FINAL

ORDINANCE NO. 2008-06-12-0536

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE DEMAND REVENUE AND REFUNDING BONDS, SERIES 2008"; MAKING PROVISION FOR THE PAYMENT OF THESE BONDS ON A PARITY WITH CERTAIN OBLIGATIONS; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE, PAYMENT, SALE AND DELIVERY OF THESE BONDS INCLUDING THE APPROVAL AND EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A REMARKETING AGREEMENT, A PURCHASE CONTRACT, A REIMBURSEMENT AND SECURITY AGREEMENT, A PROMISSORY NOTE, AND AN ESCROW AGREEMENT AND THE APPROVAL AND DISTRIBUTION OF AN OFFERING MEMORANDUM, PROVIDING FOR THE DEFEASANCE OF THE BONDS BEING REFUNDED; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE CITY STAFF TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding obligations (hereinafter defined as the "Prior Lien Bonds") payable solely by a first and prior lien on and pledge of certain hotel occupancy taxes designated as the Prior Lien Pledged Revenues (hereinafter defined); and

WHEREAS, the Prior Lien Bonds were issued pursuant to an ordinance adopted on March 14, 1996, which ordinance was amended by ordinance of the City on June 3, 2004 for the purpose of altering the security for the Prior Lien Bonds; and

WHEREAS, the City has heretofore issued, sold, and delivered, and there are currently outstanding obligations (hereinafter defined as the "Parity Bonds") payable solely by a first and prior lien on and pledge of certain hotel occupancy taxes designated as the Pledged Revenues (hereinafter defined), which revenues primarily consist of those Prior Lien Pledged Revenues remaining after payment of the Prior Lien Bonds and are designated as "Subordinate Lien Obligations" under the ordinance of the City authorizing the issuance of the Prior Lien Bonds (the "Prior Lien Bonds Ordinance"); and

WHEREAS, the City is authorized, pursuant to Chapter 351, as amended, Texas Tax Code, and other applicable laws, to issue obligations to finance the costs of expanding its Convention Center (hereinafter defined), all as permitted by the provisions of the Plan (hereinafter defined); and

WHEREAS, the City is an "eligible central municipality" as defined in Section 351.001(7), as amended, Texas Tax Code, and pursuant to Section 351.1065, as amended, Texas Tax Code, imposes a municipal hotel occupancy tax at the rate of 9%; and

WHEREAS, the City has heretofore issued, sold, and delivered, and there are currently outstanding obligations in the principal amount of $106,950,000, designated as "City of San Antonio,

Texas, Hotel Occupancy Tax Subordinate Lien Revenue and Refunding Bonds, Series 2004B", dated June 1, 2004, maturing on August 15, 2034 (hereinafter called the "Refunded Bonds"); and

WHEREAS, the City desires to issue revenue bonds and revenue refunding bonds payable from a portion of its hotel occupancy tax revenues for expansion of its Convention Center and to refund the Refunded Bonds; and

WHEREAS, the City Council of the City ("City Council") intends to issue the Bonds (hereinafter defined) in an aggregate principal of $135,000,000, which Bonds are "Subordinate Lien Obligations" pursuant to the Prior Lien Bonds Ordinance and "Additional Bonds" pursuant to the Parity Bonds Ordinances (hereinafter defined), the proceeds of which will be utilized to provide for the (i) design or construction of permanent improvements relating to the expansion of the Convention Center in accordance with the Plan, (ii) refunding of the Refunded Bonds, and (iii) payment of the costs of issuance of the Bonds;

WHEREAS, the Expansion HOT (hereinafter defined) is not pledged to the payment of the Bonds; and

WHEREAS, the Bonds will be initially be issued in a Weekly Mode, with credit enhancement and liquidity support initially provided for the Bonds in the form of the Liquidity Facility (hereinafter defined); and

WHEREAS, the City Council hereby authorizes the Initial Liquidity Bank (hereinafter defined) to deliver the initial Liquidity Facility, as well as the City's entering into and executing a Reimbursement and Security Agreement and a Promissory Note in connection with the foregoing, for the purpose of providing credit enhancement and liquidity support for the Bonds (all as authorized pursuant to the provisions of Chapter 1371, as amended, Texas Government Code); and

WHEREAS, pursuant to the provisions of Chapter 1207, as amended, Texas Government Code (the *Act*), the City Council is authorized to issue refunding bonds and deposit the proceeds of sale under an escrow agreement to provide for the payment of the Refunded Bonds, and such deposit, when made in accordance with the Act, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, the Act permits that the deposit of the proceeds from the sale of the refunding bonds be deposited directly with any paying agent or designated escrow agent which is not a depository bank of the City; and

WHEREAS, when firm banking arrangements have been made for the payment of principal of and interest to the stated maturity or redemption dates, if any, of the Refunded Bonds, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose and may not be included in or considered to be an indebtedness of the City for the purpose of a limitation on outstanding indebtedness or for any other purpose; and

WHEREAS, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (as the successor in interest to The Bank of New York Trust Company, N.A., Jacksonville, Florida) currently serves as the paying agent for the Refunded Bonds; and

WHEREAS, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (which is not the depository bank of the City) is hereby appointed as the Escrow Agent (hereinafter defined) and is hereby appointed as the Paying Agent/Registrar (hereafter defined) for the Bonds; and

WHEREAS, the City Council also hereby finds and determines that the Refunded Bonds are scheduled to mature or are subject to being redeemed, not more than twenty (20) years from the date of the Bonds are issued; and

WHEREAS, the City is refunding the Refunded Bonds for the purpose of restructuring its debt portfolio, to terminate its relationship with the Insurer (as defined in the ordinance authorizing the issuance of the Refunded Bonds) with respect to the Refunded Bonds, and to convert the outstanding debt evidenced by the Refunded Bonds to a more beneficial interest rate calculation mode given the current long term tax-exempt market environment, and that such action in furtherance of those purposes is in the best interest of the City and its citizens; and

WHEREAS, given the variable-rate nature of the interest component of the Bonds, the City hereby finds and determines, in accordance with and pursuant to the Act, that the manner in which the refunding of the Refunded Bonds is being effectuated makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made with respect to that portion of the Bonds attributable to the refunding of the Refunded Bonds will exceed the aggregate amount of payments that would have been made with respect to the Refunded Bonds, if at all; and

WHEREAS, the City Council hereby finds and determines that the issuance of the Bonds 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:

ARTICLE ONE
DEFINITIONS

SECTION 1.1 Definitions. Unless otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section for all purposes of this Ordinance except Article Twelve hereof, and any ordinance amendatory or supplemental hereto shall have the respective meanings specified:

'AA' Composite Commercial Paper Rate on any date of determination means (1) the interest equivalent of the 30-day rate on financial commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by S&P, or the equivalent of such rating by Moody's or Fitch as made available on a discount basis or otherwise by the Federal Reserve Bank for "AA" financial commercial paper on its World Wide Web site for the Market Day immediately preceding such date of determination, or (2) if the Federal Reserve Bank does not make available any such rate, then the arithmetic average of the interest equivalent of the 30-day rate on financial commercial paper, as quoted on a discount basis or otherwise by the Commercial Paper Dealers to the Auction Agent for the close of business on the Market Day immediately preceding such date of determination; provided that if any Commercial Paper Dealer does not quote a financial commercial paper rate required to determine the "AA" Composite Commercial Paper Rate, the "AA" Composite Commercial Paper Rate shall be determined on the basis of such quotation or quotations furnished by the remaining Commercial Paper Dealer or Commercial Paper Dealers and any Substitute Commercial Paper Dealer or Substitute Commercial Paper Dealer selected by a Market Agent at the request of the City to provide such quotation or quotations not being supplied by any Commercial Paper Dealer or Commercial Paper Dealers, as the case may be, or if a Market Agent does not select any such Substitute Commercial Paper Dealer or Substitute Commercial Paper Dealers, by the remaining Commercial Paper Dealer or Commercial Paper Dealers. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (referred to in this definition as a "discount rate") for commercial paper of a given day's maturity shall be equal to the product of (a) 100 and (b) the quotient (rounded upwards to the next higher one thousandth (.001) of 1%) of (i) the discount rate (expressed in decimals) divided by (ii) the difference between (x) 1.00 and (y) a fraction, the numerator of

which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures and the denominator of which shall be 360.

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

Additional Bonds means the additional hotel occupancy tax revenue bonds permitted to be issued by the City pursuant to Section 6.1 of this Ordinance.

Adjusted Auction Rate means the Auction Rate plus the Service Charge Rate.

Applicable Factor means for (1) each Interest Period for Bonds in an Auction Mode immediately preceded by an Auction Date, the excess of (a) the Adjusted Auction Rate for such Bonds in such Interest Period over (b) the Service Charge Rate for such Interest Period and (2) each Interest Period for Bonds in an Auction Mode not immediately preceded by an Auction Date, the Adjusted Auction Rate for such Bonds in such Interest Period.

Applicable Percentage on any date of determination means the percentage determined as set forth below (as such percentage may be adjusted pursuant to *Section 2.3G(1)*) based on the Prevailing Rating of the Bonds while in an Auction Mode in effect at the close of business on the Market Day immediately preceding such date of determination:

Prevailing Rating	**Applicable Percentage**
"AAA"	175%
"AA"	200
"A"	250
"BBB"	275
Below "BBB"	300

Approval Certificate means a written instrument executed by a Designated Financial Officer in accordance with *Sections 2.1, 2.2C,* or *2.5B.*

Auction means each periodic implementation of the Auction Procedures.

Auction Agent means the person appointed by the City to act as Auction Agent for the Bonds in an Auction Mode in accordance with *Section 2.2H* until a substitute Auction Agent becomes such pursuant to such Section, and thereafter "***Auction Agent***" shall mean such successor.

Auction Agent Fee Rate for any Interest Period in an Auction Mode means the rate per annum at which the fee to be paid to the Auction Agent for the services rendered by it under the Auction Agreement and the Broker-Dealer Agreements with respect to the Auction Date, if any, at the end of such Interest Period accrues.

Auction Agreement means any Auction Agent Agreement entered into by the Paying Agent/Registrar and the Auction Agent in accordance with *Section 2.2H*, as originally executed or as supplemented, modified, or amended from time to time.

Auction Date means the Market Day immediately preceding the first day of each Interest Period for Bonds in an Auction Mode, other than Interest Periods commencing:

(1) after the Bonds are no longer Book-Entry Only Bonds;

(2) after the occurrence and during the continuance of a Payment Default; or

(3) less than two Market Days after the cure or waiver of a Payment Default,

on which dates no Auction shall occur.

Auction Mode for any Bond means the period of time, determined in accordance with *Sections 2.2B* and *2.2C*, during which interest on such Bond accrues at the Adjusted Auction Rate therefor.

Auction Procedures means the procedures for conducting Auctions for the purchase or retention of Bonds specified in *Section 2.3.*

Auction Rate for Bonds in an Auction Mode, for the Interest Period immediately following an Auction Date, means the rate that the Auction Agent advises the Paying Agent/Registrar has resulted from implementation of the Auction Procedures on such Auction Date.

Available Bonds as of an Auction Date means the aggregate principal amount of Bonds in an Auction Mode with Interest Periods of applicable duration that are not subject to Submitted Hold Orders at the close of business on the immediately preceding Record Date for such Bonds.

Bank Bond as of any date means any Bond or portion thereof which has been purchased by the Liquidity Bank pursuant to *Section 2.6D(2)* on or before such date, if on or before such date and subsequent to such purchase (1) such Bond or portion has not been sold by the Holder thereof through the Remarketing Agent therefor against payment of the Purchase Price therefor and (2) the Bank Bondholder of such Bond or portion shall not have declined to sell such Bond or portion on demand of such Remarketing Agent in accordance with the provisions of the Liquidity Facility.

Bank Bond Register has the meaning stated in *Section 2.4.*

Bank Bondholder when used with respect to any Bank Bond means the Person in whose name such Bank Bond is registered in the Bank Bond Register.

Bank Differential when used with respect to any Bank Bond (or portion thereof) as of any date means the difference, if positive, obtained by subtracting (1) interest accrued thereon to such date from the most recent Interest Payment Date to which interest on such Bond (or portion) has been paid or duly provided for at the Daily Rate, Weekly Rate, Commercial Paper Rate, or Term Rate applicable thereto from time to time in effect to such date, determined as if such Bond (or portion) were not a Bank Bond and such interest were not compounded, from (2) all interest actually accrued on such Bank Bond (or portion) from such Interest Payment Date to such date.

Bank Rate means, for each day of accrual, (1) except as described in *Clause (2)* of this definition, the rate defined as such in the Reimbursement Agreement, or (2) any different rate defined as the "Bank Rate" in any alternate Liquidity Facility (or any Credit Agreement relating thereto) accepted by the Paying Agent/Registrar pursuant to *Section 4.1C*, if the Paying Agent/Registrar shall have received an Opinion of Counsel to the effect that the accrual of interest on Bank Bonds at such different rate is

authorized under Texas law and will not adversely affect any excludability of interest on any Bond from the gross income of the owner thereof for federal income tax purposes.

Bankruptcy Code means Title 11, United States Code, as now or hereafter constituted.

Bid has the meaning specified in *Section 2.3A(1).*

Bidder has the meaning stated in *Section 2.3A(1).*

Bond Act means Chapters 1207, 1371, and 1504, as amended, Texas Government Code, and Chapter 351, as amended, Texas Tax Code.

Bond Year means the period of time that commences on the day following the interest payment date on the Bonds Similarly Secured occurring on August of any year and ending on the interest payment date on the Bonds Similarly Secured occurring on August of the following year.

Bonds means the "City of San Antonio, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Demand Revenue and Refunding Bonds, Series 2008", authorized by this Ordinance.

Bonds Similarly Secured means the Parity Bonds, the Bonds, and each series of Additional Bonds from time to time hereafter issued pursuant to Article Six of this Ordinance.

Book-Entry Only Bond means any Bond registered in the name of the Securities Depository or its nominee.

Broker-Dealer for the Bonds in an Auction Mode means any broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank, or other entity that is permitted by law to perform the function required of a Broker-Dealer by the Auction Procedures for the benefit of Existing Owners and Potential Owners of Bonds, is a member of (or a participant in) the Securities Depository, has been selected by the City with the approval of the Market Agent, and is a party to a Broker-Dealer Agreement with the Auction Agent that remains effective. Such selection of the City shall be evidenced by an ordinance or resolution enacted by the City Council or, if the Person selected to act as a Broker-Dealer for the Bonds is then the Remarketing Agent, may be evidenced by an Approval Certificate.

Broker-Dealer Agreement means each Broker-Dealer Agreement entered into between the Auction Agent and a Broker-Dealer with the approval of the City, as originally executed or as supplemented, modified, or amended from time to time.

Broker-Dealer Fee Rate for any Interest Period for the Bonds in an Auction Mode means the rate per annum at which the service charge to be paid to the Broker-Dealers for the services rendered by them with respect to the Auction Date, if any, at the end of such Interest Period accrues.

Business Day for the Bonds or portions thereof means any day other than (1) a Saturday or a Sunday, (2) a Legal Holiday or any day on which banking institutions generally are authorized or required to close in the city in which is located the corporate trust office of the Paying Agent/Registrar or, on or before the first day of the Fixed Mode (and except while an Auction Mode is in effect) for such Bonds or portions, the principal office of the Remarketing Agent or, while a Credit Facility is in effect, the office of the Credit Enhancer or of its agent at which drafts or demands for payment under the Credit Facility are to be presented or, while a Liquidity Facility is in effect, the office of any Liquidity Bank or of its agent at

which drafts or demands for payment under the Liquidity Facility are to be presented, or (3) a day on which the New York Stock Exchange is closed.

City means the City of San Antonio, Texas, and, where appropriate, the City Council thereof, or any successor thereto.

Closing Date shall mean the date of physical delivery of the Initial Bonds against payment in full by the Purchasers.

Code means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date.

Commercial Paper Dealers means such commercial paper dealer or dealers as the City may from time to time appoint or, in lieu of any thereof, their respective affiliates or successors.

Commercial Paper Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Bond or portion (except when a Bank Bond, at which time interest accrues at the Bank Rate) accrues at the Commercial Paper Rate therefor.

Commercial Paper Rate for any Bond or portion thereof has the meaning stated in *Section 2.2B*, to be determined in accordance with *Section 2.2E(4)*.

Common Reserve Fund Bonds means the Prior Lien Bonds and the Bonds Similarly Secured.

Convention Center means the City's Henry B. Gonzalez convention center facility and related improvements as now existing, the Expansion Project, and any future expansions thereto and related facilities.

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 debt, 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 any obligation authorized by Chapter 1371, as amended, Texas Government Code, including, specifically, the Reimbursement Agreement.

Credit Enhancer means the obligor on the Credit Facility, if any, most recently accepted by the Paying Agent/Registrar pursuant to *Section 4.2K* and such obligor's successors in such capacity and assigns.

Credit Enhancer Default means the occurrence and continuance of one or more of the following events: (1) wrongful dishonor of any demand or claim made under the Credit Facility, (2) the issuance, under the applicable laws of any state, of an order of rehabilitation, liquidation, or dissolution of the Credit Enhancer; (3) the commencement by the Credit Enhancer of a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect including, without limitation, the appointment of a Paying Agent/Registrar, receiver, liquidator, custodian, or other similar official for itself or any substantial part of its property; (4) the consent by the Credit Enhancer to any relief referred to in the preceding *Clause (3)* in an involuntary case or other proceeding commenced against it; (5) the making by the Credit Enhancer of an assignment for the benefit of creditors; (6) the failure of the Credit Enhancer generally to pay its debts or claims when due; or (7) the initiation by the Credit Enhancer of any action to authorize any of the foregoing.

Credit Facility means the obligation most recently accepted by the Paying Agent/Registrar pursuant to *Section 4.2K*, if any, including all endorsements, amendments, and extensions thereof.

Daily Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Bond (except when a Bank Bond, at which time interest accrues at the Bank Rate) accrues at the Daily Rate therefor.

Daily Rate has the meaning stated in *Section 2.2B*, to be determined in accordance with *Section 2.2E(1)*.

Debt means (1) all indebtedness payable from Pledged Revenues incurred or assumed by the City for borrowed money (including indebtedness payable from Pledged Revenues arising under Credit Agreements) and all other financing obligations of the City payable from Pledged 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 (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 City 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 City in prior Fiscal Years.

Debt Service Fund means the Fund so designated in Article Five of this Ordinance.

Debt Service Requirements means as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on or other payments due under such obligation, assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest or other payment obligations calculated by assuming (1) that such non-fixed interest rate for every future 12-month period is equal to the rate of interest reported in the most recently published edition of *The Bond Buyer* (or its successor) at the time of calculation as the "Revenue Bond Index" or, if such Revenue Bond Index is no longer being maintained by *The Bond Buyer* (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the most recently reported yield, as of the time of calculation, at which United States Treasury obligations of like maturity have been sold; provided, however, that such assumed interest rate shall not exceed 10% per annum, and (2) that, in the case of bonds not subject to fixed scheduled mandatory sinking fund redemptions, that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity according to a fixed schedule, the principal amounts thereof will be redeemed prior to stated maturity in accordance with the mandatory redemption provisions applicable thereto (in each case notwithstanding any contingent obligation to

redeem bonds more rapidly). For the term of any interest rate hedge agreement entered into in connection with any such obligations, Debt Service Requirements shall be computed by netting the amounts payable to the City under such hedge agreement from the amounts payable by the City under such hedge agreement and such obligations.

Debt Service Reserve Fund means the Fund so designated in Article Five of this Ordinance.

Debt Service Reserve Fund Surety Bond means any surety bond, insurance policy, letter of credit or other guaranty issued to the City for the benefit of the Holders of the Bonds Similarly Secured to satisfy any part of the Reserve Fund Requirement as provided in Section 5.5 of this Ordinance.

Depository means one or more official depository banks of the City.

Designated Financial Officer means the City Manager or the Director of Finance of the City, or such other financial or accounting official of the City so designated by the City Council.

DTC Participant means those broker-dealers, banks, and other financial institutions reflected on the books of the Securities Depository.

Eligible Accounts means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least "A-2" (or, if no short-term debt rating, a long-term debt rating of "BBB+"; or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that an account required to be an "Eligible Account" no longer complies with the requirement, the trustee shall promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

Eligible Bonds has the meaning stated in the Liquidity Facility or, if not defined in the Liquidity Facility, means the Bonds or portions thereof for which the Liquidity Bank is obligated to pay the Purchase Price when such Bonds or portions are tendered or deemed tendered for purchase in accordance with *Section 2.6.*

Eligible Central Municipality means a city as described in Section 351.001(8) of the HOT Act, which includes the City.

Existing Owner of Bonds in an Auction Mode means a person who has signed a Master Purchaser's Letter delivered to a Broker-Dealer and is listed as a beneficial owner of Bonds in the records of the Auction Agent.

Expansion HOT means the HOT imposed by the City pursuant to Section 351.1065 of the HOT Act, consisting of 2% more than 7% of the cost of a room and which is currently pledged to payment of the Prior Lien Bonds pursuant to Section 351.1065(a)(2) of the HOT Act, less any discount for early payment and plus all penalties and interest on delinquent payments in amounts determined by the City Council.

Expansion HOT Fund means the Fund so designated in Article Five of this Ordinance.

Expansion Project means the expansion of the Convention Center financed with certain proceeds of the Bonds all as contemplated by the Plan.

Facilities Fund means the Fund so designated in Article Five of this Ordinance.

Fiscal Year means the City's fiscal year as from time to time designated by the City, which is currently October 1 to September 30 of the following calendar year.

Fitch means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "***Fitch***" shall mean any other nationally recognized securities rating agency designated by the City and acceptable to any Credit Enhancer and the Liquidity Bank.

Fixed Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C* , during which interest on such Bond or portion accrues at the Fixed Rate therefor.

Fixed Rate has the meaning stated in *Section 2.2B*, determined in accordance with *Section 2.2E(5)*.

General Account means the Account of the HOT Fund so designated in Article Five of this Ordinance.

General HOT means the HOT imposed by the City pursuant to the HOT Act, not to exceed 7% of the price paid for a room in a hotel, or such additional amount permitted by applicable law, less any discount for early payment and plus all penalties and interest on delinquent payments in amounts determined by the City Council, but in no event may the General HOT include the Expansion HOT.

General HOT Fund means the Fund so designated in Article Five of this Ordinance.

Government Obligations shall mean (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

HOT means the municipal hotel occupancy tax permitted to be imposed by the City pursuant to the HOT Act and currently levied at 9%, effective January 1, 1994, by Ordinance Number 78834 adopted by the City Council on September 30, 1993.

HOT Act means Chapter 351, as amended, Texas Tax Code.

Holder of any Bond means the Person in whose name such Bond is registered in the Securities Register, subject to *Section 4.2H*.

Hold Order has the meaning specified in *Section 2.3A(1)*.

Hotel Bonds means, collectively, the "City of San Antonio, Texas Convention Center Hotel Finance Corporation Contract Revenue Empowerment Zone Bonds, Series 2005A" and the "City of San Antonio, Texas Convention Center Hotel Finance Corporation Contract Revenue Bonds, Taxable Series 2005B", issued for the purpose of providing proceeds for the expansion of the Convention Center facilities in the form of a hotel.

Ineligible Owner of Bonds means (1) the City, (2) any person (whether for-profit or not-for-profit) which "controls" or is "controlled" by or is under common "control" with the City, and (3) any person who owns such Bonds on behalf or for the benefit or account of the City or a person described in the preceding *Clause (2)*. For purposes of this definition, a person "controls" another person when the first person possesses or exercises, directly or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other person, whether through the ownership of voting rights, membership, the power to appoint members, trustees, or directors, by contract, or otherwise.

Initial Bonds has the meaning stated in *Section 2.9*.

Initial Liquidity Bank means Wachovia Bank, National Association, as the provider of the initial Liquidity Facility.

Interest Mode means any Daily Mode, Weekly Mode, Auction Mode, Commercial Paper Mode, Term Mode, or Fixed Mode.

Interest Payment Date for any Bond or portion thereof means the date specified in such Bond as a fixed date on which interest on such Bond or portion is due and payable.

Interest Period for any Bond or portion thereof means the period of time from and including the Closing Date or any Rate Adjustment Date for such Bond or portion, as applicable, to but excluding the next succeeding Rate Adjustment Date for, or the Maturity of, such Bond or portion, as applicable.

Legal Holiday means a day on which a Paying Agent/Registrar for the Bonds is authorized by law or executive order to close.

LIBOR on any date of determination means the most recently published London Interbank Borrowing Rate (LIBOR) for loans with a term closest to the term of the applicable ensuing Interest Period for the Bonds in an Auction Mode, determined by the Market Agent.

Liquidity Bank means the Initial Liquidity Bank, and its successors in such capacity and assigns permitted by the terms thereof, until the initial Liquidity Facility is released pursuant to *Section 4.1B(1), (2), (4)* or *(5)*, and thereafter "***Liquidity Bank***" shall mean the obligor on any alternate Liquidity Facility accepted by the Paying Agent/Registrar in substitution therefor pursuant to *Section 4.1C* and its successors in such capacity and assigns permitted by the terms thereof.

Liquidity Bank Default means the occurrence and continuance of one or more of the following events: (1) wrongful dishonor of any demand or claim made under the Liquidity Facility, (2) the issuance, under the applicable laws of any state, of an order of rehabilitation, liquidation, or dissolution of the Liquidity Bank; (3) the commencement by the Liquidity Bank of a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian, or other similar official for itself or any substantial part of its property; (4) the consent by the Liquidity Bank to any relief referred to in the preceding *Clause (3)* in an

involuntary case or other proceeding commenced against it; (5) the making by the Liquidity Bank of an assignment for the benefit of creditors; (6) the failure of the Liquidity Bank generally to pay its debts or claims when due; or (7) the initiation by the Liquidity Bank of any action to authorize any of the foregoing.

Liquidity Facility means the Letter of Credit delivered by the Initial Liquidity Bank to the Paying Agent/Registrar (for the benefit of the Holders) and any amendments and extensions thereof accepted by the Paying Agent/Registrar in accordance with the provisions of *Section 4.1C*, until such Liquidity Facility is released pursuant to *Section 4.1B(1), (2), (4)* or *(5)*, and thereafter "***Liquidity Facility***" shall mean any alternate obligation accepted by the Paying Agent/Registrar in substitution therefor pursuant to *Section 4.1C* and any amendments and extensions thereof so accepted.

Market Agent for the Bonds in an Auction Mode means the Person appointed as "***Market Agent***" by the City pursuant to *Section 2.6F*, until a substitute Market Agent is appointed pursuant to such Section, and thereafter "***Market Agent***" shall mean such successor.

Market Agent Agreement means a Market Agent Agreement entered into between the Paying Agent/Registrar and a Market Agent, as amended and supplemented from time to time in accordance with its terms.

Market Agent Fee Rate for any Interest Period for Bonds in an Auction Mode means the rate per annum necessary to accrue the fees, if any, and reimbursement of costs of rating maintenance and opinions of counsel payable by the Auction Agent to the Market Agent pursuant to its Market Agent Agreement.

Market Day means a day other than a Saturday, Sunday, or other day on which the New York Stock Exchange or banks generally are authorized to close in New York, New York, or San Antonio, Texas, or on which the Auction Agent or any Broker-Dealer is not open for business; *provided, however*, that April 14, April 15, December 24, December 30, and December 31 shall not be considered Market Days with respect to the determination of Auction Dates.

Market Rate means the rate determined on any Rate Determination Date pursuant to *Section 2.2E(6)*.

Master Purchaser's Letter for the Bonds in an Auction Mode means a letter in form and substance satisfactory to the Paying Agent/Registrar Agent and the Market Agent and attached to the Broker-Dealer Agreements, addressed to a Broker-Dealer, among others, in which a Person agrees, among other things, to offer to purchase, to purchase, to offer to sell and/or to sell Bonds in accordance with the Auction Procedures.

Maturity when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration or call for redemption or otherwise, but does not include payment of the portion of the Purchase Price corresponding to principal of such Bond pursuant to *Section 2.6*.

Maximum Rate for any Interest Period for Bonds in an Auction Mode means a per annum interest rate equal to the lesser, all determined as of the preceding Market Day, of (1) the product of the Applicable Percentage and the Reference Rate or (2) 10% per annum minus the Service Charge Rate for such Interest Period; *provided* that if the Bonds are not then Book-Entry Only Bonds on such Market Day, the "***Maximum Rate***" for such Bonds and Interest Period shall mean an interest rate per annum

equal to the lesser, determined as of such Market Day, of (1) the Applicable Percentage multiplied by the Reference Rate or (2) 10% per annum.

Minimum Rate for any Interest Period for Bonds in an Auction Mode means an interest rate per annum equal to 45% (as such percentage may be adjusted pursuant to *Section 2.3G*) of the Reference Rate on the Market Day preceding such Interest Period; *provided, however*, that in no event shall such Minimum Rate exceed the excess of (a) 10% per annum over (b) the Service Charge Rate for such Interest Period; and *provided, further*, that the Minimum Rate shall not exceed the Maximum Rate.

Moody's means Moody's Investors Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "***Moody's***" shall be deemed to refer to any other nationally recognized Rating Service designated by the City and acceptable to any Credit Enhancer and the Liquidity Bank.

No Auction Rate has the meaning stated in paragraph (l)(v) of the insert to the Bonds set forth in *Section 2.2B*.

Notice of Fee Rate Change means a notice of a change in the Auction Agent Fee Rate or a Broker-Dealer Fee Rate substantially in the form set forth in the Auction Agreement.

Opinion of Counsel means a written opinion of counsel who may (except as otherwise expressly provided in this Ordinance) be counsel for one or more of the City, the Credit Enhancer, or the Liquidity Bank and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law and, when given with respect to any matter under the Bankruptcy Code, shall be counsel of nationally recognized standing in the field of bankruptcy law.

Order means a Hold Order, Bid, or Sell Order.

Ordinance means this ordinance and all amendments hereof and supplements hereto.

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) ***Cancelled Bonds***: those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

2) ***Defeased Bonds***: those Bonds for which payment has been duly provided by the City in accordance with the provisions of *Section 4.5* by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Obligations, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to Maturity; *provided* that, (a) if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Ordinance or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived, and (b) if such Bonds are in a Daily Mode or Weekly Mode, such Bonds are to be redeemed within 30 days after such deposit, and if such Bonds are in an Auction Mode, Commercial Paper Mode, or Term Mode, such Bonds or portions thereof are to be redeemed on the next Rate Adjustment Date therefor, and

3) ***Replaced Bonds***: 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 2.12.*

Overdue Rate for any Interest Period in an Auction Mode means a per annum rate of interest determined on the first day of such Interest Period equal to the lesser of (1) 300% (or such other percentage, if any, to which such percentage has been adjusted pursuant to *Section 2.3G(1)*) of the Reference Rate on such day or (2) 10% per annum.

Parity Bonds means, collectively and as of the date of initial delivery of the Bonds, the "City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2004A", dated as of June 1, 2004, and the "City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2006", dated as of September 15, 2006.

Parity Bonds Ordinances means those respective ordinances of the City authorizing the issuance of the Parity Bonds.

Paying Agent/Registrar means the financial institution specified in *Section 2.4* or its herein permitted successors and assigns.

Payment Default has the meaning stated in *paragraph (l)(vii)* of the insert to the Bonds set forth in *Section 2.2B.* A Payment Default shall "***exist***" if it shall have occurred and be continuing.

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

Place of Payment for Bonds means the city in which is located the office designated by the Paying Agent/Registrar at which principal of the Bonds shall be paid at Maturity.

Plan means the capital improvement plan for the expansion of the Convention Center adopted by the City Council on September 30, 1993 by Ordinance Number 78834, as amended by the City Council on September 4, 1997 as amended and restated by the City Council on June 3, 2004 and as may be further amended or supplemented from time to time by the City Council.

Pledged 5.25% Account means the Account of the General HOT Fund so designated in Article Five of this Ordinance.

Pledged 5.25% HOT means that portion of the General HOT which may be allocated pursuant to Section 351.103(b) of the HOT Act for purposes described in Section 351.101(a)(1), of the HOT Act, and which may not exceed 75% of the General HOT (or 5.25%) and which may be pledged on a prior lien to the payment of the Prior Lien Bonds and on a subordinate lien basis to the payment of the Bonds Similarly Secured pursuant to Section 351.102 of the HOT Act.

Pledged Revenues means (i) a subordinate and inferior lien on the revenues from the Pledged 1.75% General HOT, plus (ii) a subordinate and inferior lien on the revenues from the Pledged 5.25% General HOT, plus (iii) a subordinate lien on the earnings of the investment of the Pledged 1.75% General HOT Fund and the Pledged 5.25% General HOT Fund, the Debt Service Fund, and the Debt Service Reserve Fund.

Pledged 1.75% HOT means that portion of the General HOT which may be allocated pursuant to Section 351.103(b) of the HOT Act for purposes described in Section 351.101(a)(1), of the HOT Act, and which may not exceed 25% of the General HOT (or 1.75%) and which may be pledged as a first and prior lien for the payment of the Prior Lien Bonds and a on subordinate and inferior lien basis for the payment of the Bonds Similarly Secured pursuant to Section 351.102 of the HOT Act.

Pledged 1.75% Account means the Account of the General HOT Fund so designated in Article Five of this Ordinance.

Potential Owner of Bonds in an Auction Mode means any Person, including any Existing Owner of such Bonds, who (1) shall have executed a Master Purchaser's Letter delivered to a Broker-Dealer and (2) may be interested in acquiring a new or additional beneficial interest in Bonds or portions thereof.

Predecessor Bond has the meaning stated in *Section 2.8H.*

Prevailing Rating of the Bonds in an Auction Mode means the then current rating by S&P, Moody's, and Fitch, or the equivalent of each such rating by a substitute Rating Service selected as provided below, and will be:

1. "AAA" if the Bonds have a rating of "AAA" by S&P, a rating of "Aaa" by Moody's, and a rating of "AAA" by Fitch, or the equivalent of such rating by a substitute Rating Service selected as provided below;

2. if not "AAA"," then "AA" if the Bonds have a rating of "AA-" or better by S&P, "Aa3" or better by Moody's, and "AA-" or better by Fitch, or the equivalent of such rating by a substitute Rating Service selected as provided below;

3. if not "AAA" or "AA"," then "A" if the Bonds have a rating of "A-" or better by S&P, a rating of "A3" or better by Moody's, and a rating of "A-" or better by Fitch, or the equivalent of such rating by a substitute Rating Service selected as provided below;

4. if not "AAA", "AA", or "A", then "BBB" if the Bonds have a rating of "BBB-" or better by S&P, a rating of "Baa3" or better by Moody's, and a rating of "BBB-" or better by Fitch, or the equivalent of such rating by a substitute Rating Service selected as provided below; and

5. if not "AAA", "AA", "A", or "BBB", then below "BBB", whether or not the Bonds are rated by any securities rating agency.

If (a) the Bonds are rated by a nationally recognized securities statistical rating agency or agencies other than S&P, Moody's, or Fitch because S&P, Moody's, or Fitch ratings are not available, and (b) the City has delivered to the Paying Agent/Registrar and the Auction Agent an instrument designating one, two, or three of such rating agencies to replace S&P, Moody's, and Fitch, then for purposes of the definition S&P, Moody's, and Fitch will be deemed to have been replaced in accordance with such instrument; *provided, however*, that such instrument must be accompanied by the consent of the Market Agents. For purposes of this definition, S&P's rating categories of "AAA," "AA-," "A-," and "BBB-," Moody's rating categories of "Aaa," "Aa3," "A3," and "Baa3," and Fitch's rating categories of "AAA," "AA-," "A-," and "BBB-" refer to and include the respective rating categories correlative thereto in the event that such rating agencies have changed or modified their generic rating categories. If the prevailing ratings for the Bonds are split between categories set forth above, the lower rating will determine the Prevailing Rating.

Prior Lien Bonds means the outstanding "City of San Antonio, Texas Hotel Occupancy Tax Revenue Bonds, Series 1996", dated March 1, 1996, originally issued in the principal amount of $182,012,480.60 and any refunding bonds hereafter issued for savings that are payable from the Prior Lien Pledged Revenues.

Prior Lien Bonds Debt Service Fund means the fund so designated in Article Five of this Ordinance

Prior Lien Bonds Ordinance means the ordinance authorizing the Prior Lien Bonds, as amended by ordinance of the City adopted on June 3, 2004.

Prior Lien Pledged Revenues means (i) a prior lien on the revenues from the Expansion HOT, plus (ii) a prior lien on the revenues from the Pledged 1.75% HOT and from the Pledged 5.25% HOT, plus (iii) a prior lien on the earnings of the investment of the Expansion HOT Fund, the Prior Lien Bonds Debt Service Fund, and the Debt Service Reserve Fund.

Purchase Date when used with respect to any Bond or portion thereof, means the date upon which the Paying Agent/Registrar is obligated to effect the purchase of such Bond or portion on the terms described in *Section 2.6A.*

Purchase Fund means the fund of the Paying Agent/Registrar so defined in *Section 2.6C.*

Purchase Price of any Bond (or portion thereof) required to be purchased pursuant to the terms of *Section 2.6A* means an amount equal to 100% of the principal amount of such Bond (or portion), plus interest, if any, accrued thereon (excluding the Bank Differential, if any, therefor) to the Purchase Date from the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for.

Purchasers shall mean the initial purchasers of the Bonds named in *Section 2.13* of this Ordinance.

Rate Adjustment Date for any Bond or portion thereof means each day on which such Bond or portion will, unless a Bank Bond, begin to bear interest at a new Daily Rate, Weekly Rate, Auction Rate, Commercial Paper Rate, Term Rate, or Fixed Rate determined in accordance with *Section 2.2E(6)*, whether or not such rate is different from the interest rate previously in effect on the Bonds.

Rate Determination Date for any Bond or portion thereof means each date on which the Remarketing Agent is required to make a determination of the Daily Rate, Weekly Rate, initial Auction Rate, Commercial Paper Rate, Term Rate, or Fixed Rate to be borne by such Bond or portion pursuant to *Section 2.2E(6).*

Rating Service means each nationally recognized securities rating service which at the time has a credit rating assigned to the Bonds.

Record Date has the meaning stated in *Section 2.2B.*

Reference Rate for the Bonds or portions thereof in any Interest Period in an Auction Mode means (1) if such Interest Period is six months or shorter, then the product of LIBOR for such Interest Period and the "AA" Composite Commercial Paper Rate as of the Market Day preceding such Interest Period and (2) if such Interest Period is longer than six months, then the greater of LIBOR for such

Interest Period and the yield on United States Treasury obligations having a maturity date that most closely approximates the duration of such Interest Period.

Reimbursement Agreement means the Reimbursement and Security Agreement, dated as of the date hereof, between the City and the initial Liquidity Bank pursuant to which the initial Liquidity Facility is issued.

Reimbursement Obligation means those payment obligations of the City arising under the Reimbursement Agreement, as well as any other obligation entered into by the City in connection with any Bonds Similarly Secured pursuant to which the City obligates itself to reimburse a bank, insurer, surety or other entity for amounts paid or advanced by such party pursuant to a letter of credit, line of credit, standby bond purchase agreement, credit facility, liquidity facility, insurance policy, surety bond, interest rate swap agreement, or other similar credit agreement, guaranty or liquidity agreement to secure any portion of principal of, interest on, or purchase price of any Bonds Similarly Secured or reserves in connection therewith or otherwise relating to any Variable Rate Obligation. Reimbursement Obligations may be payable from and secured by a lien on Pledged Revenues which must be subordinate and inferior to the lien securing the Prior Lien Bonds but may be on a parity with, or subordinate to, the lien on Pledged Revenues securing the Bonds Similarly Secured.

Remarketing Agent means the Person named as "Remarketing Agent" in *Section 2.6F*, until a substitute Remarketing Agent becomes such pursuant to such Section, and thereafter "***Remarketing Agent***" shall mean such successor.

Remarketing Agreement means the Remarketing and Interest Services Agreement, dated as of the date hereof, between the City and the initial Remarketing Agent, until the City shall have entered into a substitute agreement pursuant to *Section 2.6F* to provide for the remarketing of Bonds, and thereafter "***Remarketing Agreement***" shall mean such substitute agreement.

Reserve Fund Requirement means the amount required to be maintained in the Debt Service Reserve Fund. Such amount shall be recomputed upon the issuance of each series of Common Reserve Fund Bonds to be the lesser of (i) 10% of the original principal amount of the Common Reserve Fund Bonds or (ii) the maximum annual Debt Service Requirements scheduled to occur in the then current and each future Fiscal Year for all Common Reserve Fund Bonds then Outstanding, including any series of additional Common Reserve Fund Bonds then being issued or (iii) 125% of the average Debt Service Requirements scheduled to occur in the then current and each future Fiscal Year for all Common Reserve Fund Bonds then Outstanding, including any series of additional Common Reserve Fund Bonds then being issued. The Reserve Fund Requirement shall be recomputed upon the issuance of each series of Common Reserve Fund Bonds . Any Variable Rate Obligations shall be assumed to bear interest at a tax-exempt municipal bond index rate available at the time of determining the Reserve Fund Requirement that is selected by the City which is acceptable to the Initial Liquidity Bank.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "***S&P***" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City and acceptable to any Credit Enhancer and the Liquidity Bank.

Securities Depository means The Depository Trust Company or any successor person appointed by ordinance of the City Council to act as Holder of the Bonds, directly or through a nominee, to maintain

a system for recording and transferring beneficial interests in such Bonds and distributing payments thereon and notices in respect thereof.

Securities Register has the meaning stated in *Section 2.4*.

Sell Order has the meaning specified in *Section 2.3A(1)*.

Service Charge Rate has the meaning stated in *Section 2.2B*.

Special Payment Date has the meaning stated in *Section 2.4*.

Special Record Date has the meaning stated in *Section 2.4*.

Stated Maturity has the meaning stated in *Section 2.2A*.

Submission Deadline means 1:00 p.m., New York, New York, time, on each Auction Date or such other time on an Auction Date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

Submitted Bid has the meaning specified in *Section 2.3C(1)*.

Submitted Hold Order has the meaning specified in *Section 2.3C(1)*.

Submitted Sell Order has the meaning specified in *Section 2.3C(1)*.

Subordinate Lien Obligations means each series of bonds, notes, or other obligations currently outstanding or permitted to be issued by the City pursuant to Article Six of this Ordinance as Subordinate Lien Obligations secured in whole or in part by liens on the Pledged Revenues that are subordinate and inferior to the lien on Pledged Revenues securing payment of the Bonds Similarly Secured, including, specifically, the Hotel Bonds and the "City of San Antonio, Texas Hotel Occupancy Tax Surplus Revenue Notes, Series 2007", dated as of June 1, 2007.

Substitute Commercial Paper Dealers for the Bonds in an Auction Mode means such commercial paper dealers (other than the Commercial Paper Dealers) as the Market Agent may from time to time designate as such.

Sufficient Clearing Bids has the meaning stated in *Section 2.3C(1)*.

Term Mode for any Bond or portion thereof means any period of time, determined in accordance with *Section 2.2C*, during which interest on such Bond or portion (except when a Bank Bond, at which time interest accrues at the Bank Rate) accrues at the Term Rate therefor.

Term Rate for any Bond or portion thereof has the meaning stated in *Section 2.2B*, to be determined in accordance with *Section 2.2E(5)*.

Transfer Date means each business day on or before February 14, May 14, August 14, and November 14, which began on May 14, 2004, and has continued without interruption since such time.

Transfer Period means the period of time beginning on any Transfer Date and ending on the day immediately preceding the next succeeding Transfer Date.

Untendered Bonds has the meaning stated in *Section 2.6E.*

Variable Rate Obligations means any series of Bonds Similarly Secured, (i) the payment of principal of which is either (a) payable on demand by or at the option of the holder at a time sooner than a date on which such principal is scheduled for payment, or (b) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term through the issuance of additional Variable Rate Obligations pursuant to a commercial paper or other similar financing program and (ii) the purchase price, payment or refinancing of which is additionally secured by a letter of credit, line of credit, standby purchase agreement, bond insurance, surety bond or other credit or liquidity facility which does not impose a reimbursement obligation payable over a period shorter than three years.

Weekly Mode for any Bond means any period of time, determined in accordance with *Section 2.2B* and *2.2C*, during which interest on such Bond (except when a Bank Bond, at which time interest accrues at the Bank Rate) accrues at the Weekly Rate therefor.

Weekly Rate has the meaning stated in *Section 2.2B*, to be determined in accordance with *Section 2.2E(2).*

Winning Bid Rate at an Auction for the Bonds in an Auction Mode means the lowest rate specified in any Submitted Bid for such Bonds made at such Auction which, if selected by the Auction Agent as the Auction Rate for such Bonds, would cause the aggregate principal amount of Outstanding Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds.

SECTION 1.2 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 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.

ARTICLE TWO
THE BONDS

SECTION 2.1 Authorization. The Bonds shall be and are hereby authorized to be issued in the aggregate principal amount of $135,000,000 and to be designated and bear the title "CITY OF SAN ANTONIO, TEXAS HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE DEMAND REVENUE AND REFUNDING BONDS, SERIES 2008" for the purpose of refunding certain obligations of the City (identified in the preamble hereof and referred to as the "Refunded Bonds"), making permanent improvements for the expansion of the Convention Center (including design work in connection therewith) in accordance with the Plan, and to pay costs of issuance, in accordance with authority conferred by the Bond Act.

As authorized by Chapter 1371, as amended, Texas Government Code, each Designated Financial Officer is hereby authorized, appointed and designated as an officer of the City authorized to act on behalf of the City in selling and delivering the Bonds authorized herein and carrying out the procedures specified in this Ordinance, including changes in the Interest Mode and duration of the Interest Period for the Bonds to the extent permitted in Section 2.2C and the appointment of Broker-Dealers, Remarketing Agents, Market Agents, and Liquidity Banks to the extent provided in Sections 1.1 and 2.6F. Each

Designated Financial Officer (either or both), acting for and on behalf of the City, is authorized to execute each Approval Certificate. The Approval Certificate approving the Bonds shall not be executed unless (1) the final maturity of the Bonds does not exceed August 15, 2035, (2) the interest rate on the Bonds may not exceed 10% per annum, (3) the maximum principal amount of the Bonds will not exceed $135,000,000, and (4) the Refunded Bonds to be redeemed, together with the redemption schedule for the Bonds, will be selected or established by the Designated Financial Officer. It is further provided, however, that notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to delivery, the Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371, as amended, Texas Government Code. The execution of the Approval Certificate shall evidence the sale date of the Bonds by the City to the Purchasers. Upon execution of the Approval Certificate, Bond Counsel is authorized to complete this Ordinance to reflect such final terms.

SECTION 2.2 Terms.

A. **Denominations; Date; Stated Maturity**. The Bonds shall be issuable in fully registered form only in denominations of $5,000 or any integral multiple thereof while such Bonds are in a Term Mode or Fixed Mode, $25,000 or any integral multiple thereof while such Bonds are in an Auction Mode, and otherwise $100,000 or any integral multiple of $5,000 in excess thereof. The Bonds shall be dated the date of their authentication and delivery (except for the Initial Bonds as provided in *Section 2.9*). The Bonds shall become due and payable on August 15 (herein referred to as the "***Stated Maturity***").

B. **Interest**. The Bonds shall be initially issued in a Weekly Mode and shall bear interest from the Closing Date (which date shall be inserted under the caption "*Bond Date*" immediately below the title of each such Bond as indicated in the form of Bond set forth in *Section 3.2)* or the other dates, and at the rates and payable on the Interest Payment Dates, described in the following text, *which shall be inserted in the Bonds at the place indicated in the form of Bond set forth in Section 3.2*:

"The interest payable, and punctually paid or duly provided for, on any Interest Payment Date herefor will, as provided in the Ordinance herein referred to, be paid to the person in whose name this Bond (or one or more Predecessor Bonds representing the same debt) is registered at the end of the day on the Record Date for such interest specified herein[, *except that (a) interest accrued hereon at the Service Charge Rate, as herein defined, if any, during each Interest Period in an Auction Mode for this Bond shall be paid to the Auction Agent (as defined in the Ordinance referred to herein) as agent for such Person, whether at the Stated Maturity of such interest or on any redemption date herefor, and (b) the difference (herein referred to as the "**Bank Differential**") between the total of such interest on this Bond or any portion hereof and the amount of such interest accrued thereon at the Daily Rate, Weekly Rate, Commercial Paper Rate, or Term Rate, each as defined herein, applicable hereto during the period during which such interest accrued, determined as if this Bond or such portion were not a Bank Bond (as defined in the Ordinance) and such interest were not compounded, will be paid to the person in whose name the beneficial ownership of this Bond or such portion is registered on the Bank Bond Register (as defined in the Ordinance) on the Record Date for such difference*].* Any such interest otherwise so payable to the Holder on such Record Date which is not so punctually paid or duly provided for within 30 days of the due date therefor shall forthwith cease to be payable to the Holder on such Record Date, and may be paid to the person in whose name this Bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice thereof being given to Bondholders not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in

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* Bracketed phrase may be omitted from any Bond authenticated on or after the first day of the Fixed Mode for such Bond.

said Ordinance. All such interest shall be payable at the Place of Payment and shall be paid by check or draft mailed to the address of such person specified in the Bond Register or pursuant to other arrangements made by (and at the risk and expense of) such person and acceptable to the Paying Agent/Registrar, *except* that, if the registered owner hereof is the Securities Depositary, as defined in the Ordinance referred to herein, and upon the written request of any other Holder of not less than $1,000,000 aggregate principal amount of Bonds provided to such Paying Agent/Registrar not less than 15 days prior to (or, if the Interest Period (hereinafter defined) for this Bond immediately preceding such Interest Payment Date is less than 16 days in duration, then not later than the last Business Day preceding) the relevant Interest Payment Date, interest due on any Interest Payment Date herefor shall be made by federal funds wire transfer to any designated account within the United States of America.

"**(a)** ***Interest Generally***. During the period from and including the first day of each Daily Mode, Weekly Mode, Auction Mode, Commercial Paper Mode, Term Mode, and Fixed Mode (each herein referred to as an "***Interest Mode***") for this Bond or any portion hereof described below to and excluding the first day of the next Interest Mode therefor designated by the City, the principal of this Bond (or such portion) shall, *except* when a Bank Bond (as defined in the Ordinance), which Bank Bonds bear interest at the Bank Rate, and *subject* to the provisions of *paragraph (m)* below, bear interest at the corresponding Daily Rate, Weekly Rate, Auction Rate, Commercial Paper Rate, Term Rate, or Fixed Rate, respectively, established as described below. Interest accrued hereon at a Daily Rate, Weekly Rate, Commercial Paper Rate, or Bank Rate shall be computed on the basis of a 365- or 366-day year, as applicable, for actual days elapsed, at an Adjusted Auction Rate for an Interest Period of six months or less shall be computed on the basis of a 360-day year for actual days elapsed, and at an Auction Rate for an Interest Period of more than six months or at a Term Rate or Fixed Rate shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest hereon or on any portion hereof shall accrue from and including the later of the Bond Date specified above or the most recent Interest Payment Date therefor to which interest has been paid or duly provided for.

"**(b)** ***Establishment of Interest Modes and Interest Periods***. From the Bond Date specified above through the day preceding the first day of any Daily Mode, Auction Mode, Commercial Paper Mode, Term Mode, or Fixed Mode for this Bond or any portion hereof established in accordance with the provisions of the Ordinance, this Bond shall be in a Weekly Mode. As provided in the Ordinance and subject to certain conditions therein set forth, the Interest Mode for this Bond or any portion hereof then in effect may, at the election of the City, be changed to a Daily Mode, Weekly Mode, Auction Mode, Commercial Paper Mode, Term Mode, or Fixed Mode, or to an Auction Mode or Term Mode with an Interest Period of different duration, on, but only on, (i) a Business Day, if a Daily Mode or Weekly Mode is then in effect therefor, (ii) an Interest Payment Date for interest accrued thereon during an Auction Mode or Commercial Paper Mode, and (iii) if a Term Mode is then in effect therefor, then on any Business Day on which this Bond or such portion may be redeemed at the option of the City, *if* (except in the case of a change from a Daily Mode, Weekly Mode, or Commercial Paper Mode to one of the other two of such three Interest Modes) in the Opinion of Counsel of nationally recognized standing in the field of municipal bond law delivered to the City on the day for such change in Interest Mode such change will not adversely affect any exclusion of interest on any Bond from gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. As provided in the Ordinance and subject to certain conditions therein set forth, the duration of each Interest Period during a Commercial Paper Mode for this Bond or any portion hereof shall be determined by the Remarketing Agent for the Bonds not later than the time for determination of the Commercial Paper Rate for such Interest Period.

"**(c)** ***Daily Rate.*** On each day during which this Bond or any portion hereof is in a Daily Mode and except as provided in *paragraph (k)* below, this Bond or such portion will bear interest at the "***Daily Rate***" for such day, which shall be the least of (i) 10% per annum, (ii) the per annum rate of interest, if any, specified in the Liquidity Facility then in effect under the Ordinance as the rate at which

money available to be paid thereunder to pay interest on the Bonds in such Interest Mode has been computed, or (iii) a variable per annum rate of interest equal to the Market Rate therefor determined as hereinafter described by 10:00 a.m., New York, New York, time, on such day or, if such day is not a business day for the Remarketing Agent, on the business day immediately preceding such business day (each such day referred to herein as a "***Rate Determination Date***"). Interest accrued on this Bond or any portion hereof while it is in a Daily Mode shall be payable on the first Business Day of each month and on the Business Day immediately succeeding the last day of such Daily Mode, and the Record Date for such interest shall be the immediately preceding day (whether or not a Business Day).

"**(d)** ***Weekly Rate***. On each day during which this Bond or any portion hereof is in a Weekly Mode and except as provided in *paragraph (k)* below, this Bond or such portion shall bear interest at the "***Weekly Rate***," which shall be the least of (i) 10% per annum, (ii) the per annum rate of interest, if any, specified in the Liquidity Facility then in effect under the Ordinance as the rate at which money available to be drawn thereunder to pay interest on the Bonds in such Interest Mode has been computed, or (iii) the variable per annum rate of interest established on or before such day in accordance with the provisions of this *paragraph (d)* for the one-week period commencing on the Wednesday on or before the day of accrual and ending on the Tuesday on or succeeding such day of accrual. Such variable rate is a per annum rate of interest equal to the Market Rate therefor determined as hereinafter described by 4:00 p.m., New York, New York, time on the last business day for the Remarketing Agent before the commencement of such Weekly Mode and before each succeeding Wednesday (or on such Wednesday, if it is such a business day and the preceding day is not such a business day, or on such other day as may be specified by such Remarketing Agent after notice to the City and the Bondholders) thereafter (each such day referred to herein as a "***Rate Determination Date***"). Interest accrued on this Bond or any portion hereof while it is in a Weekly Mode shall be payable on the first Business Day of each month commencing in August, 2008, and on the Business Day immediately succeeding the last day of such Weekly Mode, and the Record Date for such interest shall be the immediately preceding day (whether or not a Business Day).

"**(e)** ***Auction Rate.*** On each day during each Interest Period during which this Bond or any portion hereof is in an Auction Mode and except as otherwise provided in this *paragraph (e)*, this Bond or such portion shall bear interest at a per annum rate (herein referred to as the "***Adjusted Auction Rate***") equal to (i) the lesser of 10% per annum or the sum of the Auction Rate for such Interest Period and the Service Charge Rate for such Interest Period, except as otherwise provided in this sentence, (ii) if an Auction, as defined in the Ordinance, is not held on the Market Day preceding such Interest Period for any reason other than the occurrence of a Payment Default, or if the conditions precedent for an Interest Period of different duration elected by the City to commence on the first day of such Interest Period shall not have been satisfied, then the No Auction Rate for such Interest Period, (iii) if a Payment Default occurred on (or on the Market Day immediately preceding) the first day of such Interest Period, then the sum of the Overdue Rate for such Interest Period and the Service Charge Rate for such Interest Period, and (iv) if a Payment Default occurred prior to such Interest Period and such Interest Period commenced less than two Market Days after such Payment Default is cured or waived in accordance with the Ordinance, then the Overdue Rate for such Interest Period. Notwithstanding the foregoing, during the first Interest Period for this Bond or any portion thereof in an Auction Mode, this Bond or such portion shall bear interest at a rate per annum (the "***Adjusted Auction Rate***" for such Interest Period) equal to the lesser of 10% per annum or the sum of the Market Rate therefor determined by the Remarketing Agent as described herein before such Interest Period and the Service Charge Rate for such Interest Period.

"Each Interest Period in an Auction Mode for this Bond shall extend from and including the first day of such Auction Mode, or from and excluding the last day of the preceding Interest Period in such Auction Mode, for a period determined in accordance with the Ordinance.

"Interest accrued on this Bond or any portion hereof during each such Interest Period shall be payable on the day immediately succeeding such Interest Period; *provided* that if such day is not a Market Day, then such interest shall be payable on the next succeeding Market Day. The Record Date for interest due on any such Interest Payment Date shall be the second preceding Market Day.

"**(f)** ***Commercial Paper Rate.*** On each day during each Interest Period (established in accordance with the provisions of the Ordinance) during which this Bond or any portion hereof is in a Commercial Paper Mode and except as provided in *paragraph (k)* below, this Bond or such portion will bear interest at the "***Commercial Paper Rate***" therefor, which shall be the least of (i) 10% per annum, (ii) the per annum rate of interest, if any, specified in the Liquidity Facility as the rate at which money available to be drawn thereunder to pay interest on the Bonds in such Interest Mode has been computed, or (iii) the fixed per annum rate of interest equal to the Market Rate therefor determined as hereinafter described by 12:30 p.m., New York, New York, time, on or before the first business day for the Remarketing Agent in such Interest Period (herein referred to as a "***Rate Determination Date***"). Interest accrued on this Bond or any portion hereof during each such Interest Period shall be payable on the first Business Day following such Interest Period, the Record Date for which shall be the immediately preceding day (whether or not a Business Day), and in the case of Bank Bonds (as defined in the Ordinance) as provided in *paragraph (k)* below.

"**(g)** ***Term Rate.*** On each day during each Interest Period (established in accordance with the provisions of the Ordinance) during which this Bond or any portion hereof is in a Term Mode and except as provided in *paragraph (k)* below, this Bond or such portion will bear interest at the "***Term Rate***" therefor, which shall be the lesser of (i) 10% per annum or (ii) the fixed per annum rate of interest equal to the Market Rate therefor most recently determined as hereinafter described on (A) any date designated by the Remarketing Agent which is not more than 35 days preceding nor later than the last business day for such Remarketing Agent preceding such Interest Period and (B) if there are any Bank Bonds (as defined in the Ordinance) in such Term Mode at the close of business on the first day of such Interest Period, again on any later date in such Interest Period specified in the Ordinance until there are no Bank Bonds (as defined in the Ordinance) in such Term Mode during such Interest Period (each such date herein referred to as a "***Rate Determination Date***"). Interest accrued on this Bond or any portion hereof during any Interest Period while it is in a Term Mode shall be payable semiannually on each February 15 and August 15 and on the day immediately following the last day of such Interest Mode, and the Record Date for interest paid on each such Interest Payment Date shall be the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date or the first day of such Term Mode, whichever is later, and in the case of Bank Bonds (as defined in the Ordinance) as provided in *paragraph (k)* below.

"**(h)** ***Fixed Rate.*** After the Interest Mode for this Bond or any portion hereof has been converted to the Fixed Mode, this Bond or such portion (or, at the option of the City, the portion thereof then selected for redemption in each year in accordance with the Ordinance) shall bear interest from the date of conversion to Maturity (herein referred to as an "***Interest Period***") at the "***Fixed Rate***" therefor, which shall be a fixed per annum rate equal to the lesser of (i) 10% per annum or (ii) the Market Rate therefor determined as hereinafter described on any date designated by the Remarketing Agent which is not more than 35 days preceding nor later than the last business day for the Remarketing Agent preceding such Fixed Mode (herein referred to as a "***Rate Determination Date***"). Interest accrued on this Bond or such portion while it is in the Fixed Mode shall be payable semiannually on each February 15 and August 15, the Record Date for which shall be the fifteenth day (whether or not a Business Day) of the preceding calendar month or the first day of such Fixed Mode, whichever is later.

"**(i)** ***Determination of Market Rates.*** The "***Market Rate***" for this Bond or any portion hereof determined on each Rate Determination Date therefor shall be the minimum per annum rate of interest

determined by the Remarketing Agent in accordance with the provisions of the Ordinance to be necessary to produce a bid for this Bond or such portion equal to 100% of the principal amount thereof plus interest, if any (other than Bank Differential), thereon accrued from the Bond Date specified above or the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for on or after such Interest Payment Date. If for any reason no Remarketing Agent for the Bonds shall have been appointed and be acting under the Ordinance on any Rate Determination Date, the Remarketing Agent fails to determine the Market Rate for this Bond or any portion hereof on such Rate Determination Date, or any Market Rate therefor determined by the Remarketing Agent on such Rate Determination Date is determined by a court of competent jurisdiction to be invalid or unenforceable, the "***Market Rate***" to be determined on such Rate Determination Date shall be, if the Interest Period during which such Market Rate is to be in effect is (i) greater than one-half year, the percentage of "The 11-Bond Municipal Bond Index" most recently published by *The Bond Buyer* or any successor publication set forth below under the longest period specified which does not exceed the duration of such Interest Period:

Interest Period equal to or longer than (in years):						
15	13	10	7	5	2	1/2
100%	97%	93%	86%	80%	70%	65%

and (ii) equal to or less than one-half year, the Municipal Swap Index most recently announced by The Securities Industry and Financial Markets Association, or any successor thereto; *provided* that, if either such index ceases to be published, it shall be replaced for the foregoing purposes by the most comparable published index designated by the City.

"**(j)** ***Notice of Interest Rates***. The Paying Agent/Registrar is required to give notice of each change in Interest Mode for this Bond or any portion hereof and of each change in the duration of the Interest Period for a Term Mode for this Bond or any portion thereof to the Holder hereof by mail, first-class postage prepaid, not less than 20 days, if this Bond or such portion is in a Daily Mode, Weekly Mode, or Auction Mode not less than 30 days, if this Bond or such portion is in any other Interest Mode, and in either case not more than 60 days prior to the day such change becomes effective. Each Daily Rate, Weekly Rate, and Commercial Paper Rate hereon or any portion hereof and the duration of each Interest Period within a Commercial Paper Mode for this Bond or any portion hereof may be ascertained by telephoning the Remarketing Agent.

"**(k)** ***Bank Bonds***. For each day on which any portion hereof is a Bank Bond (as defined in the Ordinance), the principal of such portion shall bear interest (and any accrued interest thereon included in the Purchase Price therefor when such Bond or portion became a Bank Bond shall compound and bear interest until paid) at the Bank Rate (as defined in the Ordinance). Interest accrued during any Interest Mode which is evidenced by any portion of this Bond which is a Bank Bond shall be payable on each Interest Payment Date for such Interest Mode described above and, for interest accrued in a Commercial Paper Mode or Term Mode, on the first Business Day of each month, and, for the payment of Bank Differential only, as provided in the Reimbursement Agreement for so long as the initial Liquidity Facility remains in effect and, thereafter, on the day on which such Bank Bond ceases to be a Bank Bond, and the Record Date for the payment of interest on such latter two Interest Payment Dates shall be the day immediately preceding such Interest Payment Date.

"**(l)** ***Definitions***. As used herein:

"(i) "***Auction Date***" means the Market Day immediately preceding the first day of each Interest Period for this Bond in an Auction Mode, other than Interest Periods commencing (A) after this Bond is no longer a Book-Entry Only Bond, as defined in the Ordinance, (B) after the occurrence and

during the continuance of a Payment Default, or (C) less than two Market Days after the cure or waiver of a Payment Default;

"(ii) "***Auction Rate***" for any Interest Period in an Auction Mode means the per annum rate that the Auction Agent referred to in the Ordinance advises the Paying Agent/Registrar has resulted from implementation of the Auction Procedures referred to in the Ordinance on the Auction Date, if any, for this Bond immediately preceding such Interest Period;

"(iii) "***Business Day***" for this Bond or any portion hereof means any day other than (i) a Saturday or a Sunday, (ii) a Legal Holiday, (iii) a day on which banking institutions generally are authorized or required to close in the city in which is located (A) the corporate trust office of the Paying Agent/Registrar or (except while such Bond or portion is in an Auction Mode) the Remarketing Agent for the Bonds or, (B) if and while a Credit Facility referred to in the Ordinance is in effect, the office of the obligor thereon or of its agent at which drafts or demands for payment under such Credit Facility are to be presented or, (C) (1) while the initial Liquidity Facility remains in effect, the office of the Initial Liquidity Bank at which drafts or demands for payment under such initial Liquidity Facility are to be presented, and (2) while any subsequent Liquidity Facility for the Bonds referred to in the Notice of Demand Privilege, Mandatory Tender and Liquidity Support appearing hereon is in effect, the office of any Liquidity Bank referred to in such Notice or of its agent at which drafts or demands for payment under such Liquidity Facility are to be presented, or (iv) a day on which the New York Stock Exchange is closed;

"(iv) "***Market Day***" means a day other than a Saturday, Sunday, or other day on which the New York Stock Exchange or banks generally are authorized to close in New York, New York, or San Antonio, Texas, or on which the Auction Agent or any Broker-Dealer is not open for business; *provided, however*, that April 14, April 15, December 24, December 30, and December 31 shall not be considered Market Days with respect to the determination of Auction Dates;

"(v) "***No Auction Rate***" for any Interest Period for this Bond in an Auction Mode means the product of (i) the Reference Rate determined as of the preceding Market Day, and (2) the following percentage applicable to the Prevailing Rating, as defined in the Ordinance, for this Bonds: 70% if "AAA", 75% of "AA", 85% if "A", and 100% if "BBB" or below "BBB";;

"(vi) "***Overdue Rate***" for any Interest Period for this Bond in an Auction Mode means a per annum interest rate equal to the lesser of (A) 300% (or such other percentage resulting from any adjustment thereof pursuant to the Ordinance) of the Reference Rate specified in the Ordinance on the first day of such Interest Period or (B) 10% per annum;

"(vii) "***Payment Default***" means a default in the payment of principal of or interest on any Bond when due, provided that, (i) while the initial Liquidity Facility remains in effect, the Initial Liquidity Bank is in default thereunder, and (ii) if a Credit Facility is then in effect under the Ordinance, the obligor on such Credit Facility is also then in default thereunder;

"(viii) "***Rate Adjustment Date***" for this Bond or any portion hereof means the first day on which each Daily Rate, Weekly Rate, Auction Rate, Commercial Paper Rate, Term Rate, and Fixed Rate thereon shall become effective;

"(ix) "***Reference Rate***" for this Bond for any Interest Period has the meaning stated in the Ordinance; and

"(x) "***Service Charge Rate***" for the Bonds in any Interest Period in an Auction Mode means the sum of the per annum rates at which will accrue (A) the service charge payable to the Broker-Dealers

for such Bonds referred to in the Ordinance pursuant to the Broker-Dealer Agreements referred to in the Ordinance for services rendered by them thereunder on the Auction Date, if any, at the end of such Interest Period, (B) the fee to be paid to the Auction Agent referred to in the Ordinance pursuant to the Auction Agent Agreement referred to in the Ordinance for services rendered by it thereunder and under such Broker-Dealer Agreements on the Auction Date, if any, for the Bonds at the end of such Interest Period, and (C) the fee, if any, and reimbursement of costs of rating maintenance and opinions of counsel to be paid by such Auction Agent to the Market Agent for the Bonds referred to in the Ordinance pursuant to the Market Agent Agreement for such Bonds referred to in the Ordinance.

Terms defined in the Notice of Demand Privilege, Mandatory Tender, and Liquidity Support appearing hereon have the meanings described in such notice.

"(m) ***Usury Savings Clause.*** Notwithstanding anything herein or in the Ordinance to the contrary, however, in no event shall the aggregate of the interest on the Bonds (including Bank Bonds) plus any other amounts paid in connection therewith which are deemed "interest" under the laws of the State of Texas and the United States of America in effect on the Bond Date specified above permitting the charging and collecting of the highest non-usurious interest rate on the Bonds (hereinafter referred to as "***Applicable Law***") ever exceed the maximum amount of interest which could be lawfully charged and paid on the Bonds under Applicable Law, and if any amount of interest taken or received by the Holder hereof shall be in excess of the maximum amount of interest which, under Applicable Law, could lawfully have been collected and paid hereon, then the excess shall be deemed to have been the result of a mathematical error by the City, the Paying Agent/Registrar, and such Holder and shall be refunded promptly to the Paying Agent/Registrar for the account of the City. All amounts paid or agreed to be paid in connection with the indebtedness evidenced by the Bonds which under Applicable Law would be deemed "interest" shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated, and spread throughout the full term of the Bonds."

and the phrase "Adjustable" shall be inserted under the caption "Interest Rate" immediately below the title of the Bonds as indicated in Section 3.2.

In lieu of the foregoing text, the following paragraphs may be inserted at the place indicated in Section 3.2 for the Bonds authenticated on or after the first day of the Fixed Mode therefor:

"This Bond bears interest from the later of [*insert first day of Fixed Mode*] or the most recent interest payment date to which interest hereon has been paid or duly provided for, at the per annum Interest Rate specified above (computed on the basis of a 360-day year comprised of twelve 30-day months), payable semiannually on each February 15 and August 15 and the Record Date therefor is the fifteenth day (whether or not a business day) of the preceding calendar month.

"The interest payable, and punctually paid or duly provided for, on any Interest Payment Date herefor will, as provided in the Ordinance herein referred to, be paid to the person in whose name this Bond (or one or more Predecessor Bonds representing the same debt) is registered at the end of the day on the Record Date for such interest specified herein. Any such interest otherwise so payable to the Holder on such Record Date which is not so punctually paid or duly provided for 30 days shall forthwith cease to be payable to the Holder on such Record Date, and may be paid to the person in whose name this Bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice thereof being given to Bondholders not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Ordinance. All such interest shall be payable at the Place of Payment 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 such person appearing in the Securities Register, (ii) if this

Bond is registered to the Securities Depository and otherwise at the option of the Holder thereof (*if* the Holder of not less than $1,000,000 principal amount of Bonds) exercised by written notice delivered to the Paying Agent/Registrar not less than 15 days prior to the relevant Record Date therefor, by Federal Funds wire to any designated account within the United States of America, or (iii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by such person at such person's risk and expense."

and the Fixed Rate thereon for such Fixed Mode shall be inserted under the caption "Interest Rate" immediately below the title of such Bond as indicated in Section 3.2.

C. **Determination of Interest Modes**. The City may change the Interest Mode for the Bonds or any portion thereof to a different Interest Mode or an Auction Mode or Term Mode with an Interest Period of different duration (and, if such new Interest Mode is an Auction Mode or Term Mode, designate the duration of the initial Interest Period thereof) by a written instrument herein described delivered to the Paying Agent/Registrar, the Remarketing Agent, the Auction Agent, any Broker-Dealer, the Credit Enhancer, and the Liquidity Bank not less than 45 days prior to such change and specifying:

(1) ***Affected Bonds***: the current Interest Mode and Interest Periods, and the respective principal amounts of each, with respect to which such designation is being made,

(2) ***Effective Date***: the first day of the newly designated Interest Mode or Interest Period, which shall be (a) if the Interest Mode then in effect for the Bonds or portions thereof to be changed is a Daily Mode or a Weekly Mode, a Business Day therefor, (b) if the Interest Mode then in effect for such Bonds or portions is an Auction Mode, an Interest Payment Date therefor which is a Business Day, (c) if a Term Mode for the Bonds or portions thereof to be changed is then in effect, any Business Day on which such Bonds or portions may be redeemed at the option of the City pursuant to *Section 2.5A(6)* or *(7)*, and (d) if the Interest Mode then in effect for the Bonds or portions thereof to be changed is a Commercial Paper Mode, the last Interest Payment Date for all Interest Periods for the Bonds or portions thereof to be changed then in effect or any Business Day therefor thereafter,

(3) ***Designation***: that the City has determined that, effective on such day, a Daily Mode, Weekly Mode, Auction Mode, Commercial Paper Mode, Term Mode, successive Auction Mode or Term Mode with an Interest Period of different duration, or Fixed Mode, as the case may be, shall take effect for such Bonds or portions thereof, and

(4) ***Interest Period***: if the designated Interest Mode is an Auction Mode or a Term Mode, the duration of the initial Interest Period thereof.

Unless such written instrument specifies a change to an Auction Mode, a Term Mode, or Fixed Mode or a change in the Interest Period in a Term Mode, it may be in the form of an Approval Certificate, if such Approval Certificate is accompanied by a written certificate signed by a Person qualified to be a Remarketing Agent and stating that the change is not expected to increase the combined rate at which interest on the Bonds and fees under the Liquidity Facility are calculated by more than 0.50% per annum. Any such written instrument may also be in the form of an ordinance enacted by the City Council.

Upon delivery of such Approval Certificate or ordinance, the Interest Mode or Interest Period for such Bonds or portions shall, *subject* to the other provisions of this subsection, be automatically converted on the day specified in such ordinance to the Interest Mode or Interest Period specified therein without any further act, *unless* the Paying/Agent Registrar shall have received, prior to the mailing of notice thereof, the Approval Certificate or ordinance of the City Council, as applicable, electing not to effect such conversion. The City or the Designated Financial Officer shall promptly notify the Remarketing

Agent for the affected Bonds, the Auction Agent, the Broker-Dealers, the Credit Enhancer, and the Liquidity Bank in writing of the conversion of the Bonds or portions thereof to a new Interest Mode or Interest Period.

No change to any Interest Mode for the Bonds or portion thereof or in the Interest Period for any Auction Mode or Term Mode for the Bonds or portion thereof shall become effective unless:

(1) ***Opinion of Counsel***: unless such change is from a Daily Mode, Weekly Mode, or Commercial Paper Mode to one of the other two of such three Interest Modes, there is delivered to the Paying Agent/Registrar, the Initial Liquidity Bank (if the initial Liquidity Facility remains in effect after such change), and the Credit Enhancer on the first day of such Interest Mode or Interest Period an Opinion of Counsel to the effect that such change in the Interest Mode or Interest Period will not adversely affect any exclusion of interest on any Bond from the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes and is authorized by applicable Texas law, and

(2) ***Settlement***: by 1:30 p.m., New York, New York, time on the date of such change, the Paying Agent/Registrar (or, if such Bonds or portions have been purchased prior to such time on such date by the Liquidity Bank or the Credit Enhancer, the Liquidity Bank or the Credit Enhancer, as applicable) shall have received the Purchase Price of all Bonds or portions thereof tendered or deemed tendered for purchase on such date in accordance with *Section 2.6A(3)(b)*, or, in the case of a change in the duration of the Interest Period in an Auction Mode, Sufficient Clearing Bids for the Bonds are made on the Auction Date immediately preceding such Interest Period, and

(3) ***Credit Enhancer Consent***: the Paying Agent/Registrar shall have received the written consent of the Credit Enhancer to such change, unless the change is (a) to the Daily Mode or the Weekly Mode from the other such Interest Mode or from the Commercial Paper Mode or (b) a change in the Interest Period in an Auction Mode to a period longer than 35 days.

If, after notice to any person of any change in the Interest Mode or Interest Period for any Bond or portion thereof, such change may not be effected on the date specified therefor because of any failure to satisfy the conditions of this Section, then (a) the Interest Mode for such Bond or portion shall automatically remain in or change to the Weekly Mode on such date, *if* (i) the preceding Interest Mode for such Bond or portion was a Daily Mode, Weekly Mode, or Commercial Paper Mode or (ii) in the Opinion of Counsel such change will not adversely affect any exclusion of interest on any Bond from the gross income of the owner thereof for federal income tax purposes, and (b) otherwise the Interest Mode (and the Interest Period of any Auction Mode or Term Mode) then in effect for such Bond or portion shall remain unchanged and, *except* for the mandatory tender thereof required by *Section 2.6A(3)(b)*, the Holder of such Bond or portion and all other persons shall be restored to their original positions to the same extent as if the Approval Certificate or ordinance specifying such change had not been given pursuant to this Section.

D. **Duration of Interest Modes and Interest Periods.**

(1) ***Interest Modes.*** Each Interest Mode for any Bond or portion thereof, other than the Fixed Mode, shall extend through the day prior to the effective date of any other Interest Mode therefor established in accordance with this Section. Any Fixed Mode for any Bond or portion thereof shall extend to the Stated Maturity of such Bond.

(2) ***Interest Periods Generally.*** No Interest Period for any Bond (or portion thereof) during a Commercial Paper Mode or a Term Mode therefor shall extend beyond (a) the third Business Day prior to

any then known date for release of the Liquidity Facility then in effect for the Bonds pursuant to *Section 4.1B(2)* (or a Credit Facility then in effect for the Bonds pursuant to *Section 4.2J(2)*, as applicable) or (b) the day prior to the effective date of any other Interest Mode to become effective for such Bonds or portion pursuant to any prior Approval Certificate or ordinance given in accordance with this Section.

(3) ***Interest Periods During Commercial Paper Mode***. The Interest Period for each Bond (or portion thereof) during a Commercial Paper Mode therefor shall be the period determined by the Remarketing Agent for the Bonds, on the Rate Adjustment Date therefor, to be the Interest Period which, in its judgment, will produce the greatest likelihood of the lowest overall debt service costs on the Bonds prior to the Maturity thereof, *provided* that, if the Paying Agent/Registrar (or, if such Bond or portion thereof has been sooner purchased on such day by the Liquidity Bank or a Credit Enhancer, the Liquidity Bank or the Credit Enhancer, as applicable) shall not have received the Purchase Price for such Bond or portion by 12:00 noon, New York, New York, time, on the first day of such Interest Period, such Interest Period shall extend through the day preceding the next Business Day for such Bond or portion. The Remarketing Agent may determine different Interest Periods for different Bonds (or portions thereof) on the same Rate Adjustment Date. Each Interest Period for any Bond (or portion thereof) while in a Commercial Paper Mode shall commence on the first day of such Interest Mode for such Bond or portion or on the day immediately succeeding the immediately preceding Interest Period for such Bond or portion during such Commercial Paper Mode, shall end on a day preceding a Business Day for such Bond or portion, and shall be not less than one nor more than 270 days in length. No such Interest Period on any Bond or portion thereof shall cause the aggregate interest due on all Bonds and portions thereof (other than Bonds or portions thereof in a Fixed Mode) on the next Interest Payment Date therefor to exceed the coverage then afforded by the Liquidity Facility. No Interest Period for any Bond or portion thereof shall end later than the day preceding any redemption date for the Bonds in the Commercial Paper Mode described in *Section 2.5B*, unless the principal amount of Bonds in the Commercial Paper Mode with an Interest Period which ends on or prior to such preceding day is at least equal to the principal amount of Bonds and Interest Mode to be redeemed on such redemption date pursuant to *Section 2.5B*.

(4) ***Interest Periods During Auction Modes***. Each Interest Period for any Bond or portion thereof which is in an Auction Mode shall commence on the first day of such Auction Mode or on the day immediately succeeding the immediately preceding Interest Period for such Bond or portion during such Auction Mode and shall extend for such period as may be elected by the City pursuant to *Subsection C* of this Section to but excluding:

(a) ***Seven-Day Periods***: the first Market Day on or after the first Wednesday following the first day of such Interest Period, if weekly periods are elected, or

(b) ***28-Day Periods***: the first Market Day succeeding the fourth Wednesday following the first day of such Interest Period, if four-week periods are elected or otherwise in effect, or

(c) ***35-Day Periods***: the first Market Day succeeding the fifth Wednesday following the first day of such Interest Period, if five-week periods are elected, or

(d) ***Three-Month Periods***: the first day of the third calendar month following the first day of such Interest Period, if three-month periods are elected, or

(e) ***Six-Month Periods***: the first day of the sixth calendar month following the first day of such Interest Period, if six-month periods are elected, or

(f) ***One-Year Periods***: the first day of the twelfth calendar month following the first day of such Interest Period, if one-year periods are elected.

(5) ***Interest Periods During Term Modes***. Each Interest Period for any Bond or portion thereof which is in a Term Mode shall commence on the first day of such Term Mode or on the day immediately succeeding the immediately preceding Interest Period for such Bond or portion during such Term Mode. The initial Interest Period in each Term Mode shall extend to (but exclude) the August 15 specified in the Approval Certificate or the ordinance designating such Interest Mode pursuant to this Section which occurs at least one year after the effective date of such Interest Mode. Each successive Interest Period during such Term Mode shall extend to (but exclude) the anniversary of such date which occurs the same number of 12-month periods after the first day of such Interest Period as the number of 12-month periods or portions thereof during the initial Interest Period for the Bonds (or portions thereof) in such Term Mode, unless changed by the Approval Certificate or the ordinance pursuant to this Section.

E. **Determination of Interest Rates by Remarketing Agent**.

(1) ***Daily Rate***. During each Daily Mode for the Bonds (or any portion thereof), by 10:00 a.m., New York, New York, time on each business day for the Remarketing Agent for the Bonds, the Remarketing Agent shall determine the Daily Rate for such Bonds or portion by determining, in the manner described in *Subdivision E(6)* of this Section, the Market Rate therefor on such day.

(2) ***Weekly Rate***. During each Weekly Mode for the Bonds (or any portion thereof), by 4:00 p.m., New York, New York, time, on the last business day for the Remarketing Agent on or before the commencement of such Weekly Mode and on or before each succeeding Wednesday (or on such Wednesday, if it is such a business day and the preceding day is not such a business day, or on such other day as may be specified by the Remarketing Agent after notice to the City and the Bondholders affected thereby) thereafter during such Weekly Mode, the Remarketing Agent shall set the Weekly Rate for such Bonds or portion by determining, in the manner described in *Subdivision E(6)* of this Section, the Market Rate therefor on such day.

(3) ***Auction Rate***. Prior to the first Interest Period for the Bonds (or any portion thereof) in an Auction Mode, the Remarketing Agent shall determine the Auction Rate for such Bonds or portion in such Interest Period by determining, by the manner described in *Subsection E(6)* of this Section, the Market Rate therefor at such time and adding thereto the Service Charge Rate.

(4) ***Commercial Paper Rate***. By not later than 12:30 p.m., New York, New York, time, on or before the first business day for the Remarketing Agent in each Interest Period for each Bond (or portion thereof) which is in a Commercial Paper Mode, the Remarketing Agent shall designate the Commercial Paper Rate on such Bond or portion for such Interest Period, in each case by determining, in the manner described in *Subdivision E(6)* of this Section, the Market Rate therefor on such day.

(5) ***Term Rate; Fixed Rate***. On any date designated by the Remarketing Agent which is not more than 35 days preceding nor later than the last business day for the Remarketing Agent preceding each Interest Period for Bonds (or any portion thereof) during which such Bonds or portion are in a Term Mode or Fixed Mode, and, if any such Bond or portion is a Bank Bond at the close of business on the first day of such Interest Period, again on each day (and not less than once every two weeks) following the first day of such Interest Period designated by the Remarketing Agent until no Bonds in such Interest Mode are Bank Bonds, the Remarketing Agent shall determine, in the manner described in *Subdivision E(6)* of this Section, the Market Rate on such day for such Bonds or portion (or, in the case of a Fixed Mode, for each class of Bonds or portions thereof which have theretofore been selected pursuant to *Section 2.5E* for redemption pursuant to *Section 2.5B*) during such Interest Period.

(6) ***Procedure for Market Rate Determination***. The Remarketing Agent for the Bonds shall make each determination of the Market Rate for any Bond (or portion thereof) required to be made by this Section regardless of whether such Bonds or portion thereof are Bank Bonds. The Remarketing Agent shall make each determination of the Market Rate for any Bond or portion thereof pursuant to this Section by determining, under prevailing market conditions, the minimum interest rate necessary, in the judgment of the Remarketing Agent, to be borne by such Bond or portion for the relevant Interest Period to produce a bid for such Bond or portion equal to 100% of the principal amount thereof plus interest, if any, accrued thereon (other than Bank Differential) from the Bond Date or the most recent Interest Payment Date therefor to which the interest thereon has been paid or duly provided for. If for any reason no Remarketing Agent for the Bonds shall have been appointed hereunder on any Rate Determination Date, the Remarketing Agent for the Bonds fails to determine the Market Rate for any Bond or portion thereof on such Rate Determination Date, or any Market Rate for any Bond or portion thereof determined by the Remarketing Agent on such Rate Determination Date is determined by a court of competent jurisdiction to be invalid or unenforceable, the Market Rate therefor to be determined on such Rate Determination Date shall be determined by the Paying Agent/Registrar as provided in *Subsection A* of this Section.

F. **Notice of Interest Rates and Interest Modes**. The Remarketing Agent shall give telephonic (followed by prompt written), telecopied, or telexed notice to the City, and the Paying Agent/Registrar of each interest rate determination made by it pursuant to *Subsection E* of this Section and each determination of the duration of an Interest Period for any Bond or portion thereof in a Commercial Paper Mode made by it pursuant to *Subsection D* of this Section.

Not less than 20 days, if such Bond or the applicable portion thereof is in a Daily Mode, Weekly Mode, or Auction Mode, not less than 30 days, if such Bond or the applicable portion thereof is in any other Interest Mode, and not more than 60 days prior to the effective date of a change in the method of determining the Rate Determination Date for any Bond or portion thereof, the first day of any Daily Mode, Weekly Mode, Auction Mode, Commercial Paper Mode, Term Mode, or Fixed Mode for any Bond or portion thereof, or the first day of any change in the maximum rate of interest on any Bond or in the Interest Period in an Auction Mode or a Term Mode for any Bond or portion thereof, the City shall give (or cause the Paying Agent/Registrar to give) notice to the Remarketing Agent and Broker-Dealers, the Auction Agent, the Credit Enhancer, the Liquidity Bank, and the Holder of each Bond stating that such change will occur and the effective date of such change. Except in the case of a change in Rate Determination Date or Interest Period in an Auction Mode only, such notice shall state that the credit rating then assigned to such Bond by each Rating Service may be reduced or withdrawn or, if known, the credit ratings assigned to such Bond for the Interest Mode or Interest Period to become effective.

The Paying Agent/Registrar shall provide a copy of each notice given pursuant to this subdivision to each transferee of an affected Bond or portion thereof that is authenticated by it on or after the date of such notice and prior to the effective date of the change described therein.

The Remarketing Agent for the Bonds shall provide the rate of interest constituting the Daily Rate, the Weekly Rate, or the Commercial Paper Rate, the Auction Agent shall provide the rate of interest constituting the Auction Rate, and the Paying Agent/Registrar shall provide the rate of interest constituting the Term Rate or Fixed Rate, for any Bond, or any portion thereof, from time to time to each Holder thereof who requests such information.

G. **Effect of Determinations**. Each designation of an Interest Mode or the duration of an Interest Period made pursuant to this Section and each determination of a Daily Rate, Weekly Rate, Auction Rate, Commercial Paper Rate, Term Rate, or Fixed Rate made pursuant to this Section shall be conclusive and binding upon the City, the Paying Agent/Registrar, the Credit Enhancer, the Liquidity

Bank, and the Holders, and neither the City nor the Remarketing Agent nor the Paying Agent/Registrar shall have any liability to any such person for any such determination, whether due to any error in judgment, failure to consider any information, opinion, or other resource, or otherwise.

H. **Auction Agents.** Upon changing the Interest Mode for Bonds to an Auction Mode, the City shall appoint an Auction Agent acceptable to the Credit Enhancer with power to act on behalf and subject to the direction of the Paying Agent/Registrar in the application of the Auction Procedures on each Auction Date and performance of the other duties of the Auction Agent hereunder.

Each Auction Agent shall at all times be a bank or trust company organized and doing business under the laws of the United States, or of any state, with a combined capital and surplus of at least $30,000,000 or a member of the National Association of Securities Dealers (NASD) having a capitalization of at least $30,000,000 and, in either case, a member of or participant in the Securities Depository and authorized to perform all duties of the Auction Agent hereunder. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation into which any Auction Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation, or conversion to which any Auction Agent shall be a party, or any corporation succeeding to the corporate trust or debt securities administration business of any Auction Agent, shall be the successor of the Auction Agent hereunder, *if* such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Auction Agent or such successor corporation.

Any Auction Agent may at any time resign by giving written notice of resignation to the Paying Agent/Registrar, the City, and the Credit Enhancer. The City, or the Holders of two-thirds in aggregate principal amount of the Bonds may at any time terminate the agency of any Auction Agent by giving written notice of termination to such Auction Agent and to the City, the Credit Enhancer, and the Paying Agent/Registrar. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Auction Agent shall cease to be eligible under this Section, the City shall promptly appoint a successor Auction Agent acceptable to the Credit Enhancer.

No resignation or removal of the Auction Agent shall take effect until a successor Auction Agent shall have been appointed, unless the Auction Agent has not been compensated for its services and has given at least 30 days written notice of its resignation to the City, the Paying Agent/Registrar, and the Credit Enhancer. If no successor Auction Agent has accepted appointment within 30 days after the Auction Agent has given notice of its resignation as provided above, the Auction Agent may petition any court of competent jurisdiction for the appointment of a temporary successor Auction Agent, *provided* that any Auction Agent so appointed shall immediately and without further act be superseded by any Auction Agent appointed by the City as provided above. If the Auction Agent does elect to petition a court of competent jurisdiction for the appointment of a temporary successor Auction Agent, it will do so only to the extent that it is indemnified to its satisfaction against the cost and expense of such defense or initiation, including attorney's fees.

Each Auction Agent shall execute and deliver to the Paying Agent/Registrar an instrument in which such Auction Agent shall agree with the Paying Agent/Registrar, subject to the provisions of this Section, that such Auction Agent will, along with such other matters agreed to therein, apply the Auction Procedures on each Auction Date and observe and perform the obligations of the Auction Agent hereunder.

I. **Limited Obligations**. The Bonds are limited, special obligations of the City payable solely from and equally and ratably secured by a lien on and pledge of the Pledged Revenues, subject and subordinate to the liens on and pledges of the Pledged Revenues heretofore or hereafter made to secure payment of the Prior Lien Bonds, and the Holders thereof shall never have the right to demand payment of the principal of or interest on the Bonds from any funds raised or to be raised through taxation by the City.

SECTION 2.3 Dutch Auctions.

A. **Orders During the Auction Mode by Existing Owners and Potential Owners**.

(1) ***Submission of Orders***. Prior to the Submission Deadline on each Auction Date for Bonds or portions thereof in an Auction Mode:

(a) ***Existing Owner Orders:*** each Existing Owner of such Bonds may submit to a Broker-Dealer for the Bonds information as to:

(i) ***Hold Order:*** the principal amount of such Bonds Outstanding, if any, held by such Existing Owner which such Existing Owner desires to continue to hold without regard to the Auction Rate for the next succeeding Interest Period;

(ii) ***Bid:*** the principal amount of such Bonds Outstanding, if any, which such Existing Owner offers to sell if the Auction Rate for such Bonds for the next succeeding Interest Period shall be less than the rate per annum specified by such Existing Owner; and

(iii) ***Sell Order:*** the principal amount of such Bonds Outstanding, if any, held by such Existing Owner which such Existing Owner offers to sell without regard to the Auction Rate for such Bonds for the next succeeding Interest Period; and

(b) ***Potential Owner Bids:*** one or more Broker-Dealers may contact Potential Owners to determine the principal amount of such Bonds which each such Potential Owner offers to purchase if the Auction Rate for such Bonds for the next succeeding Interest Period shall not be less than the rate per annum specified by such Potential Owner.

For the purpose hereof, the communication to a Broker-Dealer of information referred to in *Clause (a)* or *(b)* of this Subsection is hereinafter referred to as an "***Order***" and each Existing Owner and each Potential Owner placing an Order (other than an Ineligible Owner) is herein referred to as a "***Bidder***"; an Order containing the information referred to in (x) *Clause (a)(i)* of this Subsection is herein referred to as a "***Hold Order***," (y) *Clause (a)(ii)* or *(b)* of this Subsection is herein referred to as a "***Bid***," and (z) *Clause (a)(iii)* of this Subsection is herein referred to as a "***Sell Order***." No Bid or Sell Order may be accepted from an Ineligible Owner.

(2) ***Effect of Orders***.

(a) ***Existing Owner Bids.*** Subject to *Subsection B* of this Section, a Bid by an Existing Owner shall constitute an irrevocable offer to sell:

(i) ***Higher Rate Bids:*** the principal amount of Outstanding Bonds specified in such Bid if the Auction Rate for such Bonds determined as provided in this Section shall be less than the rate specified therein; or

(ii) ***Equal Rate Bids:*** such principal amount or a lesser principal amount of such Outstanding Bonds to be determined as set forth in *Section 2.3D(1)(d)* if the Auction Rate for such Bonds determined as provided in this Section shall be equal to the rate specified therein; or

(iii) ***Higher Than Maximum Bid:*** such principal amount or a lesser principal amount of such Outstanding Bonds to be determined as set forth in *Section 2.3D(2)(c)* if the rate specified therein shall be higher than the Maximum Rate for such Bonds in the immediately succeeding Interest Period and Sufficient Clearing Bids are not made for the Bonds in the Auction.

(b) ***Existing Owner Sell Orders.*** Subject to *Subsection B* of this Section, a Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

(i) ***Sufficient Clearing Bids:*** the principal amount of Outstanding Bonds specified in such Sell Order, if Sufficient Clearing Bids are made for the Bonds in the Auction; or

(ii) ***Insufficient Clearing Bids:*** such principal amount or a lesser principal amount of Outstanding Bonds as set forth in *Subsection D(2)(c)* of this Section if Sufficient Clearing Bids for the Bonds in the Auction are not made.

(c) ***Potential Owner Bids.*** Subject to *Subsection B* of this Section, a Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

(i) ***Lower Rate Bid:*** the principal amount of Outstanding Bonds specified in such Bid if the Auction Rate for the Bonds in such Auction determined as provided herein shall be higher than the rate specified herein; or

(ii) ***Equal Rate Bid:*** such principal amount or a lesser principal amount of Outstanding Bonds as set forth in *Subsection D(1)(e)* of this Section if the Auction Rate for the Bonds in such Auction determined as provided herein shall be equal to the rate specified herein.

B. **Submission of Orders by Broker-Dealers to Auction Agent.**

(1) ***Submission.*** Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date for the Bonds all Orders obtained by such Broker-Dealer and shall specify with respect to each Order:

(a) the name of the Bidder placing such Order;

(b) the aggregate principal amount of such Bonds that are the subject of such Order;

(c) to the extent that such Bidder is an Existing Owner:

(i) the principal amount of such Bonds, if any, subject to any Hold Order placed by such Existing Owner;

(ii) the principal amount of such Bonds, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(iii) the principal amount of such Bonds, if any, subject to any Sell Order placed by such Existing Owner; and

(d) to the extent such Bidder is a Potential Owner, the rate specified in such Potential Owner's Bid.

(2) ***Rounding.*** If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(3) ***Deemed Orders***. If an Order covering all Outstanding Bonds in an Auction held by any Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline for the Auction, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of such Outstanding Bonds held by such Existing Owner and not subject to an Order submitted to the Auction Agent, unless the duration of the Interest Period for such Bonds will change following such Auction Date, in which case the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Owner concerning such principal amount of such Bonds.

(4) ***No Responsibility for Broker-Dealer Failures.*** None of the City, the Paying Agent/Registrar, and the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

(5) ***Validity of Existing Owner Orders.*** If any Existing Owner submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding Bonds in an Auction held by such Existing Owner, such Orders shall be considered valid as follows and in the following order of priority:

(a) ***Hold Orders:*** all Hold Orders for such Bonds shall be considered valid, but only up to and including in the aggregate the principal amount of such Bonds held by such Existing Owner, and, if the aggregate principal amount of such Bonds subject to such Hold Orders exceeds the aggregate principal amount of such Bonds Outstanding held by such Existing Owner, the aggregate principal amount of such Bonds subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of such Bonds Outstanding held by such Existing Owner;

(b) ***Bids***:

(i) any Bid for Bonds in such Auction shall be considered valid up to and including the excess of the principal amount of such Outstanding Bonds held by such Existing Owner over the aggregate principal amount of such Bonds subject to any Hold Orders referred to in *Clause (5)(a)* of this Subsection;

(ii) subject to *Clause (i)* of this *Subsection B(5)(b)*, if more than one Bid with the same rate is submitted on behalf of such Existing Owner and the aggregate principal amount of Outstanding Bonds in such Auction subject to such Bids is greater than such

excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Bonds in such Auction subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Bonds equal to such excess;

(iii) subject to *Clauses (i)* and *(ii)* of this *Subsection B(5)(b)*, if more than one Bid for Bonds with different rates are submitted on behalf of such Existing Owner, such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(iv) in any such event, the aggregate principal amount of Outstanding Bonds, if any, subject to Bids not valid under this *Subsection B(5)(b)* shall be treated as the subject of a Bid by a Potential Owner at the rate therein specified; and

(c) ***Sell Orders:*** all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Bonds in such Auction held by such Existing Owner over the aggregate principal amount of Bonds subject to Hold Orders referred to in *Subsection B(5)(a)* and valid Bids referred to in *Subsection B(5)(b)* of this Section.

(6) ***Potential Owner Bids.*** If more than one Bid for Bonds is submitted on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(7) ***Defective Orders.*** Any Bid or Sell Order submitted by an Existing Owner for an aggregate principal amount of Bonds not equal to $25,000 or an integral multiple thereof shall be rejected and shall be deemed to be a Hold Order. Any Bid submitted by a Potential Owner for an aggregate principal amount of Bonds not equal to $25,000 or an integral multiple thereof shall be rejected.

(8) ***Minimum Rate.*** Any Bid submitted by an Existing Owner or a Potential Owner specifying a rate lower than the Minimum Rate for the immediately succeeding Interest Period shall be treated as a Bid specifying such Minimum Rate.

(9) ***Combined Group Orders.*** Any Bid or Sell Order submitted by an Ineligible Owner shall be treated as a Hold Order.

C. **Determination of Sufficient Clearing Bids, Winning Bid Rate, and Auction Rate.**

(1) ***Determination of Auction Results.*** Not earlier than the Submission Deadline on each Auction Date for Bonds, the Auction Agent shall assemble all valid Orders for such Bonds submitted or deemed submitted to it by the Broker-Dealers (each such Order submitted or deemed submitted by a Broker-Dealer hereinafter referred to as a "***Submitted Hold Order***," "***Submitted Bid***," or "***Submitted Sell Order***," as the case may be, or as a "***Submitted Order***") and shall determine:

(a) ***Available Bonds***: the excess of the aggregate principal amount of Bonds Outstanding in such Auction over the aggregate principal amount of Outstanding Bonds in such Auction subject to Submitted Hold Orders (such excess being herein referred to as the "***Available Bonds***"); and

(b) ***Sufficient Clearing Bids***: from the Submitted Orders whether:

(i) the aggregate principal amount of Outstanding Bonds in such Auction that is the subject of Submitted Bids by Potential Owners specifying one or more rates equal to or lower than the Maximum Rate for such Bonds:

is equal to or exceeds the sum of:

(ii) the aggregate principal amount of Outstanding Bonds in such Auction that is the subject of Submitted Bids by Existing Owners specifying one or more rates higher than such Maximum Rate; and

(iii) the aggregate principal amount of Outstanding Bonds in such Auction that is the subject of other Submitted Sell Orders

(in the event such excess or such equality exists, other than because the sum of the principal amounts of Bonds in *Clause (ii)* and *(iii)* of this *Subsection C(1)(b)* is zero because all of the Outstanding Bonds in such Auction are the subject of Submitted Hold Orders, such Submitted Bids described in *Clause (i)* of this *Subsection C(1)(b)* are herein referred to collectively as "***Sufficient Clearing Bids***"); and

(c) ***Winning Bid Rate***: if Sufficient Clearing Bids have been submitted for the Bonds in such Auction, the lowest rate specified in such Submitted Bids (herein referred to as the "***Winning Bid Rate***") which, if:

(i) each such Submitted Bid for Bonds in such Auction from Existing Owners specifying such lowest rate or a lower rate were rejected, thus entitling such Existing Owners to continue to hold the principal amount of such Bonds subject to such Submitted Bids; and

(ii) each such Submitted Bid for Bonds in such Auction from Potential Owners specifying such lowest rate or a lower rates were accepted,

the result would be that such Existing Owners described in *Clause (i)* of this *Subsection C(1)(c)* would continue to hold an aggregate principal amount of Outstanding Bonds in such Auction which, when added to the aggregate principal amount of Outstanding Bonds in such Auction to be purchased by such Potential Owners described in *Clause (ii)* of this *Subsection C(1)(c)*, would equal not less than the principal amount of the Available Bonds in such Auction.

(2) ***Notice of Auction Results.*** Promptly after the Auction Agent has made the determination pursuant to *Subsection C(1)* of this Section, the Auction Agent shall, by approximately 3:00 p.m., New York, New York, time, by telecopy confirmed in writing, advise the City and the Paying Agent/Registrar of the Maximum Rate and the Minimum Rate for the Bonds for the next succeeding Interest Period, and the components thereof, and, based on such determinations, the Auction Rate for such Bonds and Interest Period as follows:

(a) ***Sufficient Clearing Bids***: if Sufficient Clearing Bids for Bonds in such Auction have been made, that the Auction Rate for such Bonds for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(b) ***Insufficient Clearing Bids***: if Sufficient Clearing Bids for Bonds in such Auction have not been made (other than because all of the Outstanding Bonds in such Auction are

subject to Submitted Hold Orders), that the Auction Rate for such Bonds for the next succeeding Interest Period shall be equal to the Maximum Rate therefor; or

(c) ***100% Submitted Hold Orders:*** if all Outstanding Bonds in such Auction are subject to Submitted Hold Orders, that the Auction Rate for such Bonds for the next succeeding Interest Period shall be equal to the Minimum Rate therefor.

D. **Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocations of Bonds**. Existing Owners shall continue to hold the principal amount of Bonds that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to Subdivision (1) of this Subsection D, Submitted Bids and Submitted Sell Orders for such Bonds shall be accepted or rejected, and the Auction Agent shall take such other action, as set forth below:

(1) ***Sufficient Clearing Bids.*** If Sufficient Clearing Bids for Bonds in the Auction have been made, all Submitted Sell Orders for such Bonds shall be accepted and, subject to the provisions of *Subdivisions (4)* and *(5)* of this *Subsection D*, Submitted Bids for such Bonds shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids for such Bonds shall be rejected, up to an aggregate principal amount equal to the principal amount of Available Bonds in the Auction:

(a) Existing Owners' Submitted Bids for such Bonds specifying any rate that is higher than the Winning Bid Rate for such Bonds shall be accepted, thus requiring each such Existing Owner to sell the aggregate principal amount of Bonds subject to such Submitted Bids;

(b) Existing Owners' Submitted Bids for such Bonds specifying any rate that is lower than the Winning Bid Rate for such Bonds shall be rejected, thus entitling each such Existing Owner to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(c) Potential Owners' Submitted Bids for such Bonds specifying any rate that is lower than the Winning Bid Rate for such Bonds shall be accepted, thus requiring such Potential Owners to purchase the aggregate principal amount of Bonds subject to such Submitted Bids;

(d) each Existing Owner's Submitted Bid for such Bonds specifying a rate that is equal to the Winning Bid Rate for such Bonds shall be rejected, thus entitling such Existing Owner to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bid, *unless* the aggregate principal amount of Outstanding Bonds in the Auction subject to all such Submitted Bids shall be greater than the excess of the Available Bonds in the Auction over the aggregate principal amount of Bonds in the Auction subject to Submitted Bids described in *Clauses (b)* and *(c)* of this *Subsection D(1)* (herein referred to as the "***remaining principal amount***"), in which event such Submitted Bid of such Existing Owner shall be rejected in part, and such Existing Owner shall be entitled to continue to hold the principal amount of Bonds subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Bonds obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding Bonds held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding Bonds in such Auction subject to such Submitted Bids for such Bonds made by all such Existing Owners that specified a rate equal to the Winning Bid Rate for such Bonds; and

(e) each Potential Owner's Submitted Bid for such Bonds specifying a rate that is equal to the Winning Bid Rate for such Bonds shall be accepted, *but* only in an amount equal to the principal amount of Bonds obtained by multiplying (i) the excess of the aggregate principal amount of Available Bonds over the aggregate principal amount of Available Bonds subject to Submitted Bids described in *Clauses (b)*, *(c)* and *(d)* of this *Subsection D(1)* by (i) a fraction, the numerator of which shall be the aggregate principal amount of Outstanding Bonds subject to such Submitted Bid of such Potential Owner and the denominator of which shall be the sum of the principal amounts of Outstanding Bonds in the Auction subject to Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate for such Bonds.

(2) ***Insufficient Clearing Bids.*** If Sufficient Clearing Bids for such Bonds have not been made, subject to the provisions of *Subdivisions (4)* and *(5)* of this *Subsection D*, Submitted Orders for such Bonds shall be accepted or rejected as follows in the following order or priority and all other Submitted Bids for such Bonds shall be rejected:

(a) Existing Owners' Submitted Bids for such Bonds specifying any rate that is equal to or lower than the Maximum Rate for such Bonds shall be rejected, thus entitling such Existing Owners to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(b) Potential Owners' Submitted Bids for such Bonds specifying any rate that is equal to or lower than the Maximum Rate for such Bonds shall be accepted, thus requiring such Potential Owners to purchase the aggregate principal amount of Bonds subject to such Submitted Bids; and

(c) each Existing Owner's Submitted Bid for such Bonds specifying any rate that is higher than the Maximum Rate for such Bonds and the Submitted Sell Order for such Bonds of each Existing Owner shall be accepted, thus entitling each Existing Owner that submitted any such Submitted Bid or Submitted Sell Order to sell the Bonds subject to such Submitted Bid or Submitted Sell Order, *but* in both cases only in an amount equal to the aggregate principal amount of Bonds obtained by multiplying (i) the aggregate principal amount of Bonds subject to Submitted Bids described in *Clause (b)* of this *Subsection D(2)* by (ii) a fraction, the numerator of which shall be the aggregate principal amount of Outstanding Bonds held by such Existing Owner subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Bonds in the Auction subject to all such Submitted Bids and Submitted Sell Orders.

(3) ***All Hold Orders.*** If all Outstanding Bonds are subject to Submitted Hold Orders, all Submitted Bids for such Bonds shall be rejected.

(4) ***Rounding.*** If, as a result of the procedures described in *Subdivision (1)* or *(2)* of this *Subsection D*,

(a) any Existing Owner would be entitled or required to sell, or any Potential Owner would be entitled or required to purchase, a principal amount of Bonds that is not equal to $25,000 or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of Bonds to be purchased or sold by any Existing Owner or Potential Owner so that the principal amount of Bonds purchased or sold by each Existing Owner or Potential Owner shall be equal to $25,000 or any integral multiple thereof; or

(b) any Potential Owner would be entitled or required to purchase less than $25,000 principal amount of Bonds, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Bonds for purchase among Potential Owners so that only Bonds in principal amounts of $25,000 or an integral multiple thereof are purchased by any Potential Owner, even if such allocation results in one or more such Potential Owners not purchasing any Bonds.

(5) ***Final Determination***. Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of Bonds to be purchased and the aggregate principal amount of Bonds to be sold by Potential Owners and Existing Owners on whose behalf each Broker-Dealer submitted Bids or Sell Orders and with respect to each such Broker-Dealer, to the extent that such aggregate principal amount of Bonds are to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, Bonds.

(6) ***Notice of Results.*** The Auction Agent shall advise each Broker-Dealer that submitted an Order for Bonds of the Auction Rate for such Bonds in the next Interest Period and, if such Order was a Bid or Sell Order, whether such Bid or Sell Order was accepted or rejected, in whole or in part, by telephone or other electronic means acceptable to the parties by approximately 3:00 p.m., New York time, on each Auction Date. Each Broker-Dealer for the Bonds that submitted an Order for Bonds on behalf of a Bidder shall advise such Bidder of the Auction Rate for such Bonds for the next Interest Period and, if such Order was a Bid or a Sell Order, whether such Bid or Sell Order was accepted or rejected, in whole or in part, shall confirm purchases and sales with each Bidder purchasing or selling Bonds as a result of the Auction, and shall advise each Bidder required to purchase or sell Bonds as a result of the Auction to give instructions to its DTC Participant to pay the purchase price for such Bonds against delivery thereof or to deliver such Bonds against payment therefor, as appropriate. The Auction Agent will record each transfer of Bonds on the registry of Existing Owners to be maintained by the Auction Agent.

(7) ***Failed Sales.*** If any Existing Owner selling Bonds in an Auction fails to deliver such Bonds, the Broker-Dealer for any Person that was to have purchased Bonds in such Auction may deliver to such Person a principal amount of Bonds that is less than the principal amount of Bonds that otherwise was to be purchased by such Person but in any event equal to $25,000 or an integral multiple thereof. In such event, the principal amount of Bonds to be delivered shall be determined by such Broker-Dealer. Delivery of such lesser principal amount of Bonds shall constitute good delivery.

E. **Calculation of Maximum Rate, Minimum Rate, and Overdue Rate During the Auction Mode.** While Bonds are in an Auction Mode, the Auction Agent shall calculate the Maximum Rate and the Minimum Rate for such Bonds for each Interest Period on the preceding Market Day. If a Payment Default shall have occurred while Bonds are in Auction Mode, the Paying Agent/Registrar shall calculate the Overdue Rate for each Interest Period commencing after the occurrence and during the continuance of such default (or less than two Market Days after the cure or waiver of such Payment Default) on the first day of such Interest Period. The Paying Agent/Registrar shall calculate the Applicable Factors for each Interest Period and Bonds in an Auction Mode. The Paying Agent/Registrar's determination of the Applicable Factors shall (in the absence of manifest error) be final and binding upon all parties.

F. **Notification of Interest Rates, Amounts, and Payment Dates During the Auction Mode.**

While Bonds are in an Auction Mode and are Book-Entry Only Bonds, by 2:00 p.m., New York, New York time, on the Market Day immediately preceding each Interest Period for such Bonds, the Paying Agent/Registrar shall obtain from the Securities Depository a position listing for such Bonds as of

the close of business on the immediately preceding Record Date. On the basis of such position listing, the Paying Agent/Registrar shall determine the aggregate amounts of interest distributable on the next succeeding Interest Payment Date for such Bonds to the owners of such Bonds. So long as the Bonds are Book-Entry Only Bonds, the Paying Agent/Registrar shall advise the Securities Depository of each Record Date for Bonds in an Auction Mode at least two Market Days prior thereto.

Promptly after each Interest Payment Date, and in any event at least 10 days prior to each subsequent Interest Payment Date, for the Bonds in an Auction Mode, the Paying Agent/Registrar shall advise:

(1) ***Interest Payment Date:*** the Auction Agent of such next Interest Payment Date, so long as no default in payment of principal of or interest on Bonds has occurred and is continuing and the Bonds are Book-Entry Only Bonds;

(2) ***Applicable Factors and Interest:*** the Securities Depository of the Applicable Factors for the Bonds with respect to interest payable on the next succeeding Interest Payment Date for the Bonds and the interest thereon then payable to the Holders thereof, so long as the Bonds are Book-Entry Only Bonds; and

(3) ***Services Charges:*** the Auction Agent of interest on the Bonds payable to the Auction Agent on such next succeeding Interest Payment Date therefor as service charges due the Auction Agent and the Broker-Dealers for the Bonds, so long as no Payment Default exists and the Bonds are Book-Entry Only Bonds.

If the Paying Agent/Registrar shall have given the notice referred to in *Clause (1)* of this *Subsection F* and the Interest Payment Date described in such notice is not correct, but the Interest Payment Date for Bonds is another Market Day, the Paying Agent/Registrar, not later than 9:15 a.m., New York, New York, time, on the Market Day next preceding the earlier of the new Interest Payment Date or the incorrect Interest Payment Date for such Bonds, shall, by such means as the Paying Agent/Registrar deems practicable, give notice of such change to the Auction Agent, so long as no Payment Default exists and the Bonds are Book-Entry Only Bonds.

G. **Adjustment in Percentages during the Auction Mode. While the Bonds are in an Auction Mode**:

(1) ***Adjustments.*** The Market Agent shall adjust the Applicable Percentage used in determining the Maximum Rate for such Bonds, the percentage used in determining the Minimum Rate for such Bonds, and the percentage of the Reference Rate used in determining the No Auction Rate and Overdue Rate for such Bonds, if any such adjustment is necessary, in the judgment of the Market Agent, such that Bonds bearing interest at the Maximum Rate, the Minimum Rate, the No Auction Rate, and the Overdue Rate for such Bonds, respectively, shall have the same market values as such Bonds had on the Closing Date.

(2) ***Notice of Determinations.*** The Market Agent shall communicate its determination to adjust the percentage used in determining the Minimum Rate for such Bonds, the Applicable Percentages used in determining the Maximum Rate for such Bonds, and the percentage of the Reference Rate used in determining the No Auction Rate and Overdue Rate for such Bonds pursuant to *Subdivision (1)* of this *Subsection G* by means of a written notice, delivered at least 10 days prior to the Auction Date on which the Market Agent desires to effect the changes, to the City, the Paying Agent/Registrar, and the Auction Agent containing substantially the information specified in the Market Agent Agreement. Such notice shall be effective only if in the Opinion of Counsel such adjustment is authorized by this Ordinance, is

permitted under the Acts, and will not adversely affect the validity or enforceability of any Bond in accordance with its terms or any exclusion from gross income for federal income tax purposes of the interest thereon.

(3) ***Conditions to Effectiveness.*** An adjustment in the respective percentages used in determining the Minimum Rate, the Maximum Rate, the No Auction Rate, and the Overdue Rate for such Bonds shall take effect on an Auction Date only if:

(a) ***Market Agent Certificate***: the Paying Agent/Registrar and the Auction Agent receive, by 11:00 a.m., New York, New York, time, on the Market Day immediately preceding such Auction Date, a certificate from the Market Agent by telecopy or similar means, containing substantially the information specified in the Market Agent Agreement, (i) authorizing the adjustment of the percentage used in determining the Minimum Rate for such Bonds, the Applicable Percentage used in determining the Maximum Rate for such Bonds, and the percentage of the Reference Rate used in determining the No Auction Rate and Overdue Rate for such Bonds which shall be specified in such authorization, and (ii) confirming that counsel expects to be able to give an Opinion of Counsel on or prior to such Auction Date to the effect that the adjustment in the percentage used in determining the Minimum Rate for such Bonds, the Applicable Percentages used in determining the Maximum Rate for such Bonds, and the percentage of the Reference Rate used in determining the No Auction Rate and Overdue Rate for such Bonds is authorized by this Section, is permitted under the Acts, and will not adversely affect the validity of the Bonds or any exclusion of the interest thereon from gross income for federal income tax purposes;

(b) ***No Payment Default***: the Paying Agent/Registrar shall not have delivered to the Auction Agent, by 12:15 p.m., New York, New York, time, on such Auction Date, notice that a Payment Default exists; and

(c) ***Opinion of Counsel***: the Paying Agent/Registrar and the Auction Agent receive, by 9:30 a.m., New York, New York, time, on such Auction Date, an Opinion of Counsel to the effect that the adjustment in the percentage used in determining the Minimum Rate for such Bonds, the Applicable Percentage used in determining the Maximum Rate for such Bonds, and the percentage of the Reference Rate used in determining the No Auction Rate and Overdue Rate for such Bonds is authorized by this Ordinance, is permitted under the Acts, and will not adversely affect the validity of the Bonds or any exclusion of the interest on the Bonds from gross income for federal income tax purposes.

If any of the conditions referred to in this Subsection is not met, the existing percentage used in determining the Minimum Rate for such Bonds, the Applicable Percentage used in determining the Maximum Rate for such Bonds, and the percentage of the Reference Rate used in determining the No Auction Rate and Overdue Rate for such Bonds shall remain in effect, and the rate of interest on Bonds for the next succeeding Interest Period shall be determined in accordance with the Auction Procedures.

SECTION 2.4 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, acceleration (with respect to Bank Bonds only), the occurrence of an Interest Payment Date, 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 selection and appointment of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas to serve as the initial Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The City agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (hereby referred to as the "***Securities 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 entered into by the City and the Paying Agent/Registrar. The form and terms of Paying Agent/Registrar Agreement attached hereto as *Exhibit A* are hereby approved, and appropriate officers of the City are authorized to execute and deliver an agreement with the Paying Agent/Registrar substantially in such form and to such effect in the name of the City.

The City shall further cause to be kept by the Paying Agent/Registrar a register (herein sometimes referred to as the "***Bank Bond Register***") in which, subject to such reasonable regulations as it or the Paying Agent/Registrar may prescribe, the City shall provide for the registration of and the registration of transfers of beneficial ownership of, and termination of the status of Bonds as, Bank Bonds. On each Purchase Date on which Bonds or any portion thereof are purchased by the Liquidity Bank pursuant to *Section 2.6D(2)*, the Paying Agent/Registrar shall record the beneficial ownership of such Bank Bonds on the Bank Bond Register in the name of the Liquidity Bank or their authorized agent. Subject to the terms of the Liquidity Facility, any Bank Bondholder may transfer the registration of a Bank Bond by providing to the Paying Agent/Registrar a written transfer executed by the owner of such Bank Bond or beneficial interest therein as shown on the Bank Bond Register or its attorney designated in writing and providing the name and address of the transferee and the account to which any payment of Bank Differential in respect of such Bank Bond is to be made. If a Liquidity Facility does not provide for the automatic reinstatement of sums available to be drawn thereunder when Bank Bonds cease to be Bank Bonds, then the Paying Agent/Registrar shall not register the transfer of any Bank Bond that would result in it ceasing to be a Bank Bond unless it shall have first determined that the funds available to be drawn under the Liquidity Facility have been reinstated by an amount sufficient to pay the Purchase Price of such Bond (which it shall determine by contacting the Liquidity Bank if the Liquidity Bank shall not have theretofore provided written notice of such reinstatement in accordance with the provisions of the Reimbursement Agreement).

The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds remain unpaid. Any successor Paying Agent/Registrar shall be approved by the Liquidity Bank and/or the Credit Enhancer, if any, and shall be either (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, and 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 its agency and providing a copy of such resolution or ordinance to the Liquidity Bank and/or the Credit Enhancer, as applicable. Additionally, the City agrees promptly to cause a written notice of any such 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. No removal or replacement of the Paying Agent/Registrar shall be effective until a successor shall have been appointed and qualified as such and shall have or have been assigned the right to draw or claim under the Liquidity Facility, if any, and the Credit Facility, if any, as therein permitted, respectively.

Principal of, premium, if any, and interest on each Bond, due and payable by reason of Stated Maturity, redemption or otherwise, shall be payable only to the Holder in whose name such bond is registered on the Securities Register (i) as of the close of business on the Record Date (hereinafter defined) for payment of interest, in the case of interest, and (ii) on the date of surrender of the Bonds, in the case of payment of principal. 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 (unless otherwise expressly stated herein) all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar nor 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 corporate trust office, except as otherwise agreed with the Securities Depository in the case of partial redemptions. Interest (other than Bank Differential) on the Bonds or any portions thereof due on any Interest Payment Date shall be paid to the person in whose name such Bonds are registered in the Securities Register at the close of business on the Record Date for such interest, 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 such person appearing in the Securities Register, (ii) if such Bond or portion thereof is a Bank Bond or registered to the Securities Depository and otherwise at the option of the Holder thereof (*if* the Holder of not less than $1,000,000 principal amount of Bonds) exercised by written notice delivered to the Paying Agent/Registrar not less than 15 days prior to (or, *if* the Interest Period for such Bond or portion thereof immediately preceding such Interest Payment Date is less than 16 days in duration, then not later than the last Business Day preceding) the relevant Record Date therefor, by Federal Funds wire to any designated account within the United States of America, or (iii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by such person at such person'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, Sunday or a Legal Holiday, then the date for such payment shall be the next succeeding day which is not such a day. 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 interest (other than Bank Differential) due on an Interest Payment Date is not paid or duly provided for by the City for 30 days thereafter, a new record date for such interest (herein referred to as 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 (herein referred to as the "***Special Payment Date***", which shall be 15 days after the Special Record Date) shall be sent at least five 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 Securities Register at the close of business on the last business day next preceding the date of mailing of such notice.

The Bank Differential on any Bank Bond which is payable on any Interest Payment Date therefor shall be paid to the person in whose name that Bank Bond (or one or more Predecessor Bonds) is registered on the Bank Bond Register at the close of business on the Record Date or Special Record Date, as applicable, for such interest as immediately available funds by wire transfer to such person to the account specified in the Bank Bond Register or pursuant to other customary arrangements made by such person and acceptable to the Paying Agent/Registrar.

SECTION 2.5 Redemption.

A. **Optional Redemption**. The City may redeem prior to their Stated Maturity all or from time to time any part of the Bonds at a price equal to 100% of the principal amount thereof together with

interest, if any, accrued thereon from the Bond Date specified therein or the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for to the Redemption Date on:

(1) ***Daily or Weekly Mode***: any Business Day, if the Bonds or portions thereof to be redeemed bear interest at a Daily Rate or Weekly Rate,

(2) ***Auction Mode***: any Interest Payment Date therefor which is a Market Day, if such Bonds are in an Auction Mode,

(3) ***Commercial Paper Mode or Term Mode***: any Rate Adjustment Date for the Bonds or portions thereof to be redeemed, if such Bonds or portions are in a Commercial Paper Mode or Term Mode,

(4) ***Fixed Mode***: the first day of the Fixed Mode for the Bonds or portions thereof to be redeemed, or

(5) ***Bank Bonds***: any Business Day, in the case of Bank Bonds.

In addition, following conversion of the Bonds or any portion thereof to a Term Mode or Fixed Mode with an Interest Period of one of the following durations, the City may redeem on any date prior to their Stated Maturity all such Bonds or portions or from time to time any part of such Bonds or portions:

(6) ***Absent Further Action***: after the no-call period shown below following the first day of such Interest Mode, at a price equal to 100% of the principal amount thereof:

Interest Period		
Equal to or Greater than	But less than	No-Call Period
12 years	N/A	10 years
9 years	12 years	8 years
7 years	9 years	6 years
5 years	7 years	4 years
2 years	5 years	prior to penultimate 12-month period
0 years	2 years	1 year

unless the conditions of *Subsection A(7)* of this Section are satisfied; and

(7) ***Further Action***: on the dates and at the prices stated in any alternate table substituted for the table specified in *Subsection A(6)* of this Section by ordinance enacted by the City Council prior to the Rate Determination Date for such Interest Period if the City receives an Opinion of Counsel to the effect that such substitution of such alternate dates and prices will not adversely affect any exclusion of interest on any Bond from the gross income of the owner thereof for federal income tax purposes;

plus in each case interest, if any, accrued thereon from the most recent Interest Payment Date therefor to which the interest thereon has been paid or duly provided for to the redemption date.

Notwithstanding any provision of this Subsection to the contrary, if the redemption date for any redemption of Bonds (other than Bank Bonds and Bonds registered in the name of the City) authorized by this Subsection occurs while a Credit Facility or Liquidity Facility is in effect hereunder and no Credit

Enhancer Default or Liquidity Bank Default, as applicable, exists, such redemption shall be effected only from and to the extent of money held for such purpose by the Paying Agent/Registrar (the City's provision of which to the Paying Agent/Registrar in legally available funds represents a condition to such planned redemption of Bonds).

B. **Sinking Fund Redemption**. The City shall redeem Bonds on the first Interest Payment Date therefor on or after August 15 in the years specified in the Approval Certificate, in the aggregate principal amount set forth opposite such year in the Approval Certificate, at a price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to which interest thereon has been paid or duly provided for to the Redemption Date; *provided, however*, that the principal amount of Bonds so to be redeemed in any year shall be reduced upon written request of the City delivered to the Paying Agent/Registrar by an amount equal to the principal amount of Bonds (1) surrendered uncancelled and in transferable form by the City to the Paying Agent/Registrar not less than 60 days prior to such redemption date or (2) selected (not less than five days prior to the last day for mailing notice of such redemption date) for redemption in or prior to such year pursuant to *Subsection A* or *C* of this Section, if in either case such Bonds shall not have previously served as the basis for any such reduction, and *provided, further,* that, if such redemption date occurs while a Credit Facility (other than any Credit Facility in the form of a policy of municipal bond insurance) or a Liquidity Facility is in effect hereunder and no Credit Enhancer Default or Liquidity Bank Default, as applicable, exists, such redemption of Bonds (other than Bank Bonds and Bonds registered in the name of the City) shall be effected only from and to the extent of money held for such purpose by the Paying Agent/Registrar or a draw or advance made for such purpose under such Credit Facility or Liquidity Facility, to the extent permitted thereby.

C. **Mandatory Redemption of Bank Bonds**. The City shall redeem the Bank Bonds as a whole or in part on the dates and in the aggregate principal amounts provided in the Reimbursement Agreement, in each case at a price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon to the redemption date from the most recent Interest Payment Date to which the interest thereon has been paid or duly provided for.

D. **Exercise of Redemption Option**. At least 30 days, in the case of Bonds in a Daily Mode, Weekly Mode, or Auction Mode, and 45 days, in the case of Bonds in any other Interest Mode, prior to a date set for the redemption of Bonds at the option of the City (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar or the Bonds to be redeemed are Bank Bonds), the City shall notify the Paying Agent/Registrar, as well as to any entity or entities then serving as Liquidity Bank or Credit Enhancer, respectively, of its decision to exercise the right to redeem Bonds, the principal amount to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise its right to redeem Bonds shall be entered in the minutes of the City Council.

E. **Selection of Bonds for Redemption**. If less than all the Outstanding Bonds are to be redeemed, the City shall redeem all Bank Bonds before redeeming any other Bonds. If less than all Outstanding Bonds (other than Bank Bonds) are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, treating each Bond as representing a number of Bonds outstanding which is obtained by dividing the principal amount of such Bond by the smallest authorized denomination for Bonds of the Interest Mode to be redeemed; *provided* that, if so provided in any ordinance of the City Council designating the Fixed Mode for the Bonds or any portion thereof, the Paying Agent/Registrar shall select the Bonds of such Interest Mode or portions thereof to be redeemed on any redemption dates therefor described in *Subsection B* of this Section which are specified in such ordinance by not later than the Rate Determination Date for the Fixed Mode, and each such redemption date shall be inserted under the caption "Stated Maturity" immediately below the

title of any such Bond so selected for redemption on such redemption date which is authenticated and delivered on or after the Rate Adjustment Date for the Fixed Mode.

F. **Notice of Redemption**. Not less than twenty 20 days, in the case of Bonds in a Daily Mode, Weekly Mode, or Auction Mode, and not less than 30 days, in the case of Bonds in any other Interest Mode, and in either case not more than 60 days prior to a redemption date for Bonds (other than Bank 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 City'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 thereof appearing on the Securities 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. All notices of redemption shall (i) specify the date of redemption, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the Interest Mode, Interest Period (if in a Commercial Paper Mode), and 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 (provided that sufficient money is then held for such purpose by the Paying Agent/Registrar, if such redemption is so conditioned by *Subsection A* of this Section), and in that case 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 corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

G. **Effect of Redemption**. 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 on the redemption date (from and to the extent of money then held for such purpose by the Paying Agent/Registrar, if such redemption is so conditioned by *Subsection A* of this Section), 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 said 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; provided, however, that no redemption of Bank Bonds shall be effective if any Reimbursement Obligations would thereafter remain outstanding and unpaid.

H. **Transfer/Exchange**. Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning 45 days prior to the date fixed for redemption of 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; *provided further, however*, that such limitation of transfer shall not apply to Bonds tendered for purchase in accordance with Section 2.6A.

I. **Bond Provisions**. Each Bond shall include the following text relating to the terms of redemption thereof, **if authenticated and delivered in any Interest Mode other than the Fixed Mode**:

"The Bonds are subject to (a) mandatory sinking fund redemption on the first Interest Payment Date therefor on or after August 15 of each year in the aggregate principal amounts specified in the Ordinance and, in the case of Bank Bonds, on the dates and in the principal amounts specified in the Ordinance, and (b) redemption at the option of the City (i) if the Bonds or portions thereof to be redeemed are in a Daily Mode or Weekly Mode, as a whole or from time to time in part on any Business Day, (ii) if

the Bonds to be redeemed are in an Auction Mode, any Interest Payment Date therefor which is a Market Day, (iii) in whole or in part on any Rate Adjustment Date therefor, if such Bonds or portions thereof to be redeemed are in a Commercial Paper Mode or Term Mode, (iv) in whole or in part on the first day of the Fixed Mode for the Bonds or portions thereof to be redeemed, (v) as a whole or from time to time in part on any day for Bank Bonds, and (vi) on any date during a Term Mode or Fixed Mode with an Interest Period of duration described in the following table, but only after the no-call period following the first day thereof described in such table:

Interest Period		
Equal to or greater than	But less than	No-Call Period

[insert applicable dates and prices]

in all cases on not less than 20 days, in the case of Bonds in a Daily Mode, Weekly Mode, or Auction Mode, not less than 30 days, in the case of Bonds in any other Interest Mode, and in either case not more than 60 days prior written notice given by mail as provided in the Ordinance, upon payment of the redemption price, which shall consist of 100% of the principal amount of the Bonds or parts thereof so redeemed plus interest, if any, accrued thereon from the Bond Date specified above or the most recent Interest Payment Date to which the interest thereon has been paid or duly provided for to the redemption date.

"The Ordinance requires this Bond to be tendered by the Holder for purchase upon each Purchase Date described under "*Mandatory Tender*" in the "*Notice of Demand Privilege , Mandatory Tender, and Liquidity Support*" appearing hereon. By accepting this Bond the Holder agrees to all such provisions."

and, ***if authenticated and delivered in the Fixed Mode***:

"The Bonds are subject to (a) mandatory sinking fund redemption on August 15 of each year in aggregate principal amounts specified in the Ordinance and (b) redemption at the option of the City, in whole or from time to time in part on any date (but not before .....), in all cases on not less than 30 nor more than 60 days prior notice given by mail as provided in the Ordinance, upon payment of the redemption price, which shall consist of 100% of the principal amount of the Bonds or parts thereof so redeemed plus interest, if any, accrued thereon from the most recent Interest Payment Date therefor to which the interest thereon has been paid or duly provided for to the redemption date."

SECTION 2.6 Purchase of Bonds.

A. **Tender and Purchase**. The Paying Agent/Registrar shall effect the purchase of Bonds (or portions thereof in principal amount equal to, and leaving unpurchased, an authorized denomination), other than Bank Bonds, from any person (other than an Ineligible Owner thereof), at the Purchase Price therefor, payable in immediately available funds by the close of business on the applicable Purchase Date, but solely from and to the extent of the funds described in *Subsection C* of this Section, for the account of the persons described in *Subsection D* of this Section,

(1) ***Daily Mode Tender Option***: while such Bonds or portions thereof are in a Daily Mode, upon tender (or constructive tender pursuant to *Subsection E* of this Section) for purchase of such Bonds or portions at the option of such Person on any Business Day for such Bonds, endorsed in blank (or accompanied by a bond power executed in blank) to the extent of the portion to be purchased, at the principal office of the Paying Agent/Registrar in the Place of Payment therefor by 10:30 a.m., New York, New York, time, on such Business Day, *if* notice (which notice shall be irrevocable and effective upon

receipt) of such tender (specifying the principal amount thereof to be tendered, the Interest Mode then in effect therefor, the Purchase Date therefor, the name of the Holder thereof, and, if such Bond is a Book-Entry Only Bond, the name and number of the account to which such Bond or portion is credited by the Securities Depository) shall have been given to the Remarketing Agent and the Paying Agent/Registrar for such Bonds by 10:00 a.m., New York, New York, time, on such Purchase Date, by telephone, facsimile, or other electronic notice, and

(2) ***Weekly Mode Tender Option***: while such Bonds or portions thereof are in a Weekly Mode, upon tender (or constructive tender pursuant to *Subsection E* of this Section) for purchase of such Bonds or portions at the option of such Person on any Business Day therefor, endorsed in blank (or accompanied by a bond power executed in blank) to the extent of the portion to be purchased, at the office of the Paying Agent/Registrar by 10:30 a.m., New York, New York, time, on such Business Day, in the Place of Payment, *if* notice (which notice shall be irrevocable and effective upon receipt) of the tender of such Bond (or portion thereof) for purchase (specifying the principal amount or portion of such Bond so to be tendered, the Interest Mode then in effect therefor, the Purchase Date therefor, the name of the Holder thereof and, if such Bond is a Book-Entry Bond, the name and number of the account to which such Bond or portion is credited by the Securities Depository) shall have been given by the Holder thereof or his attorney duly authorized in writing or, if such Bond is a Book-Entry Bond, by the beneficial owner thereof or his attorney duly authorized in writing, to the Remarketing Agent and the Paying Agent/Registrar by 4:00 p.m., New York, New York, time, on a Business Day therefor which is at least seven calendar days prior to such Purchase Date, in writing or by facsimile or other written electronic means, and

(3) ***Mandatory Tender***: upon tender (or constructive tender pursuant to *Subsection E* of this Section) for purchase of such Bonds or portions as required by this Subsection, on:

(a) ***Liquidity Facility Release***: if such Bonds or portions are in a Daily Mode, Weekly Mode, Commercial Paper Mode, or Term Mode, (i) the third Business Day prior (A) to the expiration of the Liquidity Facility or (B) to the date of termination or suspension of the obligation of the Liquidity Bank under the Liquidity Facility or the occurrence and continuation of an "Event of Default" under the Reimbursement Agreement, with prior written notice to the Paying Agent/Registrar (including, in the case of the initial Liquidity Facility, notice delivered by the initial Liquidity Bank to the Paying Agent/Registrar of the Termination Date (as defined in the Reimbursement Agreement), termination of such Liquidity Facility, or the occurrence and continuation of an "Event of Default" under the Reimbursement Agreement), and (ii) the last Business Day on or before any release of the Liquidity Facility pursuant to *Section 4.1B(4)*,

(b) ***Interest Mode Changes***: the first Business Day therefor in each new Interest Mode for such Bonds or portions thereof designated pursuant to *Section 2.2C*, whether or not such new Interest Mode is effected (in connection with which, the City shall deliver to the Paying Agent/Registrar, prior to such change, confirmation from each Rating Service that the ratings on the Bonds then in effect will not be reduced or withdrawn as a result of such change in Interest Mode with respect thereto),

(c) ***Rate Adjustment***: the first Business Day of each Interest Period for such Bonds or portions while such Bonds or portions are in a (i) Commercial Paper Mode or (ii) Term Mode (in connection with which, the City shall deliver to the Paying Agent/Registrar, prior to such adjustment, confirmation from each Rating Service that the ratings or the Bonds then in effect will not be reduced or withdrawn as a result of such Rate Adjustment with respect thereto); and

(d) ***Credit Facility Release***: if a Credit Facility is in effect hereunder, the third Business Day prior to the expiration of the Credit Facility or prior to the date of termination of the obligations of the Credit Enhancer thereunder with prior written notice to the Paying Agent/Registrar, and (ii) the last Business Day on or before the release of such Credit Facility pursuant to *Section 4.2J(5)*.

Each owner of Bonds or any portion thereof (other than an Ineligible Owner thereof), upon notice given by the Paying Agent/Registrar pursuant to *Subsection B* of this Section and, if in a Commercial Paper Mode, on the first Business Day on or after each Rate Adjustment Date therefor, shall tender, and in any event shall be deemed to have tendered, to the Paying Agent/Registrar at the Place of Payment, as agent for the persons which purchase the same pursuant to *Subsection D* of this Section, such Bonds or portions for purchase pursuant to this Subsection. Any Book-Entry Only Bond (or portion thereof) which is required to be tendered for purchase pursuant to this Section shall be deemed tendered to the Paying Agent/Registrar endorsed in blank when the Securities Depository shall have received sufficient instruction from the person to whose account at the Securities Depository such Bond or portion is credited to transfer beneficial ownership of such Bond (or portion) in blank or for the account of the Paying Agent/Registrar, and payment of the Purchase Price of such Bond (or portion) shall be deemed to be made when the Paying Agent/Registrar or the Remarketing Agent gives sufficient instructions to (while maintaining sufficient funds at or delivering such funds to) the Securities Depository to credit such Purchase Price to the account of such person at the Securities Depository. Notwithstanding the foregoing, any Book-Entry Only Bond may be so tendered, transferred, and paid for in accordance with the delivery order procedures of the Securities Depository.

(e) ***Effects of a Failed Remarketing***. In the event that any Bonds in a Term Mode are not converted and remarketed to new purchasers on a Mandatory Tender Date, the City shall have no obligation to purchase the Bonds tendered on the Mandatory Tender Date, the failed conversion and remarketing shall not constitute an event of default under this Ordinance, the mandatory tender will be deemed to have been rescinded for that date with respect to the Bonds subject to such failed remarketing only, and such Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will bear interest at the rate of 8% per annum (the "Stepped Coupon Rate") from the Mandatory Tender Date until purchased upon a subsequent remarketing (the "Stepped Rate Period"), (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs, and (v) will be deemed to continue in a Term Mode, though bearing interest at the Stepped Coupon Rate, through the day prior to the Rate Adjustment Date of the next Interest Period. In the event of a failed conversion and remarketing on the Mandatory Tender Date, the City will cause the Bonds to be converted and remarketed on the earliest reasonably practical date on which they can be sold at par, in such Mode or Modes as the City directs, at a rate not exceeding the Maximum Rate.

B. **Notice of Mandatory Tender**. The Paying Agent/Registrar shall give notice of each Purchase Date for Bonds or portions thereof described in *Subsection A(3)* of this Section (other than Purchase Dates described in *Subsection A(3)(c)(i)* of this Section for Bonds or portions thereof in a Commercial Paper Mode) to the Liquidity Bank, any Credit Enhancer, the Auction Agent, the Remarketing Agent and Broker-Dealers, and each Holder of Bonds affected thereby by mail, first-class postage prepaid, not less than 20 days, if such Bonds or portions are in a Daily Mode, Weekly Mode, or Auction Mode, not less than 30 days, if such Bonds or portions are in any other Interest Mode, and in either case not more than 60 days preceding such Purchase Date, stating:

(1) ***Purchase Date***: the date of such Purchase Date,

(2) ***Identification***: the Bonds to be purchased and, if less than all of the Bonds are to be tendered for purchase on such Purchase Date, an identification (by Bond and CUSIP number, Stated Maturity, Closing Date, and Interest Mode) and the principal amount of the Bonds or portions thereof so to be tendered;

(3) ***Termination of Rights***: that each such Bond or portion thereof not tendered for purchase pursuant to *Subsection A(3)* of this Section by 12:00 noon, New York, New York, time, on such Purchase Date shall be deemed to have been tendered for purchase on such Purchase Date at the Purchase Price therefor, and that, if due provision is made for the payment of such Purchase Price on such Purchase Date, such Holder shall not be entitled to any payment (including any interest accrued subsequent thereto) in respect of such Bond or portion other than the Purchase Price therefor,

(4) ***Release of Liquidity Facility or Credit Facility***: in the case of a Purchase Date described in *Subsection A(3)(a)* or *(d)* of this Section, that the Liquidity Facility or Credit Facility, respectively, then in effect will thereafter no longer be in effect, and that any credit rating then assigned to the Bonds by any Rating Service may be reduced or withdrawn,

(5) ***Payment Provisions***: the time and place for the tender of such Bonds or portions thereof and the then current names and addresses of the Paying Agent/Registrar and the Remarketing Agent for such Bonds, and

(6) ***Interest Mode or Period Change***: if applicable, the matters described in *Section 2.2F*,

and shall comply with the requirements of *Section 4.1A* in respect of each such Purchase Date.

C. **Purchase Fund; Purchase of Tendered Bonds**. The Paying Agent/Registrar shall establish and maintain, in the name of the Paying Agent/Registrar, for the account of the persons described in *Subsection D* of this Section a special trust fund designated the "City of San Antonio, Texas, Hotel Occupancy Tax Subordinate Lien Variable Rate Demand Revenue and Refunding Bonds, Series 2008 Purchase Fund" (herein referred to as the "***Purchase Fund***") and, within the Purchase Fund, separate accounts (which shall be Eligible Accounts) for Eligible Bonds and all other Bonds, respectively. The money deposited to each account of the Purchase Fund shall be held in trust separate and apart from all other funds held by the Paying Agent/Registrar and applied solely as provided in this Subsection.

The Paying Agent/Registrar shall deposit to the credit of the applicable account of the Purchase Fund the following funds promptly upon receipt (and no other funds) and shall apply the money in the applicable account of the Purchase Fund on each Purchase Date to pay the Purchase Price of the Bonds for which such account was established (or portions thereof) and which are tendered pursuant to *Subsection A* of this Section from the following sources in the following order of priority:

(1) ***Remarketing Proceeds***: *first*, proceeds of the remarketing of such Bonds or portions (other than Bonds or portions remarketed to the City),

(2) ***Liquidity Draws***: *second*, in the case of tendered Eligible Bonds and the related account in the Purchase Fund, amounts drawn under or derived from the Liquidity Facility pursuant to *Section 4.1A*, and

(3) ***City Advances***: *third*, if sufficient amounts for the payment of the unpaid Purchase Price have not been deposited to the Purchase Fund by 4:00 p.m., New York, New York, time on the Purchase Date, notice of which insufficiency shall be immediately delivered by the Paying Agent/Registrar to the

City, from payments, if any, elected to be made by the City from Pledged Revenues in accordance with the provisions of Article Five (which governs the payment of principal of and interest on the Bonds from Pledged Revenues).

Upon tender for purchase of any Bond or portion thereof on the Purchase Date therefor or of any Untendered Bond on or after the Purchase Date therefor in accordance with *Subsection A* of this Section, endorsed in blank (or accompanied by a bond power executed in blank) to the extent of the portion to be purchased, the Paying Agent/Registrar shall pay to the Holder of such Bond or such Untendered Bond the Purchase Price therefor or for such portion on behalf of the purchaser thereof specified in *Subsection D* of this Section from funds available for such purchase held in the applicable account of the Purchase Fund.

Upon constructive tender for purchase in accordance with *Subsection D* of this Section of any Book-Entry Only Bond or portion thereof to be purchased in accordance with *Subsection A* of this Section, the Paying Agent/Registrar shall pay to the Securities Depository, for credit to all accounts to which such Bonds or portions are credited (other than accounts and in amounts specified by the Paying Agent/Registrar), the Purchase Price therefor on behalf of the purchaser thereof specified in *Subsection D* of this Section from funds available for such purchase held in the applicable account of the Purchase Fund.

The Paying Agent/Registrar shall hold all money delivered to it hereunder and deposited (or required to be deposited) to each account in the Purchase Fund for the purchase of the applicable Bonds or portions thereof in trust solely for the benefit of the respective persons which shall have so delivered such money until the Bonds or portions thereof purchased with such money are delivered pursuant to *Subsection D* of this Section and, thereafter, in the order specified above, for the benefit of the persons to whom such money is to be paid hereunder.

Amounts deposited to the Purchase Fund for the payment of the Purchase Price of Bonds or portions thereof which have been sold pursuant to the Remarketing Agreement (other than to the City) or purchased by the Liquidity Bank shall be promptly applied to effect the purchase thereof from the Remarketing Agent or the Liquidity Bank, *if* permitted or required by the Liquidity Facility. If, at 4:30 p.m., New York, New York, time, on any Purchase Date or upon any earlier payment of the Purchase Price of all Bonds or portions thereof required by this Section to be purchased on such Purchase Date, any balance remains in the accounts of the Purchase Fund in excess of any unsatisfied purchase obligation under this Section, such excess shall be promptly disbursed, *first*, to the Liquidity Bank from amounts in the account established for Eligible Bonds to the extent of any unpaid obligation owed to such Person under the Liquidity Facility and, *second*, to the City to the extent of any remaining balance. Money held for the credit of the Purchase Fund shall be held by the Paying Agent/Registrar without investment.

D. **Disposition of Tendered Bonds**. Subject to the provisions of Subsection 2.6A(3)(E), "*Effects of a Failed Remarketing*", above, Bonds or portions thereof tendered or deemed tendered pursuant to *Subsection A* of this Section, the Purchase Price for which has been paid pursuant to *Subsection C* of this Section, shall have been purchased:

(1) ***Remarketing***: by the persons to whom Bonds or portions thereof have been remarketed to the extent the Purchase Price for such Bonds or portions has been paid pursuant to *Subsection C(1)* of this Section,

(2) ***Liquidity Bank***: by the Liquidity Bank, if any, to the extent the Purchase Price therefor is paid from amounts drawn under or derived from the Liquidity Facility pursuant to *Subsection C(2)* of this Section, and

(3) *City*: otherwise by the City.

Whenever any Bond or portion thereof (other than a Book-Entry Only Bond) tendered or deemed tendered pursuant to this Section is purchased pursuant to this Section, the City shall execute, and the Paying Agent/Registrar shall authenticate and deliver, in the name of and to the person deemed to have purchased the same or its designee, one or more new Bonds of any authorized denomination and same Interest Mode, bearing interest at the same rate and for the same Interest Period, and of a like aggregate principal amount pursuant to *Section 2.8*. Whenever any Book-Entry Only Bond or portion thereof tendered or deemed tendered pursuant to this Section is purchased pursuant to this Section, the Paying Agent/Registrar shall cause such Bond or portion to be credited to the account at the Securities Depository of the person deemed to have purchased the same or any nominee thereof specified by such person.

The Paying Agent/Registrar shall hold all Bonds delivered to it hereunder in trust solely for the benefit of the respective Holders which have so delivered such Bonds until money representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders.

In carrying out its responsibilities under this Section, the Paying Agent/Registrar shall be acting solely as the agent of the Holders and owners from time to time of the Bonds or portions thereof tendered or deemed tendered pursuant to this Section and of the persons purchasing the same pursuant to this Section, respectively. No delivery of Bonds to the Paying Agent/Registrar pursuant to this Section shall constitute a redemption of Bonds or other extinguishment of the debt evidenced thereby.

E. **Untendered Bonds**. Any Bond (or portion thereof) which is required to be but which is not tendered for purchase on a Purchase Date by the time specified in this Section (such Bonds or portions herein referred to as "***Untendered Bonds***") shall, upon deposit in the Purchase Fund of an amount sufficient to pay the Purchase Price of such Bond or portion on such Purchase Date, be deemed to have been tendered and sold on such Purchase Date to the person specified in *Subsection D* of this Section, and thereafter (a) the Holder thereof shall not be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than the Purchase Price for such Bond or portion thereof, and such Untendered Bond (except any Bond issued in lieu thereof pursuant to *Subsection D* of this Section) shall no longer be entitled to the benefit of this Ordinance, except for the purpose of payment of the Purchase Price therefor, and (b) the City shall execute, and the Paying Agent/Registrar shall authenticate and deliver, in the name of the Person specified in *Subsection D* of this Section, one or more new Bonds of any authorized denomination, with same aggregate principal amount, in the same Interest Mode, having the same Maturity, and bearing interest at the same rate.

F. **Remarketing Agent**. There shall be a Remarketing Agent for the Bonds appointed by the City, at all times when Bonds are not in an Auction Mode or Fixed Mode, with power to act in the determination of the duration of each Interest Period for each Bond or portion thereof in a Commercial Paper Mode pursuant to *Section 2.2D* and of each Daily Rate, Weekly Rate, initial Auction Rate, Commercial Paper Rate, Term Rate, and Fixed Rate for each Bond or portion thereof pursuant to *Section 2.2E*, and to offer and resell Bonds or portions thereof tendered or deemed tendered pursuant to this Section. Whenever Bonds are in an Auction Mode, there shall be a Market Agent for the Bonds appointed by the City with power to act on behalf of and subject to the direction of the Auction Agent in the adjustment of the respective percentages used in determining the Minimum Rate, the Maximum Rate, the No Auction Rate, and the Overdue Rate for such Bonds. Each Remarketing Agent and Market Agent shall at all times be a bank or trust company or a member of the New York Stock Exchange or the National Association of Securities Dealers and shall have a minimum capitalization of $15,000,000 and be authorized by law to perform all the duties imposed by this Ordinance on a Remarketing Agent or

Market Agent, respectively. No removal or replacement of the Remarketing Agent or Market Agent, as applicable, shall be effective until a successor shall have been appointed and qualified as such.

Wachovia Bank, National Association, is hereby appointed Remarketing Agent for the Bonds. The form of Remarketing Agreement attached hereto as *Exhibit B* is incorporated herein by reference for all purposes and is hereby approved as to form and content, and the Mayor, City Clerk, and any Designated Financial Officer are hereby authorized to execute and deliver a Remarketing Agreement substantially in such form and to such effect with the Remarketing Agent on behalf of the City as the act and deed of the City Council.

Any corporation into which the Remarketing Agent or Market Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation, or conversion to which the Remarketing Agent or Market Agent shall be a party, or any corporation succeeding to the corporate trust business of the Remarketing Agent or Market Agent, shall be the successor of the Remarketing Agent or Market Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Remarketing Agent or Market Agent or successor.

The Remarketing Agent and the Market Agent may at any time resign by giving written notice of such resignation to the Paying Agent/Registrar, the Credit Enhancer, the Liquidity Bank, and the City. The City may terminate the agency of the Remarketing Agent or Market Agent by giving written notice of such termination to such Remarketing Agent or Market Agent, the Paying Agent/Registrar, the Auction Agent, the Credit Enhancer, and the Liquidity Bank. Upon receiving such a notice of resignation or upon such a termination, or in case at any time the Remarketing Agent or Market Agent shall cease to be eligible under this Section, the City shall, unless the Interest Mode for all Bonds has been converted to the Auction Mode or Fixed Mode (in the case of a Remarketing Agent) or an Interest Mode other than the Auction Mode (in the case of the Market Agent), appoint a successor Remarketing Agent or Market Agent for the Bonds with the consent of the Credit Enhancer, and shall give written notice of such appointment to the Paying Agent/Registrar, the Auction Agent, the Credit Enhancer, and the Liquidity Bank. Such appointment shall be evidenced by an ordinance or resolution of the City Council.

Each successor Remarketing Agent and Market Agent shall execute and deliver a Remarketing Agreement to the City or a Market Agent Agreement to the Auction Agent, respectively, in which such Person shall agree with the City that such Person will observe and perform the obligations of the Remarketing Agent or Market Agent, as applicable.

SECTION 2.7 Book-Entry Only System. It is intended that the Bonds shall initially be registered so as to participate in a securities depository system (herein referred to as the "***DTC System***") with The Depository Trust Company, New York, New York, or any successor entity thereto (herein referred to as "***DTC***"), as set forth herein. Each Stated Maturity of the Bonds shall be issued (following cancellation of the Initial Bonds described in Section 2.9) 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/Registrar 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 Representations attached hereto as *Exhibit C* (herein referred to as 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

(herein referred to as a "***Depository Participant***") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (herein referred to as 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, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Bonds, as shown on the Securities Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) 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 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 the Depository 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 Letter.

SECTION 2.8 Execution; Registration; Transfer; and Exchange.

A. **Execution**. The Bonds shall be executed on behalf of the City by its Mayor, or Mayor Pro Tem, its seal reproduced or impressed thereon, and attested by its City Clerk or Acting 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 their signatures were affixed to the Bonds, 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 Purchasers, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

B. **Registration Certifications**. 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 3.3*, 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 3.4*, 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.

C. **Registration; Beneficial Owners.** The Paying Agent/Registrar shall obtain, record, and maintain in the Securities Register the name and address of every Holder of Bonds and assigns, which initially shall be DTC or its nominee. In addition, the Paying Agent/Registrar shall maintain a register of the name and address of each Person who (1) states in writing to the Paying Agent/Registrar that it is a beneficial owner of Bonds, (2) provides the Paying Agent/Registrar with its name, mailing address, and internet address, and (3) on any request by the Paying Agent/Registrar has confirmed that it continues to be a beneficial owner of Bonds.

D. **Transfer**. Upon surrender for transfer of any Bond at the 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 authorized denomination and having the same Maturity, bearing the same rate of interest, and of the same aggregate principal amount as the Bond or Bonds surrendered for transfer.

E. **Exchange**. At the option of the Holder, Bonds may be exchanged for other Bonds of authorized denominations and having the same 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 corporate trust office of the Paying Agent/Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute, and the Paying Agent/Registrar shall register and deliver, the Bonds exchanged therefor to the Holder requesting the exchange.

F. **Effect of Transfers and Exchange**. All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the 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.

G. **Expenses of Transfer and 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.

H. **Predecessor Bonds**. Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are referred to herein as "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 exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any Bond registered and delivered pursuant to Section 2.12 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 2.9 Initial Bond(s). The Bonds herein authorized shall be issued initially as one fully-registered Bonds in the principal amount of Bonds authorized hereby numbered T-1 (herein referred to as the "Initial Bonds"), shall be dated July 1, 2008 (the "Dated Date"), and shall be registered in the name of the initial purchaser or the designee thereof. The Initial Bonds shall be the Bond 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 initial purchaser. Any time after the delivery of the Initial Bonds, the Paying Agent/Registrar shall cancel the Initial Bonds delivered hereunder and exchange therefor definitive Bonds of authorized denominations, principal amounts, and interest rates, all pursuant to and in accordance with such written instructions from the initial purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 2.10 Bonds Are 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 Chapter 8 of the Texas Uniform Commercial Code.

SECTION 2.11 Cancellation. All Bonds surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled 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 canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 2.12 Mutilated, Destroyed, Lost, and Stolen Bonds.

If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the Paying Agent/Registrar receives evidence to its satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Paying Agent/Registrar such security or indemnity as may be required to save each of the City and the Paying Agent/Registrar 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 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 2.13 Sale of the Bonds. The form and terms of the Purchase Contract attached hereto as Exhibit D and incorporated herein by reference is hereby approved, and the Mayor, the Mayor Pro Tem, or any Designated Financial Officer is authorized to execute and deliver a Purchase Contract with Wachovia Bank, National Association (the "***Purchasers***"), as the authorized representatives of the underwriters, substantially in such form and to such effect in the name of the City and as the act and deed of the City Council. The sale of the Bonds to the Purchasers on such condition in accordance with the terms of the Purchase Contract is hereby confirmed. The Initial Bonds shall be registered in the name of Cede & Co. Delivery of the Bonds to the initial purchasers thereof shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of sale.

SECTION 2.14 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 Bonds to the Purchasers.

Furthermore, the Mayor, City Clerk, City Attorney, Director of Finance, and any Designated Financial Officer, 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 2.15 Opinion. The Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Fulbright & Jaworski L.L.P., Attorneys at Law, approving certain legal matters as to the Bonds, said opinion to be dated and delivered as of the date of initial delivery and payment for such Bonds. Reproduction of a true and correct copy of said opinion on each of said Bonds, with appropriate certificate pertaining thereto executed by facsimile signature of the City Clerk of the City, is hereby approved and authorized.

SECTION 2.16 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 2.17 Offering Documents. The Preliminary Offering Memorandum, dated July 3, 2008, relating to the Bonds is hereby approved. The Mayor, City Manager, and Director of Finance, individually, jointly or collectively, are authorized to approve any changes in such document and to authorize its distribution by the Purchasers. The use of the Preliminary Offering Memorandum and the Offering Memorandum, dated July 9, 2008, in connection with the distribution of the Bonds is hereby authorized. The Mayor and City Clerk are hereby authorized to execute and deliver the Offering Memorandum, and such Offering Memorandum in final form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Offering Memorandum authorized for distribution and use by the Purchasers in connection with the reoffering and sale of the Bonds.

ARTICLE THREE
FORMS OF BONDS

SECTION 3.1 Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Initial Bonds, the Certificate of Registration, the form of Assignment, and the Notice of Demand Privilege, Mandatory Tender, and Liquidity Support to be reproduced on Bonds in any Interest Mode other than the Fixed Mode 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 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 Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or typed or produced in any other manner, all as determined by the officers executing the Bonds as evidenced by their execution thereof.

SECTION 3.2 Form of Definitive Bonds.

REGISTERED NO._____	REGISTERED	PRINCIPAL AMOUNT $_____

United States of America
State of Texas
CITY OF SAN ANTONIO, TEXAS
HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE
RATE DEMAND REVENUE AND REFUNDING BONDS,
SERIES 2008

Closing Date:	Interest Rate:	Stated Maturity:	CUSIP No.
_____	_____	_____	_____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The City of San Antonio, Texas (herein referred to as the "***City***"), a body corporate and municipal corporation located primarily in Bexar County, Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Owner named above (herein referred to as the "***Holder***"), or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount stated 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, at the per annum rate or rates of interest and to the persons hereinafter described until payment thereof is made or duly provided for at or after the Stated Maturity or any earlier redemption date therefor. Principal of and redemption premium, if any, on this Bond shall be payable upon presentation and surrender of this Bond at a corporate trust office of the Paying Agent/Registrar, being The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, executing the registration certificate appearing hereon, or a successor thereof, in a city designated by it for such purpose (herein after referred to as the "***Place of Payment***").

If the specified date for any payment hereon shall be a Saturday, Sunday, or legal holiday or the equivalent (other than a moratorium) on which banking institutions generally are authorized to close in the Place of Payment *[or shall otherwise be a day other than a Business Day, as herein defined]**, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

* Bracketed phrase may be omitted from the Bonds authenticated on or after the first day of the Fixed Mode for the Bonds.

All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

1. ***Series, Purpose, and Authority***. This Bond is one of a duly authorized issue of bonds of the City designated as its "Hotel Occupancy Tax Subordinate Lien Variable Rate Demand Revenue and Refunding Bonds, Series 2008" issued and to be issued in the aggregate principal amount of ONE HUNDRED THIRTY FIVE MILLION AND NO/100 DOLLARS ($135,000,000) (herein referred to as the "*Bonds*") pursuant to an ordinance adopted by the governing body of the City (referred to as the "*Ordinance*") for the purpose of providing funds for making certain improvements to the expansion of the Convention Center in accordance with the Plan, refunding certain outstanding obligations of the City, 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 Chapters 1207 and 1371, as amended, Texas Government Code, Chapter 351, as amended, Texas Tax Code, the City's Home Rule Charter, and the Ordinance.

2. ***Interest.*** *[Insert the applicable paragraphs from Section 2 relating to the payment of interest on the Bonds.]*

3. ***Redemption.*** *[Insert the applicable paragraph(s) from Section 2 relating to the redemption of Bonds.]*

It is provided in the Ordinance that Bonds may be redeemed in part and that upon any partial redemption of any such Bond the same shall, *except* as otherwise permitted by the Ordinance, be surrendered in exchange for one or more new Bonds of the same interest rate in authorized form and denominations for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Ordinance shall thereupon cease to be entitled to the lien of the Ordinance and shall cease to bear interest from and after the date fixed for redemption.

4. ***Limited Obligations***. The Bonds are special obligations of the City and, together with the currently outstanding Parity Bonds (identified and defined in the Ordinance), are payable from and equally and ratably secured by a lien on the Pledged Revenues and certain special funds, all as more fully described and provided for in the Ordinance. The Bonds, together with the interest thereon, are payable solely from such Pledged Revenues and special funds and do not constitute an indebtedness or general obligation of the City. As used herein, "Pledged Revenues" means (i) a subordinate lien on revenues from that portion of the hotel occupancy tax which may be allocated pursuant to Section 351.103(b), Texas Tax Code, and which may not now exceed 25% of the general hotel occupancy tax (or 1.75%), plus (ii) a subordinate lien on revenues from that portion of the hotel occupancy tax which may be allocated pursuant to Section 351.103(b), Texas Tax Code, and which may not now exceed 75% of the general hotel occupancy tax (or 5.25%), and (iii) interest and other income realized from the investment of amounts on deposit in the special funds created in the Ordinance to the extent such interest and other income are required to be transferred to the debt service fund created in the Ordinance.

5. ***Provisions of Ordinance***. Reference is hereby made to the Ordinance, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, 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 Prior Lien Bonds, Additional Bonds, and Subordinate 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 deemed to be no longer Outstanding thereunder; and the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

6. ***Transfer***. This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Securities Register upon presentation and surrender at the 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 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.

7. ***Conclusive Owner***. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Securities Register (i) on each Record Date for the payment of interest hereon 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 Stated Maturity, or 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 nor any such agent of either shall be affected by notice to the contrary.

8. ***Representations***. 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; 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.

9. ***Governing Law***. 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.

Unless either a Registration Certificate of the Comptroller of Public Accounts of the State of Texas hereon has been executed by such Comptroller or her duly authorized agent or a Certificate of Authentication hereon has been executed by the Paying Agent/Registrar, in each case by manual signature, this Bond shall not be entitled to any benefit under the Ordinance or be valid or obligatory for any purpose.

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, TEXAS

By:_____
Mayor

ATTEST:

_____
City Clerk

(CITY SEAL)

SECTION 3.3 Form of Registration Certificate of Comptroller of Public Accounts.

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)

SECTION 3.4 Form of Certificate of Paying Agent/Registrar.

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Ordinance, a Predecessor Bond for which has been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Date of Authentication:

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Paying Agent/Registrar

_____

By: _____
Authorized Signature

SECTION 3.5 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:

_____

SECTION 3.6 Form of Notice of Demand Privilege, Mandatory Tender, and Liquidity Support.

NOTICE OF DEMAND PRIVILEGE, MANDATORY TENDER, AND LIQUIDITY SUPPORT

Optional Tender. The Paying Agent/Registrar is required by the Ordinance to purchase, but solely from and to the extent of the sources of funds hereinafter described, for the account of one or more

purchasers specified in the Ordinance, at the Purchase Price hereinafter described, the within Bond (or any portion thereof which in principal amount is equal to an authorized denomination), unless (and to the extent) such Bond or portion is a Bank Bond (as defined in the Ordinance) or is owned by or on behalf or for the benefit or account of the City or certain affiliates described in the Ordinance, upon tender for purchase by the Holder (or, if registered in the name of the Securities Depository or its nominee, the beneficial owner) thereof on:

(b) ***Daily Mode***: any Business Day while such Bond is in a Daily Mode, if telephone, facsimile, or other electronic notice of such tender has been received by the Remarketing Agent and the Paying Agent/Registrar referred to below not later than 10:00 a.m., New York, New York, time, on such Business Day, and

(c) ***Weekly Mode***: any Business Day while such Bond or portion is in a Weekly Mode, if notice of such tender has been received by the Remarketing Agent and the Paying Agent/Registrar in writing or by facsimile or other written electronic means not later than 4:00 p.m., New York, New York, time, on a Business Day which is at least seven calendar days prior to such Purchase Date,

in each case upon presentment of such Bond endorsed in blank (or accompanied by a bond power executed in blank) by such Holder at the office of the Paying Agent/Registrar or, in the case of a Bond registered in the name of the Securities Depository or its nominee, upon credit of the beneficial ownership of such Bond to the account of the Paying Agent/Registrar at the Securities Depository or any direct or indirect participant thereof other than such beneficial owner, in each case to the extent of the portion to be purchased, not later than 10:30 a.m., New York, New York, time, on such Purchase Date, such notice in each case stating the principal amount and Interest Mode of such Bond to be tendered, the Purchase Date therefor, and the name of the registered Holder thereof (or, if such Bond is registered in the name of the Securities Depository or its nominee, the name of the beneficial owner thereof and the name and number of the account at the Securities Depository to which the beneficial ownership of such Bond or portion thereof is then credited). The "*Purchase Price*" at which such Bond or portion thereof is to be so purchased is equal to 100% of the principal amount thereof plus interest, if any, accrued thereon (excluding Bank Differential) from the Bond Date specified in the within Bond or the most recent Interest Payment Date therefor to which interest thereon has been paid or duly provided for to, but excluding, such Purchase Date, payable in immediately available funds on such Purchase Date, *provided* that such Purchase Price shall be payable solely from and to the extent of available funds realized from the remarketing of Bonds or drawn under or derived from the Liquidity Facility or, at the election of the City, funds advanced by the City. All notices of optional tender shall be irrevocable and effective upon receipt.

Mandatory Tender. As provided in the Ordinance, the within Bond (or the applicable portion thereof specified below) is required to be tendered for purchase (except to the extent such Bond or any portion thereof is a Bank Bond, as defined in the Ordinance, or registered in the name of the City) in the manner and place and for the account of the persons specified below, at the Purchase Price, but solely from and to the extent of available funds realized from the remarketing of Bonds or drawn under or derived from the Liquidity Facility referred to below or, at the election of the City, funds advanced by the City, upon:

(1) ***Liquidity Facility Release***: the (a) third Business Day preceding the date on which (i) the Liquidity Facility referred to below shall expire or (ii) the obligations thereunder of the Person obligated thereon shall terminate or be suspended on prior notice to the Paying Agent/Registrar, and (b) last Business Day on or before any release of the Liquidity Facility upon acceptance of a substitute therefor, if in either case such Bond or portion is in a Daily Mode, Weekly Mode, Commercial Paper Mode, or Term Mode,

(2) ***New Interest Mode or Period***: the first Business Day of each new Interest Mode for such Bond or portion thereof for which notice is given to the Holder, whether or not such new Interest Mode is effected,

(3) ***New Commercial Paper Rate or Term Rate***: the first Business Day of each Interest Period for such Bond or portion thereof while it is in (a) a Commercial Paper Mode or (b) a Term Mode, and

(4) ***Credit Facility Release***: if a Credit Facility is in effect under the Ordinance, (a) the third Business Day prior to the expiration of the Credit Facility or prior to the date of termination of the obligations of the Credit Enhancer thereunder with prior written notice to the Paying Agent/Registrar, and (b) the last Business Day on or before the release of the Credit Facility due to substitution of an alternate Credit Facility,

(5) ***Effects of a Failed Remarketing***: in the event that any Bonds in a Term Mode are not converted and remarketed to new purchasers on a Mandatory Tender Date, the City shall have no obligation to purchase the Bonds tendered on the Mandatory Tender Date, the failed conversion and remarketing shall not constitute an event of default under the Ordinance, the mandatory tender will be deemed to have been rescinded for that date with respect to the Bonds subject to such failed remarketing only, and such Bonds (i) will continue to be outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will bear interest at the rate of 8% per annum (the "***Stepped Coupon Rate***") from the Mandatory Tender Date until purchased upon a subsequent remarketing (the "***Stepped Rate Period***"), (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs, and (v) will be deemed to continue in a Term Mode, though bearing interest at the Stepped Coupon Rate, through the day prior to the Rate Adjustment Date of the next Interest Period. In the event of a failed conversion and remarketing on the Mandatory Tender Date, the City will cause the Bonds to be converted and remarketed on the earliest reasonably practical date on which they can be sold at par, in such Mode or Modes as the City directs, at a rate not exceeding the Maximum Rate.

in each case upon presentment of such Bond endorsed in blank (or accompanied by a bond power executed in blank) by such Holder at the corporate trust office of the Paying Agent/Registrar or, in the case of a Bond registered in the name of the Securities Depository or its nominee, upon credit of the beneficial ownership of such Bond to the account of the Paying Agent/Registrar at the Securities Depository or any direct or indirect participant thereof other than such beneficial owner, not later than 12:00 noon, New York, New York, time, on such Purchase Date. Written notice of each such mandatory tender for purchase is required to be mailed by the Paying Agent/Registrar to the Holder of such Bond (*except* in the case of a tender required pursuant to *Clause (3)(a)* immediately above) not less than 20 days, if such Bond or portion thereof is in a Daily Mode, Weekly Mode, Auction Mode, not less than 30 days, if such Bond or portion thereof is in any other Interest Mode, and in either case not more than 60 days prior to such Purchase Date.

Untendered Bonds. Bonds or portions thereof for which notice of tender is duly given in accordance with the provisions described under "Optional Tender" above for any Purchase Date, or which are required to be tendered pursuant to the provisions described under "Mandatory Tender" above on any Purchase Date, and for which payment of the Purchase Price therefor is duly provided for on such Purchase Date, will be deemed to be sold on such Purchase Date, and the owner thereof shall not thereafter be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than such Purchase Price or otherwise be secured by or entitled to any benefit under the Ordinance.

Liquidity Support; Remarketing. Payment of the Purchase Price of Bonds in a Daily Mode, Weekly Mode, or Commercial Paper Mode that are tendered in accordance with the provisions of the Ordinance described above has been provided for the period stated therein, subject to certain conditions, by a *[name of Liquidity Facility]*, dated as of *[date]* (together with any extension thereof or substitution therefor obtained by the City in accordance with the Ordinance, herein and in the within Bond referred to as the "***Liquidity Facility***"), among the Paying Agent/Registrar, the City, and *[name of Liquidity Bank]* (herein and in the within Bond in such capacity, together with the obligor on any such substitute Liquidity Facility, referred to as the "***Liquidity Bank***"), unless such Bonds are sooner purchased pursuant to remarketing in accordance with a remarketing agreement between the City and the remarketing agent appointed by the City for the Bonds (herein and in the within Bond, together with substitutes therefor, referred to as a "***Remarketing Agent***"). The Remarketing Agent for the Bonds is [*name of Remarketing Agent*].

Definitions. All terms in the above notice have the meanings ascribed to such terms in the within Bond.

ARTICLE FOUR
SECURITY AND LIQUIDITY

SECTION 4.1 Liquidity Facility.

A. **Paying Agent/Registrar to Demand Purchase Price**. For so long as a Liquidity Facility is in effect hereunder, the Paying Agent/Registrar shall give such notice and do such other acts as may be required by such Liquidity Facility (in the manner therein permitted and by the time required thereby) to cause the Liquidity Bank on each Purchase Date to purchase at the Purchase Price, or otherwise to advance the Purchase Price of, all Eligible Bonds or portions thereof (1) that are required to be purchased pursuant to *Section 2.6A* on such Purchase Date and (2) for which the Purchase Price therefor has not been paid or deposited in immediately available funds to the Purchase Fund from the proceeds of the remarketing of such Bonds (other than to the City) by 10:45 a.m., New York, New York, time, on such Purchase Date, immediately after which the Paying Agent/Registrar shall draw funds, to the extent necessary, under the Liquidity Facility. On each Purchase Date the Paying Agent/Registrar shall give notice to the City and the Liquidity Bank by telephone, promptly confirmed in writing, or by facsimile or other electronic means specifying the Purchase Price of Bonds to be purchased pursuant to or with funds drawn under the Liquidity Facility on such date. In making draws or claims for payment under the Liquidity Facility, the Paying Agent/Registrar shall act on behalf and for the account and benefit of the Holders (other than the City) and not on behalf, for the account or benefit, or subject to the control of the City. All funds drawn or claimed by the Paying Agent/Registrar under the Liquidity Facility shall be credited to the Purchase Fund and applied in accordance with this Section.

B. **Release of Liquidity Facility**. The Paying Agent/Registrar shall release and return the Liquidity Facility to the Liquidity Bank at the request of the City or approve the assignment of the Liquidity Facility by the Liquidity Bank without recourse:

(1) ***Defeasance***: when there are no Outstanding Bonds other than Bonds in a Fixed Mode; or

(2) ***Expiration or Termination***: when the Liquidity Facility has expired or been terminated in accordance with its terms; or

(3) ***Successor Paying Agent/Registrar***: when a successor Paying Agent/ Registrar has been appointed and qualified pursuant to this Ordinance and a new Liquidity Facility has been issued to such successor; or

(4) ***Replacement***: at the close of business on the first Business Day on or after the first day as of which (i) an alternate Liquidity Facility for all Bonds has been issued to and accepted by the Paying Agent/Registrar at the direction of the City in accordance with *Subsection C* of this Section; (ii) all Bonds then Outstanding have been tendered or deemed tendered; and (iii) the Purchase Price of all Bonds tendered or deemed tendered on such Business Day pursuant to this Section has been paid or duly provided for; provided that, if any portion of the Bonds is then in an Auction Mode, Commercial Paper Mode, Term Mode, or Fixed Mode, such Business Day is also the first Business Day of an Interest Period for each such Bond; or

(5) ***Release Upon Conversion:*** at the close of business on the first Business Day on which all Bonds are in an Auction Mode, Commercial Paper Mode, Term Mode (unless otherwise instructed in writing by the City), or Fixed Mode, provided that the Purchase Price of all Bonds tendered or deemed tendered on such Business Day pursuant to this Section has been paid or duly provided for;

and not otherwise; *provided* that, no such release or assignment shall be effected by the Paying Agent/Registrar pursuant to *Clause B(4)* of this Section unless the Credit Enhancer consents in writing to such release or assignment or the Credit Facility is then released pursuant to *Section 4.2J*. The Paying Agent/Registrar shall give notice of the mandatory tender of Bonds prior to the date of any release or assignment pursuant to *Clause B(2)* or *B(4)* of this Section in accordance with *Section 2.6B*.

C. **Acceptance of Alternate Liquidity Facility**. Each alternate Liquidity Facility accepted by the Paying Agent/Registrar in substitution for the Liquidity Facility then in effect, and each extension or amendment of the Liquidity Facility then in effect,

(1) ***Stated Amount***: shall provide for draws or claims sufficient to pay a Purchase Price up to the principal of the Bonds or portions thereof in a Daily Mode or Weekly Mode, plus interest on each such Bond, at the maximum per annum rate of interest which may be borne by such Bonds or portions during any Interest Mode to be in effect therefor (assuming no subsequent ordinance designating a different Interest Mode) during the term of such Liquidity Facility, for up to at least 45 days in respect of all such Bonds or portions thereof then in a Daily Mode or Weekly Mode;

(2) ***Term***: shall have a term which, if the resulting release of the Liquidity Facility then in effect shall occur while any Bonds (or portions thereof) are in a Commercial Paper Mode or Term Mode, is not less than the shorter of the remaining term of the Liquidity Facility then in effect or the remaining term of the Interest Period for such Bonds (or portions thereof) then in effect,

(3) ***Form***: may be a bond purchase agreement, letter of credit, line of credit, policy of insurance, surety bond, acceptance, or guarantee or otherwise be in structure and form different from the Liquidity Facility then in effect; and

(4) ***Approval***: shall be consented to (as to both form and the identity of the provider) in writing by the Credit Enhancer, if the then-existing Liquidity Bank and Credit Enhancer are not one and the same.

The Paying Agent/Registrar shall accept an alternate Liquidity Facility in substitution for the Liquidity Facility then in effect which is to be released in accordance with *Subsection B* of this Section or an extension or amendment thereof, at the direction of the City given by ordinance of the City Council delivered to the Paying Agent/Registrar, but (in the case of an alternate Liquidity Facility or an amendment, not comprising a mere extension or a reduction in coverage amount, that affects the payment obligations of the Liquidity Bank) only upon receipt by the Paying Agent/Registrar and by the Credit Enhancer of an Opinion of Counsel stating that (1) such Liquidity Facility or amendment was issued in

accordance with the conditions of this Section, (2) such Liquidity Facility constitutes a legal, valid, and binding obligation of the obligor thereon and is enforceable in accordance with its terms (*except* to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws for the relief of debtors other than the City and by general principles of equity which permit the exercise of judicial discretion), and (3) the substitution of such alternate Liquidity Facility for the Liquidity Facility then in effect or the acceptance of such amendment, as the case may be, will not adversely affect any exclusion of the interest on any Bond from the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. The Paying Agent/Registrar shall not be required to accept or cause to be accepted any such alternate Liquidity Facility or amendment which materially adversely affects the rights, duties, and immunities of the Paying Agent/Registrar or its agents hereunder.

The Paying Agent/Registrar shall give prompt notice of each extension of the Liquidity Facility, stating the new expiration date, to each Holder of Bonds (except for when Bonds are in a Term Mode or the Fixed Mode, in which case no such notice need, nor will, be given).

D. **Authorization of Credit Agreement in Support of Initial Liquidity Facility**. The form of Reimbursement Agreement, pursuant to which the initial Liquidity Facility is issued by the Initial Liquidity Bank, attached hereto as *Exhibit E* is incorporated herein by reference for all purposes and is hereby approved as to form and content, and the Mayor, Mayor Pro Tem, City Clerk, or a Designated Financial Officer, are each hereby authorized to execute and deliver the Reimbursement Agreement, along with the related Promissory Note and any other agreements or certificates required thereunder or under the Reimbursement Agreement, substantially in such form and to such effect with the Initial Liquidity Bank on behalf of the City as the act and deed of the City Council.

E. **The Initial Liquidity Facility as Credit Enhancement.** Though it is defined and referred to herein as a "Liquidity Facility", and it in fact provides liquidity support for the Bonds, the City hereby acknowledges that the initial Liquidity Facility also serves as credit enhancement for the Bonds. In relation thereto, and for so long as the initial Liquidity Facility provides primary credit enhancement for the Bonds (i.e. until such time as this function of the initial Liquidity Facility has been replaced by a Credit Facility acquired by the City in accordance with Subsection K of this Section), the provisions of this *Clause E* of this Section, in addition to the remainder of this Section 4.1, shall apply.

(1) ***Draws or Claims Under Initial Liquidity Facility***. Payment of principal of and interest on the Bonds coming due by reason of Stated Maturity, redemption, acceleration (with respect to Bank Bonds only), the occurrence of an Interest Payment Date, or otherwise shall be paid (i) first, from amounts drawn from the initial Liquidity Facility and (ii) second, to the extent insufficient proceeds are provided under Clause (i) above, from legally available funds provided by the City in accordance with Article Five of this Ordinance. The Paying Agent/Registrar shall present all notices, drafts, demands, claims, and other documents required by the initial Liquidity Facility (in the manner and to the extent therein permitted and by the time required thereby) to draw or claim funds thereunder in an amount sufficient, and by the time necessary (to the extent permitted therein, but which draws shall be made in the same manner, with requisite notices provided, as draws made on the Liquidity Facility to pay the Purchase Price for Bonds under Section 2.6) so that sufficient funds are available when needed to make the hereinafter-described payments in accordance with the provisions of this Ordinance, to pay the principal of and interest on (but not the Purchase Price of) the Bonds to become due at the Maturity thereof (whether by reason of the Stated Maturity thereof, call for redemption, or otherwise), and the interest thereon to become due on each Interest Payment Date therefor, *but* in every case only in respect of Bonds that are not Bank Bonds and, to the actual knowledge of the Paying Agent/Registrar, are not owned by an Ineligible Owner. The Paying Agent/Registrar shall deposit all receipts from such draws and claims in a separate account, which shall be an Eligible Account, held by it for the sole benefit of the

Bondholders and shall apply such receipts to pay principal of, premium, if any, and interest on the Bonds for which such claim or draw was made.

(2) ***Release of Initial Liquidity Facility upon Replacement.*** The Paying Agent/Registrar shall release and return the initial Liquidity Facility to the Initial Liquidity Bank at the close of business on a day when (i) there is in effect an alternate Credit Facility issued to and accepted by the Paying Agent/Registrar at the direction of the City in accordance with *Section 4.02K*, which alternate Credit Facility replaces the function of the initial Liquidity Facility providing credit enhancement, but not liquidity, for the Bonds; (ii) all Bonds then Outstanding have been tendered or deemed tendered; and (iii) the Purchase Price of all Bonds tendered or deemed tendered in respect of such release pursuant to *Section 2.6A(3)(d)* has been paid or duly provided for other than with funds advanced by the City; *provided*, however, that, if any portion of the Bonds is then in an Auction Mode, Commercial Paper Mode, Term Mode, or Fixed Mode, such day is also the first Business Day of an Interest Period for each such Bond or portion; *provided further*, however, that the Initial Liquidity Bank has also issued to, and the same has been accepted by, the Paying Agent/Registrar an alternate Liquidity Facility providing only liquidity support for the Bonds pursuant to *Clauses B(4)* and *C*, respectively, of this Section.

The Paying Agent/Registrar shall give notice, pursuant to *Section 2.6B*, of the mandatory tender of Bonds prior to the date of any release pursuant to *Clause E(3)(b)* of this Section.

SECTION 4.2 Credit Enhancement.

A. **Application of Section**. The provisions of this Section shall become effective only upon delivery to and acceptance by the Paying Agent/Registrar pursuant to *Subsection K* of this Section of a Credit Facility therein described and until such delivery and acceptance neither this Section nor any reference to Credit Facility or Credit Enhancer in this Ordinance shall have or be given any effect.

B. **Draws or Claims Under Credit Facilities**. After the Paying Agent/Registrar accepts any alternate Credit Facility pursuant to *Subsection K* of this Section, the Paying Agent/Registrar shall present all notices, drafts, demands, claims, and other documents required by such Credit Facility (in the manner and to the extent therein permitted and by the time required thereby) to draw or claim funds thereunder in an amount sufficient, and by the time required (to the extent therein permitted), to pay the principal of (and premium, if any) and interest on (but not the Purchase Price of) the Bonds to become due at the Maturity thereof (whether by reason of the Stated Maturity thereof, call for redemption, or declaration of acceleration), and the interest thereon to become due on each Interest Payment Date therefor, *but* in every case only in respect of Bonds that are not Bank Bonds (unless the Credit Facility is in the form of a municipal bond or financial guaranty insurance policy) and, to the actual knowledge of the Paying Agent/Registrar, are not owned by an Ineligible Owner. The Paying Agent/Registrar shall deposit all receipts from such draws and claims in a separate account held by it for the sole benefit of the Bondholders and shall apply such receipts to pay principal of, premium, if any, and interest on the Bonds for which such claim or draw was made.

C. **Amendments**. The City shall not amend or repeal this Ordinance unless the Credit Enhancer consents to such action in writing or such supplement is not detrimental to the interests of the Holders or the Credit Enhancer.

D. **Third Party Beneficiary**. The Credit Enhancer shall be a beneficiary of all agreements contained herein and may enforce such agreements to the same extent as if it were the Holder of all Outstanding Bonds.

E. **Notices.**

(1) ***General.*** Any notice that is required to be given by the City or the Paying Agent/Registrar to a Holder of a Bond pursuant to this Ordinance also shall be given to the Credit Enhancer by such Person.

(2) ***Amendments.*** If the City enacts any amendment to this Ordinance or any other document executed in connection with the issuance of the Bonds, the City shall send a copy of such amendment to (1) Fitch Ratings, addressed to it at One State Street Plaza, New York, New York 10004, Attention: Municipal Structured Finance, 28th Floor, (2) Moody's Investors Service, Inc., addressed to it at 7 World Trade Center at 250 Greenwich Street, Public Finance Group – 23rd Floor, MSPG Surveillance Team, New York, New York 10007, and (3) Standard & Poor's Ratings Services, addressed to it at 55 Water Street, 38th Floor, New York, New York 10041, Attention: Municipal Structured Group, by email at pubfin_structured@standardandpoors.com, or at such other address as may have been provided to the City by such person, if the Credit Facility is in the form of a policy of municipal bond insurance.

F. **Defeasance.** The City shall not enter into or authorize any agreement for the future reinvestment of amounts deposited, or invested in obligations deposited, pursuant to *Section 4.4*, unless the Credit Enhancer shall have consented to such agreement in writing, if the Credit Facility is in the form of a policy of municipal bond insurance.

G. **Consents.** Whenever in this Ordinance it is provided that certain acts or agreements may be taken, made, or waived with the consent of the Holder of the Bonds or any portion thereof, no such act or agreement may be taken, made, or waived unless the Credit Enhancer has consented thereto in writing.

H. **Control by Credit Enhancer.** Anything in this Ordinance to the contrary notwithstanding, any request, demand, authorization, direction, notice, consent, waiver, or other action provided in this Ordinance to be given or taken by the Holders of Bonds to direct, consent to, or waive the exercise by the City of any right hereunder (except in respect of an amendment described in *Clause (1), (2),* or *(3)* of *Section 7.1)* shall be given or taken by, and only by, a written instrument signed by the Credit Enhancer.

I. **References to Credit Enhancer.** The provisions of *Subsections C, E, F, G* and *H* of this Section shall be and remain effective only so long as no Credit Enhancer Default shall have occurred and be continuing.

J. **Release of Credit Facilities.** The Paying Agent/Registrar shall release and return a Credit Facility to the Credit Enhancer obligated thereon:

(1) ***Defeasance***: when there are no Outstanding Bonds, *provided* that such Credit Facility provides for its release and return upon defeasance by its terms; or

(2) ***Expiration or Termination***: when such Credit Facility has expired or been terminated in accordance with its terms; or

(3) ***Successor Paying Agent/Registrar***: when a successor Paying Agent/ Registrar has been appointed and qualified pursuant to this Ordinance and a new Credit Facility has been issued to such successor with at least the maximum aggregate credit available under the Credit Facility to be released and otherwise identical to such Credit Facility; or

(4) ***Reduction of Amount***: in the case of a Credit Facility other than a municipal bond or financial guaranty insurance policy, when the maximum aggregate credit available under such Credit

Facility is reduced pursuant to the terms thereof and the Credit Enhancer obligated thereon has issued a new Credit Facility to the Paying Agent/Registrar in the stated amount of the maximum aggregate credit available under such Credit Facility as so reduced and otherwise identical to the Credit Facility to be released; or

(5) ***Replacement***: at the close of business on a day when (i) there is in effect an alternate Credit Facility issued to and accepted by the Paying Agent/Registrar at the direction of the City in accordance with *Subsection K* of this Section and (ii) the Purchase Price of all Bonds tendered or deemed tendered in respect of such release pursuant to *Section 2.6A(3)(d)* has been paid or duly provided for other than with funds advanced by the City; *provided* that, if any portion of the Bonds is then in an Auction Mode, Commercial Paper Mode, Term Mode, or Fixed Mode, such day is also the first Business Day of an Interest Period for each such Bond or portion;

and not otherwise; *provided*, however, that no Credit Facility shall be released pursuant to *Clause J(5)* of this Section or otherwise canceled, terminated, amended, or modified unless the Liquidity Facility shall also be released pursuant to *Section 4.1B(4)* or *(5)* or the Liquidity Bank shall consent in writing. The Paying Agent/Registrar shall give notice, pursuant to *Section 2.6B*, of the mandatory tender of Bonds prior to the date of any release pursuant to *Clause J(2)* or *J(5)* of this Section.

K. **Acceptance of Credit Facility**. Each alternate Credit Facility accepted by the Paying Agent/Registrar in substitution for a Credit Facility then in effect and each extension or amendment of any Credit Facility then in effect,

(1) ***Stated Amount***: shall provide for draws or claims sufficient to pay the principal of the Bonds then Outstanding plus interest on each such Bond, at the maximum per annum rate of interest which may be borne by such Bond during any Interest Mode to be in effect therefor (assuming no subsequent ordinance designating a different Interest Mode and excluding Bank Differential, except as otherwise agreed with the Liquidity Bank) during the term of such Credit Facility, for up to at least the sum of (a) the greatest number of days during which interest can accrue and remain unpaid as of any Interest Payment Date in any such Interest Mode without default, (b) the greatest number of days which may transpire after a draw or claim under the alternate Credit Facility to pay interest on Bonds prior to the reinstatement of such amount, and (c) (if terminable prior to the Stated Maturity of the Bonds) 5 days,

(2) ***Term***: if the resulting release of the Credit Facility then in effect required by *Subsection J* of this Section shall occur while any Bonds (or portions thereof) are in a Commercial Paper Mode or Term Mode, shall have a term which is not less than the shorter of the remaining term of such Credit Facility or the remaining term of the Interest Period for such Bonds or portions then in effect,

(3) ***Form***: may be a letter of credit, policy of insurance, surety bond, acceptance, or guarantee or otherwise be in structure and form different from the Credit Facility then in effect, and

(4) ***Approval***: shall be consented to in writing by the Liquidity Bank if a Liquidity Facility is then in effect and is not then to be released.

The Paying Agent/Registrar shall accept a Credit Facility, or an extension or amendment thereof at the direction of the City given by ordinance of the City Council delivered to the Paying Agent/Registrar, but (in the case of an alternate Credit Facility or an amendment, not comprising a mere extension, that affects the payment obligations of the Credit Enhancer) only upon receipt by the Paying Agent/Registrar and by any Liquidity Bank which is not obligated on such alternate or amended Credit

Facility of an Opinion of Counsel stating that (i) such Credit Facility or amendment is in accordance with the conditions of this Section, (ii) such Credit Facility, as amended, constitutes a legal, valid, and binding obligation of the obligor thereon and is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws for the relief of debtors other than the City and by general principles of equity which permit the exercise of judicial discretion), and (iii) the acceptance of such alternate Credit Facility or amendment, as the case may be, will not adversely affect any exclusion of the interest on any Bond from the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. The Paying Agent/Registrar shall not be required to accept any Credit Facility, extension, or amendment which materially adversely affects the rights, duties, or immunities of the Paying Agent/Registrar or its agents hereunder.

SECTION 4.3 Pledge of Pledged Revenues.

A. Payment of the principal of and interest on (but not the Purchase Price of) the Bonds and the Reimbursement Obligations are and shall be secured, together with the Parity Bonds, by and payable solely from, and the City hereby grants a lien on and pledge of, the Pledged Revenues, *subject* and *subordinate* to the liens on and pledges of the Prior Lien Pledged Revenues, which are taken into account prior to calculating Pledged Revenues, heretofore or hereafter made to secure payment of the Prior Lien Bonds. The City hereby grants a lien on the Pledged Revenues and further grants a lien on the Debt Service Fund and the Debt Service Reserve Fund to secure the payment of principal of and premium, if any, and interest on the Bonds Similarly Secured and the Reimbursement Obligations. All Bonds Similarly Secured and Reimbursement Obligations shall be in all respects on a parity with and of equal dignity with one another. The owners of the Bonds Similarly Secured and the obligee of any Reimbursement Obligation shall never have the right to demand payment of the principal of, interest on or any redemption premium from funds raised or to be raised by ad valorem taxation, other than the Pledged Revenues.

B. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of Pledged Revenues granted by the City under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at anytime while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds or any obligee of any Reimbursement Obligation or repayment obligation of the City incurred in connection with a Credit Facility the perfection of the security interest in this pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

SECTION 4.4 Satisfaction of Obligation of City.

When no Bond remains Outstanding and the Reimbursement Obligations have been paid in full or otherwise discharged, 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, the initial Liquidity Bank, or any Credit Enhancer shall thereupon cease, terminate, and be discharged and satisfied.

To provide for the payment of the principal of, premium, if any, and interest on any Bond, the City may irrevocably deposit in trust with the Paying Agent/Registrar, or an authorized escrow agent, (a) money sufficient to pay in full such principal, premium, if any, and interest, calculated at the Maximum Rate (unless the Bonds are in a Fixed Mode or a Term Mode, in which case the actual rate of interest shall be used), at Stated Maturity or to the redemption date therefor and/or (b) Government Obligations

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, and interest, calculated at the Maximum Rate (unless the Bonds are in a Fixed Mode or a Term Mode, in which case the actual rate of interest shall be used), on such Bond 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 or any date of optional or mandatory tender, as applicable. The City covenants that no deposit of money or Government Obligations 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.

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 three (3) 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 City be remitted to the City against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Bonds that is made in conjunction with the payment arrangements specified in *Clause (a)* or *(b)* above shall be revocable, *provided* that the City (1) in the proceedings providing for such defeasance, expressly reserves the right to call the defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of *Clause (a)* or *(b)* above with respect to such defeased Bonds as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

ARTICLE FIVE
FUNDS AND ACCOUNTS

SECTION 5.1 Levy of Hotel Occupancy Tax. The City has levied, and while any Bonds remain Outstanding or Reimbursement Obligations remain outstanding the City hereby levies and covenants that it shall continue to levy, a HOT on the cost of occupancy of any sleeping room furnished by any hotel within the corporate limits of the City, in which the cost of occupancy is $2.00 or more a day, at a rate of at least 9% of the consideration paid by the occupant of the sleeping room to the hotel, all as authorized by the HOT Act. The City further covenants that it shall enforce the provisions of this Ordinance, or any other ordinance levying a HOT, concerning the collection, remittance and payment of the HOT.

SECTION 5.2 Special Funds. The following special funds and accounts created, established and to be maintained under the ordinances authorizing the issuance of the Prior Lien Bonds or Parity Bonds, as appropriate, are hereby reaffirmed for the benefit of the Bonds while any of the Bonds remain Outstanding or the Reimbursement Obligations remain outstanding. Such funds and accounts may also include any additional accounts or subaccounts as may from time to time be designated by the City, including specifically rebate accounts or subaccounts for accumulating rebatable arbitrage payable to the federal government, provided such accounts or subaccounts are not inconsistent with this Ordinance:

A. Hotel Motel Tax Expansion HOT Fund (the "Expansion HOT Fund");

B. Convention Center Expansion Bonds Debt Service Fund (the "Prior Lien Bonds Debt Service Fund");

C. Convention Center Expansion Bonds Debt Service Reserve Fund (the "Debt Service Reserve Fund");

D. Convention Center Subordinate Lien Bonds Debt Service Fund (the "Debt Service Fund");

E. Convention Center Facilities Fund (the "Facilities Fund");

F. Hotel Motel Tax Fund (the "General HOT Fund") as described herein and therein the following accounts:

(1) General Account of the General HOT Fund (the "General Account"); and

(2) Pledged 1.75% Account of the General HOT Fund (the "Pledged 1.75% Account");

(3) Pledged 5.25% Account of the General HOT Fund (the "Pledged 5.25% Account"); and

G. Convention Center Construction Fund (the "Construction Fund") as described herein.

The Expansion HOT Fund and the General HOT Fund shall be maintained as a separate fund or account on the books of the City. The Debt Service Fund, the Debt Service Reserve Fund, and the Facilities Fund shall be maintained at an official depository bank of the City, separate and apart from all other funds and accounts of the City. The Debt Service Fund and the Debt Service Reserve Fund shall constitute trust funds which shall be held in trust for the Owners of the Bonds and the obligee of any Reimbursement Obligation and the proceeds of which (other than the interest income thereon, which may be transferred as herein provided) shall be pledged, as herein provided, to the payment of the Bonds and the Reimbursement Obligations.

SECTION 5.3 Flow of Funds. The City covenants and agrees that the Expansion HOT and all Pledged Revenues shall be deposited or transferred as provided in this Section:

A. Expansion HOT. The City covenants and agrees that all revenues of the Expansion HOT shall be deposited as received in the Expansion HOT Fund and transferred on or before the last Business Day of each month to the following funds in the following order of priority:

(1) First, to the Prior Lien Bonds Debt Service Fund in the amounts and for the uses described in Section 3.05 of the Prior Lien Bonds Ordinance.

(2) Second, to the Debt Service Reserve Fund in the amounts and for the uses described in the Prior Lien Bonds Ordinance.

(3) Third, to the payment of the Bonds Similarly Secured (including Reimbursement Obligations incurred in connection therewith), and any Subordinate Lien Obligations and reserve funds related thereto, as may be required by any ordinance authorizing the issuance of such Bonds Similarly Secured or Subordinate Lien Obligations.

(4) Fourth, to the Facilities Fund in the amounts and for the uses described in Section 3.08 of the Prior Lien Bonds Ordinance.

Notwithstanding the foregoing, as often as the City shall deem necessary, but at least once a month on or before the penultimate business day of each month, the City shall determine the amounts necessary from the Expansion HOT to satisfy the foregoing transfers, taking into consideration the money accumulated as of such date in the Debt Service Fund and the amount necessary to be transferred to the Debt Service Reserve Fund as required herein. After making the aforementioned determination, in the event the revenues from the Expansion HOT are not sufficient to satisfy the payment obligations set forth in clauses First through Third above, the City shall retain in the Expansion HOT Fund any amount necessary (after taking into consideration any lawfully available revenues that may be utilized by the City to pay the debt service requirements on the Hotel Bonds) for the timely payment of the debt service requirements on the Hotel Bonds, and, to the extent funds are available in the Expansion HOT Fund, shall first make transfers to the debt service fund and debt service reserve fund as required by the ordinance authorizing the Hotel Bonds. Any money remaining in the Expansion HOT Fund after such transfers and the retention for the payment of the Debt Service Requirements on the Prior Lien Bonds and Bonds Similarly Secured not issued for the hotel for the Convention Center may be transferred to the Facilities Fund to be used by the City for any lawful purpose. Any money retained in the Pledged 1.75% Account and the Pledged 5.25% Account for Debt Service Requirements on the Bonds Similarly Secured needed for such purpose on any Transfer Date shall be immediately transferred to the Debt Service Fund on such Transfer Date.

B. General HOT. The City covenants and agrees all revenues from the General HOT shall be deposited as received to the General HOT Fund and immediately allocated as follows: 25% of the General HOT revenues to the Pledged 1.75% Account and 75% of the General HOT revenues to the Pledged 5.25% Account.

Money in the Pledged 1.75% Account must be used as follows:

(1) First, to transfer any necessary amounts to the Prior Lien Bonds Debt Service Fund required by the Prior Lien Bonds Ordinance which is secured by a prior lien on and pledge of the Pledged 1.75% HOT;

(2) Second, to transfer any necessary amounts to the Debt Service Reserve Fund required by the Prior Lien Bonds Ordinance which is secured by a prior lien on and pledge of the Pledged 1.75% HOT;

(3) Third, to transfer any necessary amounts to the Debt Service Fund required by ordinances authorizing the issuance of the Bonds Similarly Secured or any Reimbursement Obligations; and

(4) Fourth, to transfer all amounts to the Debt Service Reserve Fund required by the ordinances authorizing the issuance of the Bonds Similarly Secured.

(5) Fifth, to transfer any necessary amounts to the Debt Service Fund and Debt Service Reserve Fund required by the ordinance authorizing the issuance of the Subordinate Lien Obligations.

Money in the Pledged 5.25% Account may be used as follows:

(1) First, to transfer all amounts to the Prior Lien Bonds Debt Service Fund required by the Prior Lien Bonds Ordinance;

(2) Second, to transfer all amounts to the Debt Service Reserve Fund required by the Prior Lien Bonds Ordinance;

(3) Third, to transfer all amounts to the Debt Service Fund required by the ordinances authorizing the issuance of the Bonds Similarly Secured or any Reimbursement Obligations; and

(4) Fourth, to transfer all amounts to the Debt Service Reserve Fund required by the ordinances authorizing the issuance of the Bonds Similarly Secured.

As often as the City shall deem necessary, but at least once a month on or before the penultimate Business Day of each month, the City shall determine the amounts necessary from the Pledged Revenues, if any, to pay the debt service requirements on the Prior Lien Bonds and the amounts necessary to pay the Bonds Similarly Secured and the Reimbursement Obligations, taking into consideration the money accumulated as of such date in the respective Debt Service Fund and the amount necessary to be transferred to the Debt Service Reserve Fund as required herein. After making the aforementioned determination, the City shall transfer the amounts so determined to be necessary to the Prior Lien Bonds Debt Service Fund and shall retain any amount necessary for the timely payment of the debt service requirements on the Prior Lien Bonds in the Pledged 1.75% Account and the Pledged 5.25% Account, and, to the extent funds are available, shall make transfers to the Debt Service Reserve Fund as required by the Prior Lien Bonds Ordinance. Any money remaining in the Pledged 1.75% Account and the Pledged 5.25% Account after such transfers and the retention for debt service requirements on the Prior Lien Bonds may be transferred to the Debt Service Fund and the Debt Service Reserve Fund for the Bonds Similarly Secured and the Reimbursement Obligations to be used pursuant to Sections 5.4 and 5.6 herein.

C. Investment Proceeds. The City covenants and agrees that the earnings of the investment of the funds created or confirmed by this Ordinance shall be used as follows (to the extent not necessary for rebate purposes as described herein):

(1) Debt Service Fund earnings shall be retained in the Debt Service Fund;

(2) Debt Service Reserve Fund earnings shall be retained in the Debt Service Reserve Fund to the extent necessary to restore the Reserve Fund Requirement therein and thereafter transferred to the Debt Service Fund;

(3) Facilities Fund earnings shall be retained in the Facilities Fund;

(4) Earnings in the Pledged 1.75% Account and the Pledged 5.25% Account of the General HOT Fund shall be retained in each Account;

(5) Construction Fund earnings shall be retained in the Construction Fund until the Expansion Project is complete and thereafter any surplus in the Construction Fund shall be transferred to the Debt Service Fund.

SECTION 5.4 Debt Service Fund. In addition to the deposits to the Debt Service Fund for the payment of the Parity Bonds, the City covenants and agrees that prior to each interest payment date, stated maturity date, designated payment date for a Reimbursement Obligation (as specified by and required under the Reimbursement Agreement or such subsequently-effective Credit Agreement) and mandatory or optional

redemption date for the Bonds there shall be deposited into the Debt Service Fund an amount equal to one hundred percent (100%) of the amount required to fully pay the amount then due and payable on the Bonds, and other amounts due under the Liquidity Facility, the Reimbursement Agreement, any Credit Facility, the Remarketing Agreement, and the Paying Agent/Registrar Agreement, as the same become due and payable, and to continue to do so for so long as any Bonds remain Outstanding or the City remains obligated under any of such agreements. Deposits to the Debt Service Fund to pay principal of the Bonds at maturity or mandatory redemption, as the case may be, and accrued interest thereon on any Interest Payment Date shall be made in substantially equal quarterly installments (based on the total annual Debt Service Requirements to be paid on the Bonds divided by the number of Transfer Dates (i.e., February 14, May 14, August 14 and November 14) to occur during the period covered by such calculation) on or before each Transfer Date, beginning on the first Transfer Date to occur after the delivery of the Bonds.

In addition, on each Transfer Date, the City covenants and agrees to cause to be deposited into the Debt Service Fund an amount calculated to pay all expenses of providing for the full and timely payment of the principal of, redemption premium, if any, and interest on the Bonds Similarly Secured in accordance with their terms, including without limitation, all fees charged by the Liquidity Bank or charged or incurred by the Paying Agent/Registrar and for trustee services rendered in connection with the Bonds Similarly Secured.

Money credited to the Debt Service Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Bonds Similarly Secured issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and redemption premiums on the Bonds Similarly Secured, plus all Initial Liquidity Bank fees, plus all Paying Agent/Registrar charges and other costs and expenses relating to such payment, including those described above. On or before each principal and/or interest payment date on the Bonds Similarly Secured, the City shall transfer from the Debt Service Fund to the appropriate Liquidity Bank, Credit Enhancer, or paying agent/registrar amounts equal to the principal, interest and redemption premiums payable on the Bonds Similarly Secured on such date.

SECTION 5.5 Debt Service Reserve Fund.

A. The City shall establish and maintain as hereinafter provided a balance in the Debt Service Reserve Fund equal to the Reserve Fund Requirement for the Common Reserve Fund Bonds. Upon the issuance of the Bonds, the Reserve Fund Requirement for the Common Reserve Fund Bonds shall initially be $20,331,244. The Reserve Fund Requirement shall initially be funded at the time of issuance and delivery of each series of Common Reserve Fund Bonds from proceeds of the such bonds. The City may, however, substitute a Debt Service Reserve Fund Surety Bond for cash in the Debt Service Reserve Fund upon written notice to the Initial Liquidity Bank.

B. Each increase in the Reserve Fund Requirement resulting from the issuance of Common Reserve Fund Bonds shall be funded at the time of issuance and delivery of such series of Common Reserve Fund Bonds by either (i) depositing proceeds of such Common Reserve Fund Bonds or other lawfully available funds, including the Facilities Fund, in not less than an amount to fund the Reserve Fund Requirement upon the delivery of such Common Reserve Fund Bonds, (ii) to the extent permitted by applicable law, providing a Debt Service Reserve Fund Surety Bond sufficient to provide such portion of the Reserve Fund Requirement, or (iii) retaining revenues in the Debt Service Reserve Fund from the Pledged Revenues, or other lawfully available funds, in approximately equal monthly installments, over a period of time not to exceed 12 months from the date of delivery of such Common Reserve Fund Bonds to accumulate the Reserve Fund Requirement.

C. If the Debt Service Reserve Fund contains less than the Reserve Fund Requirement for the Common Reserve Fund Bonds (or so much thereof as shall then be required to be therein if the City has elected to accumulate the Reserve Fund Requirement for any series of Common Reserve Fund Bonds as above provided) or in which the City is obligated to repay or reimburse any provider of a Debt Service Reserve Fund Surety Bond (in the event such Debt Service Reserve Fund Surety Bond is drawn upon), then such amounts as shall be necessary to reestablish in the Debt Service Reserve Fund the Reserve Fund Requirement and satisfy any repayment obligations to the issuer of any Debt Service Reserve Fund Surety Bond shall be transferred from the Pledged Revenues, or any other lawfully available funds, in 12 equal monthly installments. After such amount has been accumulated in the Debt Service Reserve Fund, and after satisfying any repayment obligation to any Debt Service Reserve Fund Surety Bond provider and so long thereafter as the Debt Service Reserve Fund contains the Reserve Fund Requirement and all such repayment obligations have been satisfied, no further transfers shall be required to be made, and any earnings on Debt Service Reserve Fund shall be transferred to the Debt Service Fund. But if and whenever the balance in the Debt Service Reserve Fund is reduced below the Reserve Fund Requirement or any Debt Service Reserve Fund Surety Bond repayment obligations arise, transfers to the Debt Service Reserve Fund shall be resumed and continued in the manner provided above to restore the Reserve Fund Requirement and to pay such reimbursement obligations.

D. The following requirements must be met in the event the City desires to satisfy the Reserve Fund Requirement by a deposit of a Debt Service Reserve Fund Surety Bond in lieu of cash:

(1) A Debt Service Reserve Fund Surety Bond in the form of a surety bond or insurance policy issued to the entity serving as Paying Agent/Registrar (the "Fiduciary"), as agent of the Bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Common Reserve Fund Bonds (a "municipal bond insurer") may be deposited in the Debt Service Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of the issuer thereof shall be rated "AAA" by Moody's or "Aaa" by S&P.

(2) A Debt Service Reserve Fund Surety Bond in the form of a surety bond or insurance policy issued to the Fiduciary, as agent of the Bondholders, by an entity other than a municipal bond insurer may be deposited in the Debt Service Reserve Fund to meet the Reserve Fund Requirement if the form and substance of such instrument and the issuer thereof shall be approved by the Initial Liquidity Bank.

(3) A Debt Service Reserve Fund Surety Bond in the form of an unconditional irrevocable letter of credit issued to the Fiduciary, as agent of the Bondholders, by a bank may be deposited in the Debt Service Reserve Fund to meet the Reserve Fund Requirement if the issuer thereof is rated at least "AA" by S&P and has been approved, in writing, by the Initial Liquidity Bank. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Common Reserve Fund Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the City, the Initial Liquidity Bank, and the Fiduciary, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

If such notice indicates that the expiration date shall not be extended, the City shall deposit in the Debt Service Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Debt Service Reserve Fund together with any other qualifying credit instruments, to equal the Reserve Fund Requirement on all outstanding Common Reserve Fund Bonds, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the letter of credit, unless the Debt

Service Reserve Fund Surety Bond is replaced by a Debt Service Reserve Fund Surety Bond meeting the requirements in any of (i), (ii), or (iii) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. This Ordinance, in turn, directs the Fiduciary to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Debt Service Reserve Fund is fully funded in its required amount.

(4) The use of any Debt Service Reserve Fund Surety Bond pursuant to this Section shall be subject to receipt of an opinion of counsel acceptable to the Initial Liquidity Bank and in form and substance satisfactory to the Initial Liquidity Bank as to the due authorization, execution, delivery, and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Debt Service Reserve Fund Surety Bond is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Initial Liquidity Bank.

(5) The obligation to reimburse the issuer of a Debt Service Reserve Fund Surety Bond for any fees, expenses, claims, or draws upon a Debt Service Reserve Fund Surety Bond shall be subordinate to the payment of Debt Service Requirements on the Common Reserve Fund Bonds and the Reimbursement Obligations. The right of the issuer of a Debt Service Reserve Fund Surety Bond to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Debt Service Reserve Fund, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Debt Service Reserve Fund. The Debt Service Reserve Fund Surety Bond shall provide for a revolving feature under which amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Debt Service Reserve Fund Surety Bond to reimbursement will be further subordinated to cash replenishment of the Debt Service Reserve Fund to an amount equal to the difference between the full original amount available under the Debt Service Reserve Fund Surety Bond and the amount then available for further draws or claims. If (A) the issuer of a Debt Service Reserve Fund Surety Bond becomes insolvent, or (B) the issuer of a Debt Service Reserve Fund Surety Bond defaults in its payment obligations thereunder, or (C) the claims-paying ability of the issuer of the insurance policy or surety bond constituting a Debt Service Reserve Fund Surety Bond falls below a S&P "AAA" or a Moody's "Aaa" or (D) the ratings of the issuer of the letter of credit constituting a Debt Service Reserve Fund Surety Bond falls below a S&P "AA", the obligation to reimburse the issuer of the Debt Service Reserve Fund Surety Bond shall be subordinate to the cash replenishment of the Debt Service Reserve Fund.

(6) If (A) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated, or (B) the ratings of the claims paying ability of the issuer of the surety bond or insurance policy constituting a Debt Service Reserve Fund Surety Bond falls below a S&P "AAA" or a Moody's "Aaa", or (C) the rating of the issuer of the letter of credit constituting a Debt Service Reserve Fund Surety Bond falls below a S&P "AA", the City shall either (1) deposit into the Debt Service Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Debt Service Reserve Fund to equal the Reserve Fund Requirement on all outstanding Common Reserve Fund Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually, or (2) replace such instrument with a surety bond, insurance policy, or letter of credit meeting the requirements in any of (i), (ii), or (iii) above within six months of such occurrence. In the event (A) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy constituting a Debt Service Reserve Fund Surety Bond falls below S&P "A" or (B) the rating of the issuer of the letter of credit constituting a Debt Service Reserve Fund Surety Bond falls below S&P "A" or (C) the issuer of the Debt Service Reserve Fund Surety Bond defaults in its payment obligations or (D) the issuer of the Debt Service Reserve Fund Surety Bond becomes insolvent, the City shall either (A) deposit into the Debt

Service Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Debt Service Reserve Fund to equal to the Reserve Fund Requirement on all outstanding Common Reserve Fund Bonds, such amount to paid over the ensuing year in equal installments on at least a monthly basis or (B) replace such instrument with a surety bond, insurance policy, or letter of credit meeting the requirements in any of (i), (ii), or (iii) above within six months of such occurrence.

(7) Where applicable, the amount available for draws or claims under the Debt Service Reserve Fund Surety Bond may be reduced by the amount of cash or permitted investments deposited in the Debt Service Reserve Fund pursuant to clause (C)(1) of the preceding subparagraph (vi).

(8) If the City chooses the above described alternatives to a cash-funded Debt Service Reserve Fund, any amounts owed by the City to the issuer of such Debt Service Reserve Fund Surety Bond as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of Debt Service Requirements required to be made pursuant to the Ordinance for any purpose, e.g., Additional Bonds test.

(9) The Fiduciary shall ascertain the necessity for a claim or draw upon the Debt Service Reserve Fund Surety Bond (and while the Initial Liquidity Facility is in effect and there is no Liquidity Bank Default, the Fiduciary shall deem it necessary to draw upon the Debt Service Reserve Fund Surety Bond to the extent cash in the Debt Service Reserve Fund is insufficient to reimburse the Initial Liquidity Bank) and provide notice to the issuer thereof in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Debt Service Reserve Fund Surety Bond) prior to each interest payment date.

(10) Cash on deposit in the Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Debt Service Reserve Fund Surety Bond. If and to the extent that more than one Debt Service Reserve Fund Surety Bond is deposited in the Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

E. If as a result of valuation of investments, as described in Section 5.8, of the Debt Service Reserve Fund, the value of the Debt Service Reserve Fund does not equal the Reserve Fund Requirement, the City shall be required to replace such investments or transfer Pledged Revenues, or transfer from other lawfully available funds or money in the Pledged Account, to the Debt Service Reserve Fund, to bring the Debt Service Reserve Fund to the Reserve Fund Requirement over a 12-month period in equal monthly deposits.

F. The Debt Service Reserve Fund shall be used to pay the principal of and interest on the Common Reserve Fund Bonds, as well as Reimbursement Obligations, at any time when there is not sufficient money available in the Debt Service Fund for such purpose, and to make any payments required to satisfy repayment obligations to providers of Debt Service Reserve Fund Surety Bonds, and may be used to make the final payments for the retirement or defeasance of the Common Reserve Fund Bonds.

SECTION 5.6 Funds and Accounts for Subordinate Lien Obligations. On or before each Transfer Date, after making all required transfers to the Debt Service Fund and the Debt Service Reserve Fund, there shall be transferred into such funds and accounts as shall be established for such purpose pursuant to the ordinances authorizing the issuance of any Subordinate Lien Obligations, such amounts as shall be required pursuant to such ordinances to provide for the payment, or to provide reserves for the payment, of any principal of and interest and any premium on Subordinate Lien Obligations, including all costs of

paying same and all costs incurred or to be incurred pursuant to any Reimbursement Obligations incurred in connection therewith.

SECTION 5.7 Construction Fund. From the proceeds of each series of Bonds Similarly Secured issued to provide for authorized projects there shall be deposited into a construction fund such amounts as shall be provided in the ordinance authorizing such series of Bonds Similarly Secured. Such amounts may be applied to pay costs of establishing, improving, enlarging, extending and repairing an authorized project, to reimburse advances made by the City for such costs, to pay costs of issuance of the Bonds Similarly Secured and to pay any other capital costs of authorized projects as provided in the ordinance authorizing such series of Additional Bonds. Any surplus amounts not required for the foregoing purposes shall, at the direction of the City, be transferred to the Debt Service Fund.

SECTION 5.8 Investment of Funds; Transfer of Investment Income.

A. Except as it may be otherwise restricted under this Section, Money in all funds required to be maintained by this Ordinance shall, at the option of the City, be invested in the manner provided by Texas law; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. Money in such funds may be subjected to further investment restrictions imposed from time to time by ordinances authorizing the issuance of Prior Lien Bonds, Bonds Similarly Secured, and Subordinate Lien Obligations. All such investments shall be valued no less frequently than the last Business Day of the City's Fiscal Year at market value, 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. 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 City, in common investments or in a common pool of such investments maintained by the City at an official depository of the City or in any fund or investment vehicle permitted by Texas law, which shall not be deemed to be a loss of the segregation of such money or funds provided that safekeeping receipts, certificates of participation or other documents 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 funds are held by or on behalf of each such fund. If and to the extent necessary, such investments or participations therein shall be promptly sold to prevent any default.

B. All interest and income derived from deposits and investments credited to any funds and accounts shall be transferred to the designated fund not less frequently than monthly, except as provided in (C) below; provided that at any time when the Debt Service Reserve Fund has on deposit an amount less than the Reserve Fund Requirement, all interest and income on from deposits and investments credited to such fund shall remain therein.

C. Notwithstanding anything to the contrary contained herein, any interest and income derived from deposits and investments of any amounts credited to any fund or account may be (i) transferred into any rebate account or subaccount and (ii) paid to the federal government if in the opinion of nationally recognized bond counsel such payment is required to comply with any covenant contained in an order, resolution or ordinance to prevent interest on any Prior Lien Bonds, Bonds Similarly Secured, or Subordinate Lien Obligations from being includable within the gross income of the owners thereof for federal income tax purposes.

D. Notwithstanding anything to the contrary contained herein, proceeds resulting from a draw under the initial Liquidity Facility or the remarketing of any Bonds shall, until needed for their intended purpose, either be held uninvested or, if invested, only invested in those securities identified in Clause (1) of the definition of "Government Obligations", which obligations mature prior to the earlier to occur of the 30th day from the date of their purchase and the date when needed for their intended purpose.

SECTION 5.9 Security for Uninvested Funds. While any Bonds Similarly Secured remain Outstanding or Reimbursement Obligations remain outstanding, all uninvested money on deposit in, or credited to, the above described funds and accounts shall be secured by the pledge of security, as provided by Texas law.

ARTICLE SIX
ADDITIONAL BONDS

SECTION 6.1 Additional Bonds. The City reserves the right to issue, for any lawful purpose, by ordinance or resolution separate from this Ordinance, one or more installments of Additional Bonds payable from and, together with the Parity Bonds and the Bonds, equally and ratably secured by a subordinate and inferior lien on and pledge of the Pledged Revenues and certain special funds; provided, however, that no such Additional Bonds shall be issued unless:

A. No Default; Fund Balances. The City's Director of Finance (or other officer of the City then having primary responsibility for the financial affairs of the City) shall certify that, upon the issuance of such Additional Bonds, (i) the City will not be in default under any term or provision of any Bonds Similarly Secured then Outstanding or any ordinance pursuant to which any of such Bonds Similarly Secured were issued and (ii) the Debt Service Fund will have the required amounts on deposit therein and the Debt Service Reserve Fund will contain the applicable Reserve Fund Requirement or so much thereof as is required to be funded at such time.

B. Coverage for Additional Bonds. The City's Director of Finance (or other officer of the City having primary responsibility for the financial affairs of the City) shall provide a certificate showing that, for the City's most recent complete Fiscal Year or for any consecutive 12-month period out of the most recent 18 months, the Pledged Revenues for the above period are equal to at least 150% of the maximum annual Debt Service Requirements on all Bonds Similarly Secured scheduled to occur in the then current or any future Fiscal Year after taking into consideration the issuance of the Additional Bonds proposed to be issued. In making a determination of the Pledged Revenues, the City may take into consideration an increase in the portion of the HOT pledged and dedicated to the payment of Prior Lien Bonds and Bonds Similarly Secured that became effective during the period for which Pledged Revenues are determined and, for purposes of satisfying the above coverage tests, make a pro forma determination of the Pledged Revenues for the period of time covered by such certification based on such increased portion of the HOT pledged and dedicated to the payment of the Bonds Similarly Secured being in effect for the entire period covered by the certificate.

C. Refunding Bonds. If Additional Bonds are issued for the purpose of refunding less than all Bonds Similarly Secured then Outstanding, the certifications described in (b) above shall not be required if the maximum annual and the average annual Debt Service Requirements for all Bonds Similarly Secured to be Outstanding in any Fiscal Year after the issuance of such Additional Bonds will not exceed the maximum annual and the average annual Debt Service Requirements for all Bonds Similarly Secured Outstanding in any Fiscal Year prior to the issuance of Additional Bonds with respect to the maximum annual Debt Service Requirements and in the prior Fiscal Year with respect to the average annual Debt Service Requirements.

D. Bond Ordinance Requirements. Provision shall be made in the ordinances authorizing the issuance of the Additional Bonds for (i) additional payments into the Debt Service Fund sufficient to provide for increased Debt Service Requirements resulting from the issuance of the Additional Bonds including, in the event that interest on the Additional Bonds is capitalized and/or to be paid from investment earnings, a requirement for the transfer from the capitalized interest fund or account and/or from the construction fund to the Debt Service Fund of amounts fully sufficient to pay interest on such Additional Bonds during the period specified in the ordinance, and (ii) satisfaction of the Reserve Fund

Requirement by not later than the date required by this Ordinance or any other ordinance authorizing Additional Bonds.

SECTION 6.2 Subordinate Lien Obligations. The City reserves the right to issue or incur, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Pledged Revenues and subordinate to the liens on Pledged Revenues securing payment of the Prior Lien Bonds and Bonds Similarly Secured.

SECTION 6.3 Reimbursement Obligation. The City may enter into a Reimbursement Obligation in connection with any Bonds Similarly Secured only if the aggregate principal amount of the City's obligations under any such Reimbursement Obligation, as measured at the time that the City must make a payment thereunder, would satisfy the test for the issuance of Bonds Similarly Secured contained in Section 6.1 of this Ordinance as if such Reimbursement Obligation was being issued as a Bond Similarly Secured under this Ordinance.

ARTICLE SEVEN
COVENANTS AND PROVISIONS RELATING TO ALL BONDS

SECTION 7.1 Punctual Payment of Bonds. The City covenants it will punctually pay or cause to be paid the interest and any redemption premium on and principal of all Bonds according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in any other ordinance authorizing the issuance of such Bonds.

SECTION 7.2 Pledge and Encumbrance of Revenues. The City covenants and represents that it has the lawful power to create a lien on and to pledge the Pledged Revenues to secure the payment of the Bonds and the Reimbursement Obligations and has lawfully exercised such power under the Constitution and laws of the State of Texas. The City further covenants and represents that, other than to the payment of the Prior Lien Bonds and Bonds Similarly Secured (which expressly includes the Reimbursement Obligations relating thereto), the Pledged Revenues are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the City, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Bonds Similarly Secured.

SECTION 7.3 Bondholders Remedies.

A. This Ordinance shall constitute a contract between the City and the Owners of the Bonds from time to time Outstanding and this Ordinance shall be and remain irrepealable until the Bonds and the interest and any premium thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein. In the event of a default in the payment of the principal of or interest or any premium on any of the Bonds or a default in the performance of any duty or covenant provided by law or in this Ordinance, the Owner or Owners of any of the Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Bonds may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the City under this Ordinance, including the application of Pledged Revenues in the manner required in this Ordinance; provided, however, that the Owners of the Bonds shall never have the right to demand payment of the principal of, interest on or any redemption premium on the Bonds out of any funds raised or to be raised by taxation, other than the Pledged Revenues.

B. In addition to the foregoing rights and remedies, a Bank Bondholder may, with respect to Bank Bonds acquired thereby pursuant to a mandatory tender effectuated in accordance with the provisions of *Section 2.6A(3)(a)(i)(B)* of this Ordinance, request, in writing, that the Paying Agent/Registrar accelerate said Bank Bonds, making the same immediately due and payable.

SECTION 7.4 Business Days. 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 day that is not a Business Day, then payment of interest, redemption premium or principal need not be made on such date but may be made on the next succeeding day which is a Business 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. In case any Transfer Date shall be a day that is not a Business Day, then the transfer otherwise required to be made on such date pursuant to Section 5.4 hereof shall be made on the next preceding date which is a Business Day.

ARTICLE EIGHT
CONCERNING THE PAYING AGENT/REGISTRAR

SECTION 8.1 Paying Agent/Registrar Agreement. The form of Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar attached hereto as Exhibit A is hereby approved. The City Manager is hereby authorized and directed to execute and deliver said Agreement on behalf of the City, and the City Clerk is authorized to attest said Agreement and to affix the seal of the City thereto. The Paying Agent/Registrar, by undertaking the performance of the duties of the Paying Agent/Registrar hereunder and under said agreement, and in consideration of the payment of fees and/or deposits of money pursuant to this Ordinance and said agreement, accepts and agrees to abide by the terms of this Ordinance and said Agreement.

SECTION 8.2 Trust Funds. All money transferred by the City to the Paying Agent/Registrar under this Ordinance (except sums representing the fees of the Initial Liquidity Bank and the Paying Agent/Registrar's fees) shall be held in trust for the benefit of the City, shall be the property of the City, and shall be disbursed in accordance with this Ordinance.

SECTION 8.3 Bonds Presented. Subject to the provisions of Section 7.4, all matured Bonds presented to the Paying Agent/Registrar for payment shall be paid without the necessity of further instructions from the City. Such Bonds shall be canceled as provided herein.

SECTION 8.4 Unclaimed Funds Held by the Paying Agent/Registrar. Funds held by the Paying Agent/Registrar which represent principal of and interest and any redemption premium on the Bonds remaining unclaimed by the owner after the expiration of three years from the date such funds have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

The Paying Agent/Registrar shall have no liability to the Owners of the Bonds by virtue of actions taken in compliance with this Section.

SECTION 8.5 Paying Agent/Registrar May Own Bonds. The Paying Agent/Registrar in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent/Registrar.

SECTION 8.6 Successor Paying Agent/Registrars. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying

Agent/Registrar shall be a bank, trust company, financial institution, or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

ARTICLE NINE
ALTERATION OF RIGHTS AND DUTIES; AMENDMENT OF ORDINANCE

SECTION 9.1 Alternation of Rights and Duties. The rights, duties, and obligations of the City and the Owners of the Bonds are subject in all respects to all applicable federal and state laws including, without limitation, the provisions of federal law regarding the composition of indebtedness of political subdivisions, as the same now exist or may hereafter be amended.

SECTION 9.2 Amendment of Ordinance Without Consent. The City may, without the consent of or notice to any of the Owners of the Bonds, amend this Ordinance for any one or more of the following purposes:

(1) to cure any ambiguity, defect, omission or inconsistent provision in this Ordinance or in the Bonds; or to comply with any applicable provision of law or regulation of federal agencies; provided, however, that such action shall not adversely affect the interests of the Owners of the Bonds;

(2) to change the terms or provisions of this Ordinance to the extent necessary to prevent the interest on the Bonds from being includable within the gross income of the Owners thereof for federal income tax purposes;

(3) to grant to or confer upon the Owners of the Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners of the Bonds;

(4) to add to the covenants and agreements of the City contained in this Ordinance other covenants and agreements of, or conditions or restrictions upon, the City or to surrender or eliminate any right or power reserved to or conferred upon the City in this Ordinance;

(5) to amend any provisions hereof relating to the issuance of Subordinate Lien Obligations, including Variable Rate Obligations, or the incurrence of and security for Reimbursement Obligations or the definition of Variable Rate Obligations provided such amendment does not cause any reduction in any rating assigned to the Bonds by any major municipal securities evaluation service then rating the Bonds; and

(6) to subject to the lien and pledge of this Ordinance additional Pledged Revenues, provided such amendment does not cause any reduction in any rating assigned to the Bonds by any major municipal securities evaluation service then rating the Bonds.

SECTION 9.3 Amendments of Ordinance Requiring Consent. The City may at any time adopt one or more ordinances amending, modifying, adding to or eliminating any of the provisions of this Ordinance but, if such amendment is not of the character described in Section 9.2 hereof, only with the consent given in accordance with Section 9.4 hereof of the Owner or Owners of not less than 66-2/3% of the aggregate unpaid principal amount of the Bonds Similarly Secured then Outstanding and affected by such amendment, modification, addition, or elimination; provided, however, that nothing in this Section shall permit (1) an extension of the maturity of the principal of or interest on any Bond issued hereunder, or (2) a reduction in the principal amount of any Bond or the rate of interest on any Bond, or (3) a privilege or

priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such amendment.

SECTION 9.4 Consent of Owners. Any consent required by Section 9.3 hereof by any Owner shall be in writing, may be in any number of concurrent writings of similar tenor, and may be signed by such Owner or his duly authorized attorney. Proof of the execution of any such consent or of the writing appointing any such attorney and of the ownership of Bonds Similarly Secured, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City with regard to any action taken, suffered or omitted to be taken by the City under such instrument, namely:

(1) the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution; and

(2) the fact of the ownership by any person of any Bond Similarly Secured and the date of the ownership of same may be proved by a certificate executed by an appropriate officer of the Paying Agent/Registrar, stating that at the date thereof such Bond Similarly Secured was registered in the name of such party in the Register.

In lieu of the foregoing the City may accept such other proofs of the foregoing as it shall deem appropriate.

Consents required pursuant to Section 9.3 shall be valid only if given following the mailing of notice by or on behalf of the City requesting such consent and setting forth the substance of the amendment of this Ordinance in respect of which such consent is sought and stating that copies thereof are available at the office of the City Clerk for inspection. Such notice shall be mailed by certified mail to each Owner of the Bonds Similarly Secured affected at the address shown on the Security Register.

SECTION 9.5 Revocation of Consent. Any consent by any Owner of a Bond Similarly Secured pursuant to the provisions of this Article shall be irrevocable for a period of six months from the date of mailing of the notice provided for in this Article, and shall be conclusive and binding upon all future Owners of the same Bond Similarly Secured and any Bond Similarly Secured delivered on transfer thereof or in exchange for or replacement thereof during such period. Such consent may be revoked at any time after six months from the date of the first mailing of such notice by the owner who gave such consent or by a successor in title, by filing notice thereof with the Paying Agent/Registrar, but such revocation shall not be effective if the Owners of a majority in aggregate principal amount of the Bonds Similarly Secured Outstanding as in this Ordinance defined have, prior to the attempted revocation, consented to and approved the amendment.

ARTICLE TEN
PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF BONDS

SECTION 10.1 Escrow Agreement Approval and Execution. The Escrow and Trust Agreement (the "Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent"), attached hereto as Exhibit F 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 or City Manager and City Clerk for and on behalf of the City and as the act and deed of the City Council; and such Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Agreement herein approved.

Furthermore, the Director of Finance (or other officers of the City then having primary responsibility for the financial affairs of the City), individually or jointly, in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Escrowed Securities identified in the Agreement and the delivery thereof to the Escrow Agent for deposit to the credit of the "2008 CITY OF SAN ANTONIO, TEXAS HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE DEMAND REVENUE AND REFUNDING BOND ESCROW FUND" (the "***Escrow Fund***") for the payment, discharge and defeasance of the Refunded Bonds; all as contemplated and provided in Chapter 1207, as amended, Texas Government Code, this Ordinance and the Agreement.

SECTION 10.2 Control and Custody of Bonds. The City Manager is hereby authorized to have control and custody of the Initial Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Clerk, are hereby authorized and instructed to make such certifications and to execute such instruments and agreements, including agreements pertaining to the Debt Service Reserve Fund Surety Bond, as may be necessary to accomplish the initial delivery of the Initial Bonds and to assure the investigation, examination, and approval thereof by the Attorney General of the State of Texas and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of Public Accounts of the State of Texas (or a deputy designated in writing to act for him) shall be requested to sign manually the Comptroller's Registration Certificate prescribed herein to be attached or affixed to the Initial Bonds and the seal of the Comptroller of Public Accounts of the State of Texas shall be impressed or printed or lithographed thereon.

SECTION 10.3 Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale of the Bonds (less accrued interest and costs of issuance, including amounts to pay initial Liquidity Facility fees) shall be deposited with the Escrow Agent for the payment and discharge of the Refunded Bonds being refunded, or into the Construction Fund, all in accordance with written instructions from the Designated Financial Officer, which can be in the form of a closing memorandum, to the Paying Agent/Registrar. Accrued interest received from the Purchasers shall be deposited to the credit of the Debt Service Fund.

Additionally, on or immediately prior to the date of delivery of the Bonds to the Underwriters, the Director of Finance shall cause to be transferred to the Escrow Agent the sum of $5,000,000 from funds deposited to the credit of the interest and sinking fund for the Refunded Bonds or from other lawfully available funds of the City.

ARTICLE ELEVEN
CONTINUING DISCLOSURE OF INFORMATION

A. Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

Rule means SEC Rule 15c2-12, as amended from time to time.

SEC means the United States Securities and Exchange Commission.

While in the Daily Mode or the Weekly Mode, the Bonds are required to be in denominations of $100,000 or more, and may, at the option of the Holders thereof, be tendered to the Paying Agent/Registrar, in its capacity as the designated agent for the City, for redemption or purchase, at the price of par plus accrued interest to such redemption or purchase dates, at least as frequently as every nine months until the earlier of maturity, redemption, or purchase by the City (or its designated agent). SEC Rule 15c2-12 is, therefore, not applicable to the offering of the Bonds while they remain in the Daily Mode or the Weekly Mode. Accordingly, no contract to provide continuing disclosure information after the issuance of the Bonds has, at this time, been made by the City with investors.

ARTICLE TWELVE
PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

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

"Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

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

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

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 any Bond 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 receives 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 Bond, the City shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Bonds), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Bonds), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

D. No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

F. 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.

G. 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 the Secretary may prescribe.

H. 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 accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the City may 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 the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of 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 Purchasers 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 out of the Interest and Sinking Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(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 and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

I. 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 Section 11.08 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.

J. Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in

connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

K. Bonds Not Hedge Bonds. (1) At the time the original bonds refunded by the Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such bonds within three years after such bonds were issued and (2) not more than 50% of the proceeds of the original bonds refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(1) Current Refunding of the Refunded Obligations. The Bonds are issued, in part, to refund the Refunded Bonds, and the Bonds will be issued, and proceeds thereof used, within 90 days after the Closing Date for the redemption of the Refunded Bonds. In the issuance of the 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. The City has complied with the covenants, representations, and warranties contained in the documents executed in connection with the issuance of the Refunded Bonds.

ARTICLE THIRTEEN
LIQUIDITY FACILITY PROVISIONS

SECTION 13.1 Applicability. Notwithstanding anything to the contrary contained in this Ordinance, the following provisions shall be effective as long as the initial Liquidity Facility provided by the Initial Liquidity Bank is in effect.

SECTION 13.2 Consent of Initial Liquidity Bank. Any provision of this Ordinance expressly recognizing or granting rights in or to the Initial Liquidity Bank, specifically, or to any Liquidity Bank, generally, may not be amended in any manner which affects the rights of the Initial Liquidity Bank hereunder, without the prior written consent of the Initial Liquidity Bank.

Unless otherwise provided in this Section, the Initial Liquidity Bank's consent shall be required in connection with the execution and delivery of any resolution or ordinance supplemental hereto or in connection with any other matter which may require the approval of the holder of any Bonds Similarly Secured.

Anything in this Ordinance to the contrary notwithstanding, any request, demand, authorization, direction, notice, consent, waiver, or other action provided in this Ordinance to be given or taken by the Holders of Bonds to direct, consent to, or waive the exercise by the City of any right hereunder shall be given or taken by, and only by, a written instrument signed by the Initial Liquidity Bank. Whenever in this Ordinance it is provided that certain acts or agreements may be taken, made, or waived with the consent of the Holder of the Bonds or any portion thereof, no such act or agreement may be taken, made, or waived unless the Initial Liquidity Bank has consented thereto in writing.

The Initial Liquidity Bank shall be deemed to be the sole holder of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the Bonds are entitled to take pursuant to the provisions of this Ordinance pertaining to events of default and remedies. In addition, there shall be no modification of this Ordinance without the prior written consent of the Initial Liquidity Bank.

SECTION 13.3 Notices to Initial Liquidity Bank; Inspections by Initial Liquidity Bank. The City shall furnish to the Initial Liquidity Bank:

A. as soon as practicable after the completion thereof, a copy of the City's audited annual financial report and a copy of the City's annual budget;

B. a copy of any notice to be given to the registered owners of the Bonds or to the Paying Agent/Registrar, including, without limitation, notice of any redemption or defeasance of any Bonds, and any certificate rendered pursuant to this Ordinance relating to the security for the Bonds; and

C. such additional information as the Initial Liquidity Bank may reasonably request.

The City shall permit the Initial Liquidity Bank to discuss the affairs, finances, and accounts of the City or any information the Initial Liquidity Bank may reasonably request regarding the security for the Bonds and for the Reimbursement Obligations relating to the Liquidity Facility with appropriate officers of the City. The City shall permit the Initial Liquidity Bank to have access to and make copies of all books and records relating to the Bonds at any reasonable time.

The Initial Liquidity Bank shall have the right to direct an accounting at the City's expense, and the City's failure to comply with such direction within 45 days after receipt of written notice thereof from the Initial Liquidity Bank shall be deemed an event of default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of any Bonds.

Notwithstanding any other provision of this Ordinance, the City shall immediately notify the Initial Liquidity Bank if at any time there are insufficient moneys to make any payments of principal of and/or interest on the Bonds or to make any payments due to the Initial Liquidity Bank as required under the Reimbursement Agreement, and immediately upon the occurrence of any event of default hereunder.

To the extent that the City has entered into a continuing disclosure agreement with respect to the Bonds, the Initial Liquidity Bank shall be included as a party to be notified.

SECTION 13.4 Events of Default; Remedies Upon an Event of Default. The occurrence of a "Default" or an "Event of Default" pursuant to the terms of the Reimbursement Agreement shall constitute an "Event of Default" under this Section 13.4.

Upon the occurrence and during the continuance of any Event of Default, the Initial Liquidity Bank may:

A. accrue interest on Reimbursement Obligations at the default interest rate set forth in the Reimbursement Agreement;

B. in its sole discretion, declare all advances, loans, and all other amounts due under the Reimbursement Agreement and all interest accrued thereon to be immediately due and payable, and upon such declaration the same shall become and be immediately due and payable, without presentment, protest, or other notice of any kind, all of which are hereby waived by the City,

C. notify the Paying Agent/Registrar in writing that an Event of Default has occurred and is continuing and request that (1) all of the Bonds be required to be tendered for purchase pursuant to and accordance with the provisions of *Section 2.6A(3)(a)(i)(B)* of this Ordinance and (2) the Paying Agent/Registrar pursue, at the Initial Liquidity Bank's written request and direction (but not before), all remedies available to it by contract, at law, or in equity, including but not limited to its rights under this Ordinance (which includes acceleration of Bank Bonds pursuant to *Section 7.3B* of this Ordinance); and

D. exercise any and all remedies afforded the Holders of the Bonds or Bank Bondholders, as applicable, pursuant to Section 7.3 hereunder.

The enumeration of the Initial Liquidity Bank's rights and remedies set forth in this Ordinance and in the Reimbursement Agreement are not intended to be exhaustive and the exercise by the Initial Liquidity Bank of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder, under the Reimbursement Agreement, or under any other agreement between the City and the Initial Liquidity Bank that may now or hereafter exist in law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Initial Liquidity Bank in exercising any right, power, or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or privilege preclude other or further exercise thereof or the exercise of any other right, power, or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the City and the Initial Liquidity Bank or their agents or employees shall be effective to change, modify, or discharge any provision of this Ordinance or of the Reimbursement Agreement or other Related Documents (as defined in the Reimbursement Agreement), or to constitute a waiver of any Event of Default.

SECTION 13.5 Interested Parties. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Initial Liquidity Bank, the Paying Agent/Registrar, Bond Counsel, the Remarketing Agent, and the registered owners of the Bonds, any right, remedy, or claim under or by reason of this Ordinance or any covenant, condition, or stipulation hereof, and all covenants, stipulations, promises, and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Initial Liquidity Bank, the Paying Agent/Registrar, Bond Counsel, the Remarketing Agent, and the registered owners of the Bonds. Notwithstanding any provision in this Ordinance to the contrary, the Initial Liquidity Bank is a third-party beneficiary of this Ordinance.

SECTION 13.6 Miscellaneous. The Initial Liquidity Bank shall approve any derivative instrument issued or entered into in connection with the Prior Lien Bonds, Bonds Similarly Secured, or Subordinate Lien Obligations.

ARTICLE FOURTEEN
MISCELLANEOUS

SECTION 14.1 Notices.

A. **General.** 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 Securities 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.

B. **Notice of Certain Events.** The City shall mail, first-class postage prepaid, notice of any of the following events to each Rating Service, whenever:

(1) ***Successor Paying Agent/Registrar***: the Paying Agent/Registrar has resigned or been removed and a successor Paying Agent/Registrar has been appointed, such notice to be mailed within 10 Business Days after the appointment of such successor Paying Agent/Registrar,

(2) ***Amendments***: an amendment or supplement to this Ordinance or to any Credit Facility (including any extension of the term of such Credit Facility), Liquidity Facility (including any extension of the term of such Liquidity Facility), or Remarketing Agreement is to be entered into, such notice to be mailed at least 10 Business Days prior to the effective date of such amendment or supplement,

(3) ***Release or Acceptance of Credit or Liquidity Support***: the expiration or release of the Credit Facility pursuant to Section 4.2J(2) or (5) or of any Liquidity Facility pursuant to Section 4.1B(2) or (4), or the acceptance of any Credit Facility or Liquidity Facility pursuant to Section 4.2K or 4.1C, is to occur, such notice to be mailed at least 10 Business Days prior to such date,

(4) ***Redemption***: the City elects to redeem all the Outstanding Bonds, such notice to be mailed within 10 Business Days after such election (and to specify the redemption date requested thereby),

(5) ***Change in Interest Mode***: the City elects to change the Interest Mode for the Bonds or any portion thereof, such notice to be mailed at least 10 Business Days prior to the effective date of the new Interest Mode for such Bonds or portions,

(6) ***Appointment of Successor Remarketing Agent***: the City appoints a successor Remarketing Agent for the Bonds, such notice to be mailed promptly after the successor Remarketing Agent for such Bonds is appointed,

(7) ***Defeasance***: any Bond is considered to be no longer Outstanding due to the deposit of money or Governmental Obligations in accordance with Section 4.4, such notice to be mailed promptly after such deposit,

(8) ***Waivers***: the Credit Enhancer has waived any default or compliance with any obligation of the City hereunder, such notice to be given promptly after such waiver,

(9) ***Mandatory Tenders***: the Bonds are required to be tendered for purchase pursuant to Section 2.6A(3), such notice to be given at least 10 days before the applicable Purchase Date,

(10) ***Acceleration of Bank Bonds***: the Bank has exercised its right to cause the acceleration of Bank Bonds in accordance with Section 7.3B, such notice to be given promptly after the exercise of such right, or

(11) ***Other Information***: any other information reasonably requested by a Rating Agency, such information to be forwarded promptly thereto after the City's receipt of such request.

Any such notice given (a) to Standard & Poor's Ratings Service addressed as specified in Section 4.2E(2), (b) to Moody's addressed to Moody's Investors Service, Inc. 7 World Trade Center at 250 Greenwich Street, Public Finance Group – 23rd Floor, MSPG Surveillance Team, New York, New York 10007, and (c) to Fitch addressed to Fitch Ratings, One State Street Plaza, New York, New York 10004, Attention: Municipal Structured Finance, 28th Floor.

C. Notices to Beneficial Owners. The Paying/Agent Registrar shall send to the beneficial owners of Bonds who have registered their ownership of Bonds with the Paying Agent/Registrar pursuant to Section 2.8C, at the mailing or email address so registered, a copy of each notice sent (or required by this Ordinance to be sent) by the Paying Agent/Registrar to the Bondholders or the Rating Services, contemporaneously with such notice to Bondholders.

SECTION 14.2 Further Procedures. The Mayor, the City Manager, the Director of Finance and the City Clerk and other appropriate officials of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

SECTION 14.3 Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 14.4 Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by Chapter 551, as amended, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

SECTION 14.5 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 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 Paying Agent/Registrar and the Holders.

SECTION 14.6 Inconsistent Provisions. All ordinances, orders or 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 contained herein.

SECTION 14.7 Incorporation of Preamble Recitals. The recitals contained in the preamble to this Ordinance 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 14.8 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 14.9 Expansion HOT. The City Council hereby recognizes that the proceeds from the Expansion HOT, which is not pledged to the payment of the Debt Service Requirements on the Bonds Similarly Secured or the Reimbursement Obligations, are legally permitted to be used for debt service requirements on the Hotel Bonds, to construct improvements to the Convention Center, or to pay debt service requirements as permitted by Section 351.1065(a) of the HOT Act, or to be deposited to the Facilities Fund created in the ordinance authorizing the Prior Lien Bonds to be used for the foregoing purposes.

SECTION 14.10 Effective Date. The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City's Home Rule Charter and this Ordinance shall become effective immediately upon its passage by eight affirmative votes, and it is so enacted.

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PASSED AND ADOPTED by an affirmative vote of _____ members of the City Council of the City of San Antonio, Texas, this the 12th day of June, 2008.

CITY OF SAN ANTONIO

Mayor

ATTEST:

City Clerk

(CITY SEAL)

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

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

EXHIBIT A

Paying Agent/Registrar Agreement

See Tab No. 7

EXHIBIT B

Remarketing Agreement

See Tab No. 10

EXHIBIT C

DTC Letter of Representations

See Tab No. 11

EXHIBIT D

Purchase Contract

See Tab No. 9

EXHIBIT E

Reimbursement and Security Agreement

See Tab No. 4

EXHIBIT F

Escrow Agreement

See Tab No. 8

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 12th day of June, 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
Sheila D. McNeil	Mayor Pro Tem
Mary Alice P. Cisneros	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: None, 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 HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE DEMAND REVENUE AND REFUNDING BONDS, SERIES 2008"; MAKING PROVISION FOR THE PAYMENT OF THESE BONDS ON A PARITY WITH CERTAIN OBLIGATIONS; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE, PAYMENT, SALE AND DELIVERY OF THESE BONDS INCLUDING THE APPROVAL AND EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A REMARKETING AGREEMENT, A PURCHASE CONTRACT, A REIMBURSEMENT AND SECURITY AGREEMENT, A PROMISSORY NOTE, AND AN ESCROW AGREEMENT AND THE APPROVAL AND DISTRIBUTION OF AN OFFERING MEMORANDUM, PROVIDING FOR THE DEFEASANCE OF THE BONDS BEING REFUNDED; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS

OF THE CITY STAFF TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE

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

11 voted "For" Ø voted "Against" Ø 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 12th day of June, 2008,.

(SEAL)

Leticia M. Vacek

City Clerk, City of San Antonio, Texas