

2008-03-06-0174

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

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

WHEREAS, pursuant to State law, the City Council (the *City Council*) of the City has heretofore issued, and there are currently outstanding, revenue bonds designated as "City of San Antonio, Texas Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B" (herein collectively referred to as the *Series 2003 Bonds*); and

WHEREAS, the Series 2003 Bonds bear interest at rates determined weekly in accordance with current market conditions, and, in order to provide certain liquidity support for the Series 2003 Bonds, the City previously entered into a standby bond purchase agreement, as amended (the *Standby Bond Purchase Agreement*) with JPMorgan Chase Bank (the *Liquidity Bank*) in connection with the issuance of the Series 2003 Bonds; and

WHEREAS, the authorized representatives of the San Antonio Water System (the *System*) have provided written notice for an amendment to the Standby Bond Purchase Agreement; and

WHEREAS, the City Council may authorize an amendment to the terms of, and any necessary modifications to, the Standby Bond Purchase Agreement pursuant to the ordinance authorizing the Series 2003 Bonds (the *2003 Ordinance*); and

WHEREAS, the 2003 Ordinance provides that the Series 2003 Bonds bear interest at variable rates and the authorized representatives of the System, in consultation with its co-financial advisors and co-bond counsel, have made the determination to update the City and System disclosure information contained in the offering document previously approved by the City Council in connection with the issuance of the Series 2003 Bonds; and

WHEREAS, the authorized representatives of the System have requested that the City Council approve the updated offering document; and

WHEREAS, the City Council may authorize the updated offering document pursuant to the 2003 Ordinance; and

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

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

SECTION 1: Authorization of an Amendment to the Standby Bond Purchase Agreement for the Series 2003 Bonds. An amendment to the Standby Bond Purchase Agreement, originally entered into with JPMorgan Chase Bank as the Liquidity Bank and U.S Bank National Association (as the successor to Wachovia Bank, National Association) as the Paying Agent/Registrar, for the Series 2003 Bonds, is hereby authorized to be executed. Any Designated Financial Officer is hereby authorized and directed to execute the necessary documents for this amendment to the Standby Bond Purchase Agreement in substantially the form set forth in Exhibit A hereto.

SECTION 2: Authorization of Offering Document for the Series 2003 Bonds. The City Council hereby approves the updated offering document with respect to the Series 2003 Bonds substantially in the form attached hereto as Exhibit B.

SECTION 3: 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 4: 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 5: 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 6: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council.

SECTION 7: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

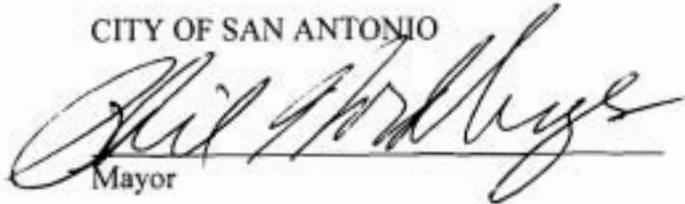
SECTION 8: Further Proceedings. The officers and employees of the City and the System are hereby authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and, upon execution and delivery thereof, the amendments and extensions to the standby bond purchase agreements. In case any officer of the City or the System whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 9. Effective Date. The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Ordinance shall take effect immediately if passed by the affirmative vote of at least eight members of the City Council, otherwise the same shall take effect on the tenth day after the date of its passage by the City Council.

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PASSED AND ADOPTED by an affirmative vote of 10 members of the City Council of the City of San Antonio, Texas, this the 6th day of March, 2008.

CITY OF SAN ANTONIO



Mayor

PHIL HARDBERGER

ATTEST:



City Clerk



(CITY SEAL)

I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Ordinance prior to its adoption and passage as aforesaid.



Michael D. Bernard, City Attorney,
City of San Antonio, Texas

EXHIBIT A
AMENDMENT TO
STANDBY BOND PURCHASE AGREEMENT

EXHIBIT B
UPDATED OFFERING DOCUMENT

CERTIFICATE OF CITY CLERK

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

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 6th day of March, 2008, the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) convened in regular session at its regular meeting place in the Municipal Plaza Building of the City (the *Meeting*), the duly constituted members of the Council being as follows:

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

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

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

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

10 voted "For" 0 voted "Against" 0 abstained

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

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

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 6th day of March, 2008.



Sylvia M. West

City Clerk, City of San Antonio, Texas

SECOND AMENDMENT TO STANDBY BOND PURCHASE AGREEMENT

This Second Amendment to Standby Bond Purchase Agreement (this "Second Amendment") is entered into effective as of the 27th day of March, 2008 (the "Effective Date"), by and among the CITY OF SAN ANTONIO, TEXAS (the "City"), JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (together with its successors and assigns, the "Liquidity Provider"), and U.S. BANK NATIONAL ASSOCIATION (as successor to Wachovia Bank, National Association), as Paying Agent/Registrar (the "Paying Agent").

WITNESSETH

WHEREAS, the City, the Liquidity Provider and the Paying Agent are parties to that certain Standby Bond Purchase Agreement dated as of March 27, 2003 and as amended by letter agreement dated March 21, 2006 (collectively, the "Agreement") relating to the City's Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (collectively, the "Bonds") (unless otherwise defined herein, all capitalized terms used herein shall have the meaning given such terms in the Agreement); and

WHEREAS, the City has requested that the Liquidity Provider amend certain terms of the Agreement in certain respects; and

WHEREAS, subject to and upon the terms and conditions set forth herein, the Liquidity Provider has agreed to the request of the City.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the parties hereto hereby agree as follows:

SECTION 1 Amendments to the Agreement. (a) The definition of "Expiration Date" is hereby amended to read in full as follows:

"Expiration Date" means the later of (a) 5:00 p.m. New York time on March 26, 2009, and (b) 5:00 p.m. New York time on the last day of any extension of such date pursuant to *Section 9.9B* or, if such last day is not a Business Day, the Business Day next preceding such day.

(b) "Section 2.7. Commitment Fees" is hereby amended to read as follows:

The City hereby agrees to pay to the Liquidity Provider a nonrefundable commitment fee (the "Commitment Fee") at the rate of .125% per annum (12.5 basis points) for the duration of the Commitment Period on the Available Commitment. Such Commitment Fee shall be payable in immediately available funds quarterly in arrears (each such payment to be computed on the basis of a year of 360 days, and the actual number of days elapsed) on the first Business Day of each January, April, July, and October occurring during the Commitment Period, beginning in April 2008, and on the last day of the Commitment Period. If the Available Commitment is terminated in its entirety, all accrued Commitment Fees

shall be payable on the effective date of such termination. In the event that the credit ratings assigned to the Bonds are suspended, withdrawn or downgraded below the "Aaa" category in the case of Moody's, or the "AAA" category in the case of Fitch and S&P, such commitment fee will increase by .10% per annum (resulting in a commitment fee equal to .225%).

Any future extension is always subject to credit approval at the sole discretion of the Liquidity Provider. Should the Liquidity Provider agree to provide additional extension(s) beyond the Expiration Date set forth in Section 1(a) above, the Commitment Fee for one additional 364-day extension shall not exceed 17 basis points per annum and for a second 364-day extension the Commitment Fee shall not exceed 20 basis points per annum.

SECTION 2 Miscellaneous.

2.1 Parties in Interest. All of the terms and provisions of this Second Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

2.2 Counterparts. This Second Amendment may be executed in counterparts, and all parties need not execute the same counterpart; however, no party shall be bound by this Second Amendment until all parties have executed a counterpart. Facsimiles shall be effective as originals.

2.3 Full Force and Effect of the Amended Agreement. Except as specifically waived or amended pursuant to this Second Amendment, the terms of the Agreement shall continue in full force and effect and are hereby ratified and confirmed in all respects.

2.4 Complete Agreement. THIS SECOND AMENDMENT AND THE AGREEMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG THE PARTIES.

2.5 Governing Law. This Second Amendment shall be governed by, and construed in accordance with, the laws of the State of Texas; provided, that the Liquidity Provider's obligations hereunder shall be governed by, and construed in accordance with, the laws of the State of New York.

2.6 Headings. The headings, captions and arrangements used in this Second Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this Second Amendment, nor affect the meaning thereof.

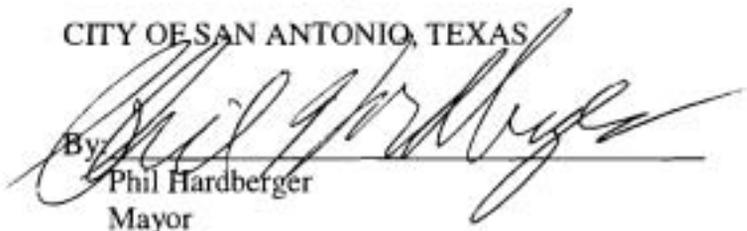
2.7 Representations. Each party hereto hereby represents and warrants to the other parties hereto that this Second Amendment has been duly authorized and validly executed by it and that the Agreement as further amended by this Second Amendment constitutes its valid

obligation enforceable in accordance with its terms. The City further represents and warrants that no Default or Event of Default with respect to the City has occurred under the Agreement.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed by their respective authorized officers on the date and year first above written.

CITY OF SAN ANTONIO, TEXAS

By: 
Phil Hardberger
Mayor

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION

By: _____
Name: Kathy Orton
Title: Managing Director

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Kevin Robinson
Title: Assistant Vice President

CERTIFICATE AS TO UPDATED OFFICIAL STATEMENT

THE STATE OF TEXAS

COUNTIES OF BEXAR,
COMAL AND MEDINA

CITY OF SAN ANTONIO

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THE UNDERSIGNED HEREBY CERTIFY to the best of our knowledge and belief that:

1. The descriptions and statements of or pertaining to the City of San Antonio, Texas (the *City*) contained in its Updated Official Statement dated _____, 2008, and any addenda, supplement, or amendment thereto relating to the "City of San Antonio, Texas Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B", in the aggregate original principal amount of \$_____ (the *Bonds*), on the date of the Updated Official Statement, were and are true and correct in all material respects.

2. Insofar as the City and the System (as defined in the Ordinance) and their affairs, including their financial affairs, are concerned, the Updated Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City or the System, and their activities contained in the Updated Official Statement are concerned, such statements and data have been obtained from sources which the City and the System believe to be reliable, and the City and the System have no reason to believe that they are untrue in any material respect.

4. Authorized representatives of the City and the System received and reviewed copies of the Updated Official Statement for the purpose of confirming that the information therein pertaining to the City and the System is accurate and complete.

5. There has been no material adverse change in the financial condition of the System since December 31, 2006, the date of the last audited financial statements of the System appearing in the Updated Official Statement.

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SIGNED and SEALED this _____.

(CITY SEAL)



Phil Abbott

Mayor
City of San Antonio, Texas

Stephany Reed

City Clerk
City of San Antonio, Texas