTATE BANK OF TEXAS,  
N.A., Houston, Texas

By: .....  
Title: .....



INDEX TO EXHIBITS

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Exhibit C  
Description of Beginning Cash Deposit

(if any) and Escrowed Securities

Exhibit D  
Escrow Fund Cash Flow



Schedule I  
Refunded Bonds

Timber Creek Utility District Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1971, dated May 1, 1971, in the original aggregate principal amount of \$425,000, stated to mature on March 1, 1993 through March 1, 1996, in the aggregate outstanding principal amount of \$145,000;

Timber Creek Utility District Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1972, dated June 1, 1972, in the original aggregate principal amount of \$610,000, stated to mature on March 1, 1993 through March 1, 1998, in the aggregate outstanding principal amount of \$290,000;

Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1973, dated July 1, 1973, in the original aggregate principal amount of \$2,250,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$1,385,000;

Timber Creek Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1973, dated September 1, 1973, in the original aggregate principal amount of \$75,000, stated to mature on March 1, 1993 through March 1, 1998, in the aggregate outstanding principal amount of \$24,000;

Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1975, dated June 1, 1975, in the original aggregate principal amount of \$625,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$470,000;

Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1978, dated April 1, 1978, in the original aggregate principal amount of \$850,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$640,000;

Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1979, dated April 1, 1979, in the original aggregate principal amount of \$1,730,000, stated to mature on April 1, 1993 through April 1, 2004, in the aggregate outstanding principal amount of \$1,285,000;



Timber Creek Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1979, dated April 1, 1979, in the original aggregate principal amount of \$360,000, stated to mature on March 1, 1993 through March 1, 1999, in the aggregate outstanding principal amount of \$265,000;

City of San Antonio Sewer System Revenue Refunding Bonds, Series 1980, dated May 1, 1980, in the original aggregate principal amount of \$17,610,000, stated to mature on November 1, 1995 and November 1, 1999, in the aggregate outstanding principal amount of \$7,420,000;

City of San Antonio Water System Revenue Refunding Bonds, Series 1980, dated May 1, 1980, in the original aggregate principal amount of \$37,495,000, stated to mature on May 1, 1995 and May 1, 2001, in the aggregate outstanding principal amount of \$23,580,000;

City of San Antonio Prior Lien Sewer System Revenue Bonds, Series 1980, dated June 1, 1980, in the original aggregate principal amount of \$20,000,000, stated to mature on November 1, 1992 through November 1, 2005, in the aggregate outstanding principal amount of \$16,100,000;

City of San Antonio Prior Lien Water System Revenue Bonds, Series 1980, dated November 1, 1980, in the original aggregate principal amount of \$15,000,000, stated to mature on May 1, 1993 and May 1, 2005, in the aggregate outstanding principal amount of \$1,925,000;

City of San Antonio, Texas Prior Lien Sewer System Revenue Bonds, Series 1982, dated February 1, 1982, in the original aggregate principal amount of \$15,000,000, stated to mature on November 1, 1992 and November 1, 1993, in the aggregate outstanding principal amount of \$1,600,000;

City of San Antonio Prior Lien Water System Revenue Bonds, Series 1983, dated May 1, 1983, in the original aggregate principal amount of \$20,000,000, stated to mature on May 1, 1993 and May 1, 1994, in the aggregate outstanding principal amount of \$1,500,000;

Concord Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1984, dated February 1, 1984, in the original aggregate principal amount of \$1,110,000, stated to mature on April 1, 1993 through April 1, 1999, in the aggregate outstanding principal amount of \$690,000;



City of San Antonio, Texas Prior Lien Sewer System Revenue Bonds, Series 1984, dated March 1, 1984, in the original aggregate principal amount of \$46,500,000, stated to mature on May 1, 1993 through May 1, 1996, in the aggregate outstanding principal amount of \$4,900,000;

City of San Antonio Prior Lien Water System Revenue Bonds, Series 1984, dated July 1, 1984, in the original aggregate principal amount of \$30,500,000, stated to mature on May 1, 1993 in the aggregate outstanding principal amount of \$625,000;

City of San Antonio, Texas Prior Lien Sewer System Revenue Bonds, Series 1985, dated May 1, 1985, in the original aggregate principal amount of \$85,000,000, stated to mature on May 1, 1993 through May 1, 2000, May 1, 2005, and May 1, 2010, in the aggregate outstanding principal amount of \$79,800,000;

City of San Antonio, Texas General Improvement Bonds, Series 1985, dated July 1, 1985, in the original principal amount of \$41,740,000 stated to mature on July 1, 1993 through July 1, 2005, in the aggregate outstanding principal amount of \$27,300,000.

City of San Antonio, Texas Prior Lien Sewer System Revenue Improvement and Refunding Bonds, Series 1986, dated April 15, 1986, in the original aggregate principal amount of \$172,000,000, stated to mature on May 1, 1993 through May 1, 2001, May 1, 2006, and May 1, 2012, in the aggregate outstanding principal amount of \$166,850,000;

City of San Antonio Prior Lien Water System Revenue Bonds, Series 1986, dated February 1, 1986, in the original aggregate principal amount of \$30,000,000, stated to mature on May 1, 1993 through May 1, 2002, May 1, 2009, and May 1, 2011, in the aggregate outstanding principal amount of \$27,880,000;

City of San Antonio Prior Lien Water System Revenue Refunding Bonds, Series 1986-A, dated June 1, 1986, in the original aggregate principal amount of \$62,650,000, stated to mature on May 1, 1993 through May 1, 2004, in the aggregate outstanding principal amount of \$53,305,000;

City of San Antonio Prior Lien Water System Revenue Bonds, Series 1987, dated August 1, 1987, in the original aggregate principal amount of \$30,000,000, stated to mature on May 1, 1993 through May 1, 2004, May 1, 2011, and May 1, 2012, in the aggregate outstanding principal amount of \$23,160,000;

City of San Antonio, Texas Prior Lien Sewer System Revenue Improvement Bonds, Series 1987, dated August 1, 1987, in the



original aggregate principal amount of \$50,000,000, stated to mature on May 1, 1993 through May 1, 2009, and May 1, 2014, in the aggregate outstanding principal amount of \$50,000,000;

City of San Antonio Prior Lien Water System Revenue Bonds, Series 1989, dated January 1, 1989, in the original aggregate principal amount of \$28,000,000, stated to mature on May 1, 1993 through May 1, 2008, May 1, 2012, and May 1, 2014, in the aggregate outstanding principal amount of \$27,170,000;

City of San Antonio, Texas Sewer System Commercial Paper Notes, Series 1989A, authorized July 13, 1989 in the aggregate outstanding principal amount of \$49,200,000;

City of San Antonio, Texas Prior Lien Water System Revenue Bonds, Series 1990, dated June 1, 1990, in the original aggregate principal amount of \$36,454,519, stated to mature on May 1, 1993 through May 1, 2012, in the aggregate outstanding principal amount of \$36,139,519;

City of San Antonio, Texas Prior Lien Water System Revenue Refunding Bonds, Series 1990A dated June 1, 1990, in the original principal amount of \$31,200,000, stated to mature on May 1, 1993 through May 1, 2005, and May 1, 2007, in the aggregate outstanding principal amount of \$30,770,000; and

City of San Antonio, Texas Prior Lien Water System Revenue Bonds, Series 1991 dated January 1, 1991, in the original principal amount of \$27,500,000, stated to mature on May 1, 1993 through May 1, 2011, and May 1, 2016, in the aggregate outstanding principal amount of \$27,365,000.



EXHIBIT A

Schedule of Debt Service on  
Refunded Bonds



SIGNATURE AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS  
COUNTY OF BEXAR  
CITY OF SAN ANTONIO

§  
§  
§  
§  
§

THE UNDERSIGNED HEREBY CERTIFY that:

1. This certificate is executed and delivered with reference to the "CITY OF SAN ANTONIO, TEXAS WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 1992" in the aggregate principal amount of \$635,925,000 (the *Bonds*).

2. The Bonds have been duly and officially executed by the undersigned Mayor and City Clerk with their manual or facsimile signatures in the manner appearing hereon, and the undersigned Mayor and City Clerk hereby adopt and ratify their respective signatures in the manner appearing on each of the Bonds in manual or facsimile form, as the case may be, as their true, genuine, and official signatures.

3. On the date of such execution and on the date hereof, the undersigned were and are the duly chosen, qualified, and acting officers indicated therein and were and are authorized to execute the same.

4. The legally adopted, proper, and official corporate seal of the City of San Antonio, Texas is impressed, imprinted, or lithographed on all of the Bonds and is impressed on this certificate.

5. No litigation of any nature is now pending before any federal or state court, or administrative body, or to our knowledge threatened, seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning the issuance or sale of the Bonds, the authority or action of the governing body of the City relating to the issuance or sale of the Bonds, the collection of the revenues derived from the operation of the City's combined waterworks and sanitary sewer system (the *System*), or the imposition of rates and charges with regard to the System, pledged to pay the principal of and interest on the Bonds, or that would otherwise adversely affect in a material manner the financial condition of the City to pay the principal of and interest on the Bonds; and neither the corporate existence or boundaries of the City nor the right to hold office of any member of the governing body of the City or any other elected or appointed official of the City is being contested or otherwise questioned.



6. No petition or other request has been filed with or presented to any official of the City requesting that any proceedings authorizing the issuance of the Bonds adopted by the governing body of the City be submitted to a referendum or other election; no authority or proceeding for the issuance, sale or delivery of the Bonds by the governing body of the City has been amended, repealed, revoked, rescinded or otherwise modified since the date of passage thereof, and all such proceedings and authority relating to the issuance and sale of the Bonds remain in full force and effect as of the date of this certificate.

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





EXECUTED AND DELIVERED this \_\_\_\_\_.

SIGNATURE

OFFICIAL TITLE

Wilson W. Wolff  
Norma S. Rodriguez

Mayor,  
City of San Antonio, Texas  
City Clerk,  
City of San Antonio, Texas

The signatures of the officers subscribed above are hereby certified to be true and genuine.

First National Bank  
(Bank)  
By Raymond C. Wood  
Authorized Officer

(BANK SEAL)





**FULBRIGHT & JAWORSKI**

300 CONVENT STREET, SUITE 2200  
SAN ANTONIO, TEXAS 78205

HOUSTON  
WASHINGTON, D.C.  
AUSTIN  
SAN ANTONIO  
DALLAS  
NEW YORK  
LOS ANGELES  
LONDON  
ZURICH  
HONG KONG

TELEPHONE: 512/224-5575  
FACSIMILE: 512/224-8336

WRITER'S DIRECT DIAL NUMBER:

April 30, 1992

RE: \$635,925,000 City of San Antonio, Texas Water System  
Revenue Refunding Bonds, Series 1992

---

Mr. Dick Porter  
Deputy City Clerk  
City Hall, Second Floor  
San Antonio, Texas 78204

BY MESSENGER

Dear Dick:

I enclose the following documents pertaining to the captioned financing:

- (1) Bond Ordinance (one original copy and ten signature pages for the Mayor and City Clerk and City Attorney);
- (2) Certificate of City Clerk (one original copy, one copy, and ten signature pages);
- (3) Paying Agent/Registrar Agreement (one copy and ten signature pages);
- (4) General Certificate (one copy and ten signature pages);
- (5) Signature and No-Litigation Certificate (one copy and ten signature pages);
- (6) Escrow and Trust Agreement (one copy and ten signature pages);
- (7) Instruction Letter to the Attorney General (one copy and five signature pages);
- (8) Instruction Letter to the Comptroller of Public Accounts (one copy and five signature pages); and
- (9) Initial Bond.



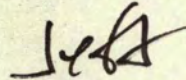
Mr. Dick Porter  
April 30, 1992  
Page Two

Please retain the original Bond Ordinance, original Certificate of City Clerk, and one copy of each of the remaining documents for your files. One completed copy of the Certificate of City Clerk, the Initial Bond, and all signatures pages should be returned to me at your earliest convenience.

Please accept my apologies for the delay in providing you with this documentation; however, as we discussed in our telephone conversation, we did not receive final pricing information and the insurance company's requested information for the Ordinance until yesterday morning.

Thank you, if advance, for your prompt attention to this matter. If you have any questions concerning this matter, please do not hesitate to contact me.

Very truly yours,



W. Jeffrey Kuhn

WJK/mjw/0559S

Enclosures

cc: Nora W. Chavez (w/copy of Ordinance only)  
Tom Finlay (w/copy of Ordinance only)  
Michael L. Spain (Firm)



CITY OF SAN ANTONIO AGENDA ITEM NO. 40  
Finance Director's Office

TO: Mayor and City Council thru City Manager  
FROM: Nora W. Chavez, Director of Finance; Joe Aceves,  
City Water Coordinator  
COPIES TO: J. Rolando Bono, Assistant City Manager; File  
SUBJECT: Refunding of Outstanding Water and Wastewater  
Obligations; Consolidation of Water, Wastewater,  
Reuse, and Drainage Utility Systems, Creation of  
New Board to Manage Consolidated Systems.  
DATE: April 30, 1992

**Summary and Recommendation**

This Ordinance authorizes the issuance, sale, and delivery of \$635,925,000 "City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 1992" bearing an average interest rate of 6.61%. The proceeds of the Bonds will be used to refund all of the City's outstanding water and wastewater system bonds, commercial paper, and certain general obligation bonds relating to the water and wastewater systems. The refunding of all existing water and sewer related debt will permit the City to consolidate the water, wastewater, and reuse systems, together with a future drainage utility system under a single board.

Staff recommends approval of this ordinance.

**Background**

The consolidation was approved by the City Council on February 13, 1992 and on March 19, 1992, the Council named the trustees who will serve on the New Board. This ordinance authorizes the issuance, sale, and delivery of the Bonds, it also authorizes the consolidation, establishes the New Board, and provides the framework for the operation of the consolidated systems in cooperation with the City Council.

In connection with the sale and delivery of the Bonds, the City is also asked to approve, pursuant to the Ordinance, a Paying Agent/Registrar Agreement with the Frost National Bank of San Antonio (establishing paying agent and registrar duties relating to the Bonds), an Escrow and Trust Agreement with The Frost National Bank of San Antonio (relating to the refunding of all existing water and sewer related debt), a Purchase Contract with the Underwriters (relating to the sale of the Bonds to the Underwriters), and a final Official Statement (relating to the public offering of the Bonds).

The City's Bond Counsel, Fulbright & Jaworski and McCall, Parkhurst & Horton, L.L.P., have coordinated legal proceedings in cooperation with the City Attorney's office and, following approval by the City Council, will coordinate final approval of the Bonds by the Texas Attorney General's Office.

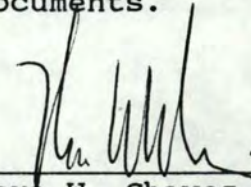


**Financial Data**

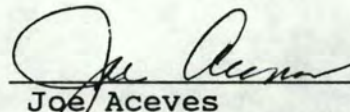
The Bonds, which will be secured by a first lien on the net revenues of the consolidated systems, have been purchased by a syndicate of sixteen underwriters led by Dean Witter Reynolds, Inc. and PaineWebber Incorporated. The Bonds have stated maturities ranging from 1993 to 2018 and bear interest at an average interest rate of 6.61%. The Bonds were rated A+, A1, and A+ by Standard & Poor's Cooperation, Moody's Investors Service, and Fitch Investors Service, Inc. respectively, however, the issue was insured by FGIC and MBIA and sold with a AAA rating by Moody's and Standard and Poor's.

The issuance of the Bonds will result in a gross savings to the City of approximately \$78.3 million and a net present value savings of \$17.4 million.

The City's Financial Advisors on this transaction, Rauscher Pierce Refsnes, Inc., M. E. Allison & Co., Inc., and Southwestern Capital Markets, Inc. have reviewed and approved the issuance and sale of the Bonds under the terms provided in the Ordinance and the Related Financing Documents.

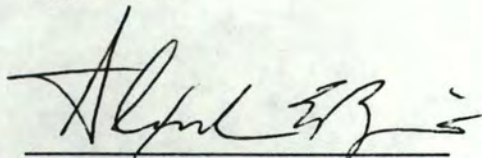


Nora W. Chavez  
Director of Finance



Joe Aceves  
City Water Coordinator

Approved:



Alexander E. Briseno  
City Manager



RECEIVED  
CITY OF SAN ANTONIO  
CITY CLERK

92 JUN 12 AM 8:52

JP Morgan

75686  
4-30-92

**Robert K. Hedrick**  
Vice President

June 5, 1992

J.P. Morgan Securities Inc.

60 Wall Street  
New York NY 10260  
Tel: 212 648-4402

Ms. Norma S. Rodriguez  
City of San Antonio  
P.O. Box 839966  
San Antonio, Texas 78283-3966

Dear Ms. Rodriguez:

On behalf of J.P. Morgan Securities, I would like to thank you and the City for the opportunity to be a co-manager on the San Antonio Water System Refunding Bond Issue and to be appointed Dealer for the System's Commercial Paper Program.

We, at Morgan, were impressed by the professionalism and dedication of the staff to complete one of the 1992's most complicated transactions in a timely manner. Everyone involved in the financing should be proud of their participation.

J.P. Morgan values its relationship with you and the City, and looks forward to the chance to work with you again.

Again, thank you.

Sincerely,

*Ken Hedrick*



Real Estate Division  
City of San Antonio  
P. O. Box 839966  
San Antonio, Tx. 78283-3966

RELEASE OF PROPERTY UNDER TRUST

THE STATE OF TEXAS  
COUNTY OF BEXAR

§  
§  
§

KNOW ALL MEN BY THESE PRESENTS:

That the San Antonio Water System Board of Trustees of San Antonio created and acting by virtue of Ordinance No. 75686, adopted April 30, 1992, by the City Council of the City of San Antonio, Texas, has determined that certain real property described in Exhibit "A", attached hereto and incorporated herein by reference, and heretofore subject to the management and control of said Board under the authority of said Ordinance, is not essential to the needs of the San Antonio Water System; and at the request of the City of San Antonio, the Board, by Resolution No. 92-146 passed and approved the 17th day of November, 1992 has authorized its President/Chief Executive Officer, Joe A. Aceves, P.E., to execute the release of the control and management of said property and to transfer such control to the City Council of the City of San Antonio, the Board has, therefore, and by these presents does release and transfer management and control of said property to the City Council of the City of San Antonio.

EXECUTED this 11<sup>th</sup> day of December, 1992.

SAN ANTONIO WATER SYSTEM  
BOARD OF TRUSTEES

BY: Joe A. Aceves  
Joe A. Aceves, P.E.  
President/Chief Executive Officer

VOL 5548 PG 0374



THE STATE OF TEXAS       §  
  §  
COUNTY OF BEXAR         §

This instrument was acknowledged before me on the 11<sup>th</sup> day of December, 1992 by Joe A. Aceves, P.E., as President/Chief Executive Officer of the San Antonio Water System Board of Trustees of San Antonio, Texas on behalf of the City of San Antonio, a municipal corporation, acting by and through its San Antonio Water System Board of Trustees of San Antonio, Texas.

My Commission Expires

3-21-96



Mary D. Palomera  
Notary Public State of Texas

MARY D. PALOMERA  
(Print, type or stamp name of notary)





METES AND BOUNDS DESCRIPTION  
460.6 SQUARE FEET OF LAND  
LOT 1, BLOCK 5, NCB 8989  
SAN ANTONIO, TEXAS  
STREET RIGHT-OF-WAY  
PARCEL NO. 13896

BEING 0.0106 ACRE (460.6 SQUARE FEET) OF LAND OUT OF LOT 1, BLOCK 5, NCB 8989, LADY OF THE LAKE GARDENS SUBDIVISION, SAN ANTONIO, BEXAR COUNTY, TEXAS, AS RECORDED IN VOLUME 368, PAGE 143 OF THE DEED AND PLAT RECORDS, BEXAR COUNTY, TEXAS, AND ALSO RECORDED IN VOLUME 2335, PAGE 596 OF THE DEED RECORDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

- BEGINNING: At the south corner of this parcel, also the point of intersection of the north right-of-way line of Old Highway 90 West with the east right-of-way line of S.W. 39th Street;
- THENCE: N 07°15'57" E 45.02 feet with the east right-of-way line of S.W. 39th Street to an iron pin set for a point of curvature;
- THENCE: Southeasterly along a curve to the left having a central angle of 121°54'57", a radius of 25.00 feet, an arc length of 53.20 feet a tangent length of 45.02 feet, a chord bearing and distance of S 53°41'31" E 43.71 feet to an iron pin set for a point of tangency on the north right-of-way line of Old Highway 90 West;
- THENCE: S 65°21'00" W 45.02 feet along the north right-of-way line of Old Highway 90 West to the PLACE OF BEGINNING, and containing 0.0106 acre (460.6 square feet) of land.

C-5321  
May 8, 1992  
SBB/lk

RECEIVED  
SEP 13 1992

*RM 9-17-92*

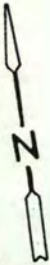
ROW ACQUISITION



*S. B. Bledsoe III*

VOL 5548 PG 0376





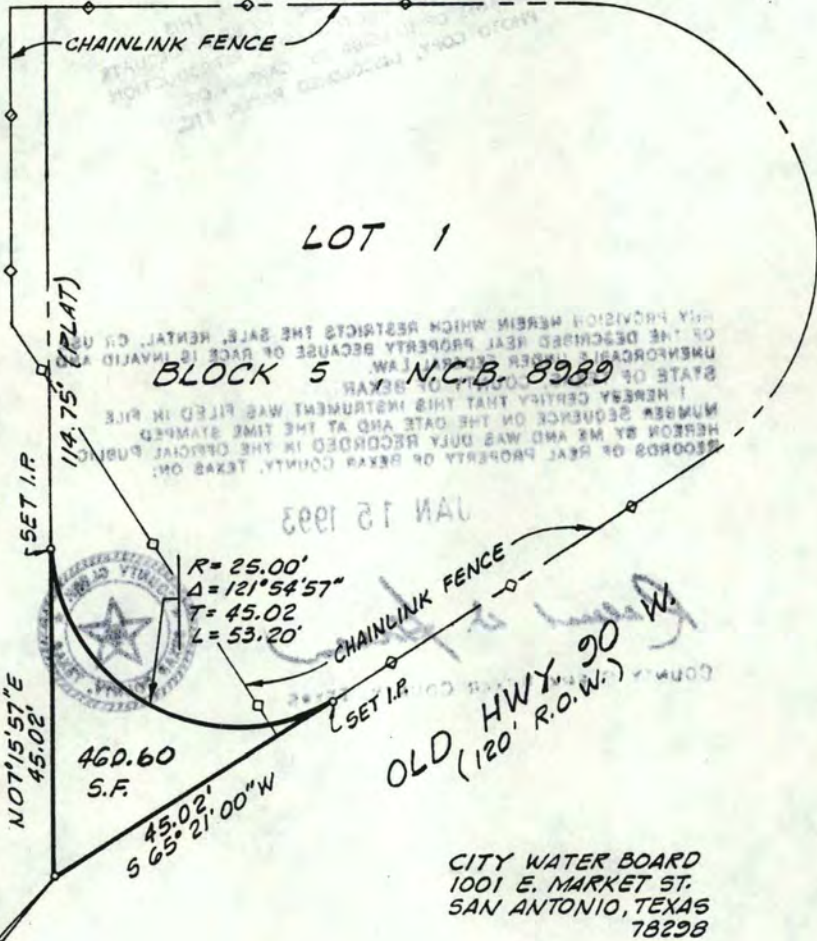
ABSHIRE ST.  
(60' R.O.W.)

SCALE: 1"=20'  
Reduced - Not  
to scale

S.W. 39TH ST.  
(40' R.O.W.)

LOT 1

BLOCK 5 N.C.B. 8989



JAN 13 1992

OLD HWY. 90 W.  
(120' R.O.W.)

CITY WATER BOARD  
1001 E. MARKET ST.  
SAN ANTONIO, TEXAS  
78298

PLACE OF BEGINNING

SURVEY OF  
LOT 1, BLOCK 5, N.C.B. 8989  
LADY OF THE LAKE GARDENS  
SAN ANTONIO, BEXAR COUNTY,  
TEXAS.

EXHIBIT: "A"

RM  
9-1-92

RECEIVED  
MAY 21 1992

ROW ACQUISITION

PARCEL 13896  
(STREET RIGHT OF WAY)  
THE S.W. CORNER OF LOT 1,  
BLOCK 5, N.C.B. 8989  
(460.60 S.F.)

<b>nbc</b>		MACINA · BOSE · COPELAND & ASSOCIATES, INC. SURVEY DEPT. 415 BREESPORT DRIVE, SAN ANTONIO, TEXAS 78216 (512) 349-0151	
ADDRESS	S.W. 39TH STREET		
LOT 1	BLK. 5	N.C.B. 8989	
DIVISION	LADY OF THE LAKE GARDENS		
SURVEYED:	UPDATED:		
REFERENCE:	VOL. 368 PG. 143 VOL. 2335 PGS. 596 - 598		

PLAT FOR: CITY OF SAN ANTONIO

STATE OF TEXAS  
COUNTY OF BEXAR

I HEREBY CERTIFY THAT THE ABOVE PLAT IS TRUE AND CORRECT ACCORDING TO AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION AND THAT THERE ARE NO VISIBLE EASEMENTS OR ENCROACHMENTS OF BUILDINGS ON ADJOINING PROPERTY AND THAT ALL BUILDINGS ARE WHOLLY LOCATED ON THE PROPERTY EXCEPT AS SHOWN ABOVE.

*Samuel B. Bledsoe III*  
3112  
PROFESSIONAL  
LAND SURVEYOR

REGISTERED PUBLIC SURVEYOR

JOB NO. C-5321

VOL 5548 PG 0377



RECORDER'S MEMORANDUM  
AT THE TIME OF RECORDATION, THIS INSTRUMENT WAS FOUND TO BE INADEQUATE FOR THE BEST PHOTOGRAPHIC REPRODUCTION BECAUSE OF ILLEGIBILITY, CARBON OR PHOTO COPY, DISCOLORED PAPER, ETC.

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.  
STATE OF TEXAS, COUNTY OF BEXAR  
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED IN FILE NUMBER SEQUENCE ON THE DATE AND AT THE TIME STAMPED HEREON BY ME AND WAS DULY RECORDED IN THE OFFICIAL PUBLIC RECORDS OF REAL PROPERTY OF BEXAR COUNTY, TEXAS ON:

JAN 15 1993

*Robert D. Green*  
COUNTY CLERK BEXAR COUNTY, TEXAS



FILED IN MY OFFICE  
ROBERT D. GREEN  
COUNTY CLERK BEXAR CO.

1993 JAN 13 PM 3:18

NON FILED & RECORDED BY J. J. S.

SEARCHED	INDEXED
SERIALIZED	FILED
JAN 15 1993	
COUNTY CLERK BEXAR COUNTY TEXAS	

VOL 5548 PG 0378



J.P. Morgan Securities Inc.  
60 Wall Street  
New York NY 10260

**JPMorgan**

**PRESORT**  
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CITY OF SAN ANTONIO  
CITY CLERK  
**FIRST CLASS MAIL**  
92 JUN 12 AM 8:48



Ms. Norma S. Rodriguez  
City of San Antonio  
P.O. Box 839966  
San Antonio, Texas 78283-3966

