

ORDINANCE NO. 2012-09-20-0714

AN ORDINANCE

REQUESTING THE CITY OF SAN ANTONIO, TEXAS PUBLIC FACILITIES CORPORATION (THE "CORPORATION") TO ISSUE UP TO \$585,000,000 IN PRINCIPAL AMOUNT OF LEASE REVENUE BONDS FOR THE PURPOSE OF REFUNDING ALL OUTSTANDING HOTEL OCCUPANCY TAX BONDS ISSUED BY THE CITY TO FINANCE AND REFINANCE THE CITY'S EXISTING CONVENTION CENTER AND FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MAJOR EXPANSION TO THE CONVENTION CENTER; APPROVING THE FORM AND EXECUTION OF A LEASE AGREEMENT, AN ESCROW AGREEMENT, A DEPOSIT AGREEMENT, AND A PURCHASE CONTRACT IN CONNECTION THEREWITH; APPROVING THE FORM OF A BOND RESOLUTION TO BE ADOPTED BY THE CORPORATION, AND CONSENTING TO THE EXECUTION AND DELIVERY BY THE CORPORATION OF A TRUST AGREEMENT, SUCH LEASE AGREEMENT, ESCROW AGREEMENT, DEPOSIT AGREEMENT AND PURCHASE CONTRACT, AND ALL OTHER RELATED DOCUMENTS AND AGREEMENTS, ALL IN CONNECTION WITH THE ISSUANCE BY THE CORPORATION OF SUCH LEASE REVENUE BONDS; CALLING CERTAIN OUTSTANDING HOTEL OCCUPANCY TAX REVENUE BONDS FOR REDEMPTION; APPROVING AND AUTHORIZING THE EXECUTION BY THE CITY OF ALL OTHER DOCUMENTS AND AGREEMENTS RELATED TO THE ISSUANCE OF SUCH LEASE REVENUE BONDS; AUTHORIZING OTHER NECESSARY ACTIONS RELATING THERETO; AND PROVIDING FOR AN EFFECTIVE DATE

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**WHEREAS**, the City of San Antonio, Texas (the "*City*") currently owns and operates convention center facilities located in the downtown area of the City known as the "Henry B. Gonzalez Convention Center" (the "*Existing Convention Center*"); and

**WHEREAS**, for purposes of clarification, all references to the "Existing Convention Center" in this Ordinance shall not include (i) the Alamodome, which is a venue that is owned and operated by the City as a part of the City's Convention, Sports and Entertainment Facilities, and (ii) the Grand Hyatt Hotel, which is a full-service hotel located adjacent to the Henry B. Gonzalez Convention Center but is owned and operated by private parties unrelated to the City; and

**WHEREAS**, the convention and visitors industry is a major component of the overall economy in the City, as demonstrated by the fact that, according to the San Antonio Economic Development Foundation, over 12% of the total nonfarm workforce in the City is employed in the leisure and hospitality industry; and

**WHEREAS**, as authorized by Chapter 351, Texas Tax Code, the City currently levies a hotel occupancy tax at the rate of 9% 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, the revenues from which may be used only to promote tourism and the convention and hotel industry; and

**WHEREAS**, the City collected hotel occupancy tax revenues in its fiscal year ending September 30, 2011 in the amount of \$62,967,070, the proceeds from which were used to pay debt service on the Refunded Bonds due and owing during such fiscal year in the amount of \$13,313,813, pay operations and maintenance expenses of the Existing Convention Center and the Alamodome in the amount of \$13,981,369, fund the annual budget of the City's Convention and Visitors Bureau in the amount of \$19,304,092, and provide support for the Arts and History & Preservation activities in the amount of \$14,681,016, and provide support for other programs to enhance Convention and Visitor activities in the amount of \$1,686,780; and

**WHEREAS**, the revenues of the hotel occupancy tax directly funds City operations dedicated to conventions and visitors, which operations are served by approximately 131 City employees, and the City estimates that, based on external and internal surveys, the convention and visitors business has an estimated annual economic impact on the City of \$11 billion; and

**WHEREAS**, the City considers the promotion of convention and tourism and participation in economic development programs high priorities, as evidenced, in part, by the City's investment of over \$319 million in its convention center facilities since 1996, and the City views its convention center facilities as an essential component of the City and its economy; and

**WHEREAS**, the Existing Convention Center was financed or refinanced, in part, with proceeds derived from the following outstanding obligations issued by the City that are secured with a lien on and pledge of certain revenues derived from hotel occupancy taxes levied and collected by the City pursuant to Chapter 351, Texas Tax Code:

*City of San Antonio, Texas Hotel Occupancy Tax Revenue Bonds, Series 1996*, dated as of March 1, 1996, originally issued in the aggregate principal amount of \$182,012,480.60, and currently outstanding in the aggregate principal amount of \$12,391,114.05 (the "**Series 1996 Bonds**");

*City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2004A*, dated as of June 1, 2004, originally issued in the aggregate principal amount of \$10,390,000, and currently outstanding in the aggregate principal amount of \$10,390,000 (the "**Series 2004A Bonds**");

*City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2006*, dated as of September 15, 2006, originally issued in the aggregate principal amount of \$72,620,000, and currently outstanding in the aggregate principal amount of \$70,485,000 (the "**Series 2006 Bonds**"); and

*City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Variable Rate Demand Revenue and Refunding Bonds, Series 2008*, dated as of July 1, 2008, originally issued in the aggregate principal amount of \$135,000,000, and currently outstanding in the aggregate principal amount of \$128,600,000 (the "**Series 2008 Bonds**"); and

**WHEREAS**, pursuant to the terms of the respective ordinances which authorized the issuance of the Refunded Bonds:

- (i) the Series 1996 Bonds are not subject to redemption prior to stated maturity;
- (ii) the Series 2004A Bonds and the Series 2008 Bonds may be called for redemption at the option of the City on any date at the redemption price of par plus accrued interest; and
- (iii) the Series 2006 Bonds maturing on and after August 15, 2014 may be called for redemption on August 15, 2013, or on any date thereafter at the redemption price of par plus accrued interest; and

**WHEREAS**, the City now deems it appropriate and desirable to undertake a major expansion of the Existing Convention Center, which is generally described to include the construction and equipping of approximately 100,000 square feet of additional convention center facilities located to the east of the Existing Convention Center towards Interstate 37 and the demolition of a portion of the Existing Convention Center upon completion of the additional facilities (the "**Expansion Project**"); and

**WHEREAS**, on September 20, 2012, the City Council amended the City's capital improvement plan related to the City's existing convention center facilities to incorporate the Expansion Project as a part of such convention center facilities; and

**WHEREAS**, the City, which is located primarily in Bexar County, Texas, had a 2010 census population of 1,326,539, and Bexar County had a 2010 census population of 1,714,773; accordingly, the City is an "eligible central municipality" within the meaning of Section 351.001(7), Texas Tax

MBM 9/20/12  
ITEM #6D

Code, as amended (being a municipality with a population of more than 140,000 but less than 1.5 million that is located in a county with a population of one million or more that has adopted a capital improvement plan for the expansion of an existing convention center facility); and

**WHEREAS**, as an eligible central municipality, the City is authorized, pursuant to Section 351.003, Texas Tax Code, to levy a hotel occupancy tax at a rate not exceeding nine percent (9%) of the price paid for a room and, pursuant to Section 351.1065, Texas Tax Code, is required to use the amount of revenue from the application of the hotel occupancy tax of more than seven percent (7%) for the cost of a room (which tax in excess of the 7% hotel occupancy tax levied by the City is generally referred to by the City as the "2% expansion tax") only for costs related to the expansion of the City's convention center facilities; and

**WHEREAS**, pursuant to Paragraph 1, Section 3 of its City Charter, the City is authorized to "*purchase, take, hold, acquire and convey, lease, mortgage and dispose of any property whatever within the city limits*" and to "*acquire necessary property for sewer, sanitary, cemetery, waterworks, gas, electric light and power, and any other corporate purposes by purchase, condemnation or other means within or without the city limits, and may lease, convey and alienate the same*"; and

**WHEREAS**, Paragraph 14, Section 3 of its City Charter further provides that "*[t]he enumeration of particular powers and the specification of the manner of exercising the same by this Charter shall never be deemed to be exclusive nor construed as a limitation upon the general powers herein granted or upon their exercise in any other lawful manner, and in addition to the powers enumerated herein or implied thereby, or appropriate to the exercise of such powers, it is intended that the city shall have and may exercise all powers it would be competent for this Charter specifically to enumerate*"; and

**WHEREAS**, the City, acting as a "sponsor" within the meaning of Chapter 303, Texas Local Government Code, as amended (the "**Act**"), created the **CITY OF SAN ANTONIO, TEXAS PUBLIC FACILITIES CORPORATION** (the "**Corporation**") as a nonprofit public facility corporation pursuant to the provisions of the Act to assist the City in financing, refinancing, or providing for convention center facilities (which are "public facilities" within the meaning of the Act), and facilities related thereto, at the request of the governing body of the City; and

**WHEREAS**, Section 303.003(7) of the Act defines the term "public facilities" to mean "*any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed, refinanced, or provided by sponsor obligations*"; and

**WHEREAS**, Section 303.003(12) of the Act defines the term "sponsor obligation" to mean "*an evidence of indebtedness or obligation that a sponsor issues or incurs to finance, refinance, or provide a public facility, including bonds, notes, warrants, certificates of obligation, leases, and contracts authorized by Section 303.041 and Subchapter C*;" and

**WHEREAS**, the City's convention center facilities are real property and are owned and operated by the City and devoted to public use, and the City is authorized to issue bonds and other obligations to finance or refinance such convention center facilities under numerous laws of the State of Texas, including but not limited to Chapter 351, Texas Tax Code, Chapter 1504, Texas Government Code, and Subchapter C of Chapter 271, Texas Local Government Code; accordingly, the City's convention center facilities are "public facilities" within the meaning of the Act; and

**WHEREAS**, among numerous powers granted to the Corporation pursuant to Section 303.041 of the Act, the Corporation is specifically authorized to "*acquire title to a public facility in order to lease, convey, or dispose of the public facility to the corporation's sponsor or, on direction of the sponsor and in furtherance of the sponsor's purposes, to another entity . . .*," to "*sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of the corporation's property and other assets. . .*" and to "*make a contract, incur a liability, and borrow money at interest*"; and

**WHEREAS**, Section 303.071 of the Act authorizes the Corporation to issue bonds, including refunding bonds, to finance, refinance, or provide one or more public facilities; and

**WHEREAS**, Section 303.075 of the Act further authorizes the Corporation to issue bonds "*to refund its outstanding bonds or sponsor obligations of its sponsor, including any redemption premium on them and interest accrued to the date of redemption*"; and

**WHEREAS**, the Series 1996 Bonds, the Series 2004A Bonds, the Series 2006 Bonds, and the Series 2008 Bonds are "sponsor obligations" within the meaning of the Act; and

**WHEREAS**, the City now desires to refinance the Existing Convention Center by having the Corporation issue bonds, as permitted by the Act, to refund all of the City's outstanding Series 1996 Bonds, Series 2004A Bonds, Series 2006 Bonds, and Series 2008 Bonds (collectively referred to herein as the "**Refunded Bonds**"), which are more fully described as follows:

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MBM 9/20/12  
ITEM #6D

**SERIES 1996 BONDS TO BE REFUNDED**

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<u>MATURITY (AUGUST 15)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>MATURITY VALUE (PRINCIPAL AND ACCREDITED INTEREST) MATURING IN YEAR (\$)</u>	<u>CUSIP No. (796261)</u>
2013	2,811,249.70	7,915,000.00	BS3
2014	2,620,114.00	7,900,000.00	BT1
2015	2,540,174.00	8,210,000.00	BU8
2016	2,322,659.25	8,055,000.00	BV6
2017	<u>2,096,917.10</u>	<u>7,730,000.00</u>	BW4
Total	<u>12,391,114.05</u>	<u>39,810,000.00</u>	***

**SERIES 2004A BONDS TO BE REFUNDED**

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<u>MATURITY (AUGUST 15)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>STATED INTEREST RATE (%)</u>	<u>CUSIP No. (796261)</u>
2029	<u>10,390,000</u>	5.000	BF1
Total	<u>10,390,000</u>	***	***

**SERIES 2006 BONDS TO BE REFUNDED**

<u>MATURITY (AUGUST 15)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>STATED INTEREST RATE (%)</u>	<u>CUSIP No. (796261)</u>
2013	300,000	4.000	CZ6
2014	310,000	4.000	DA0
2015	325,000	4.000	DB8
2016	335,000	4.000	DC6
2017	350,000	4.000	DD4
2018	6,420,000	4.000	DE2
2019	6,680,000	4.350	DF9
2020	6,965,000	4.375	DG7
2021	7,275,000	4.375	DH5
2022	7,590,000	4.500	DJ1
2023	7,930,000	4.500	DK8
2024	8,290,000	4.500	DL6
2025	8,660,000	4.500	DM4
2026	<u>9,055,000</u>	4.500	DN2
Total	<u>70,485,000</u>	***	***

**SERIES 2008 BONDS TO BE REFUNDED**

<u>MATURITY (AUGUST 15)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>STATED INTEREST RATE (%)</u>	<u>CUSIP No. (796261)</u>
2034	<u>128,600,000</u>	Variable	DU6
Total	<u>128,600,000</u>	***	***

**WHEREAS**, Section 303.072 of the Act provides that bonds issued by the Corporation are payable from revenue derived from public facilities or sponsor obligations; and

**WHEREAS**, the City Council hereby represents and determines that it is advantageous to, and in the best interest of, the City to enter into the Lease Agreement (defined below), which is a sponsor obligation within the meaning of the Act, for the purpose of enabling the Corporation to issue bonds pursuant to the provisions of the Act that will be secured with revenues derived by the Corporation from the City pursuant to the "Sublease" included under the Lease Agreement, and the City Council further hereby represents and determines that the approval and execution of the Lease Agreement is within the City Council's powers provided by the City Charter with respect to the acquisition and disposition of property, including Paragraphs 1 and 14 of Section 3 thereof; and

**WHEREAS**, the Corporation will enter into a *Trust Agreement Relating to City of San Antonio, Texas Convention Center Refinancing and Expansion Project*, dated as of October 1, 2012, with U.S. BANK NATIONAL ASSOCIATION, as Trustee (the "**Trust Agreement**") authorizing the issuance of up to \$585,000,000 in principal amount of CITY OF SAN ANTONIO, TEXAS PUBLIC FACILITIES CORPORATION IMPROVEMENT AND REFUNDING LEASE REVENUE BONDS, SERIES 2012 (CONVENTION CENTER REFINANCING AND EXPANSION PROJECT) (the "**Bonds**") for the purpose of (i) refunding the Refunded Bonds, which constitute all outstanding indebtedness issued by the City to finance or refinance the City's Existing Convention Center, (ii) financing the acquisition, construction and equipping of the Expansion Project, which is a major expansion and renovation of the Existing Convention Center, (iii) paying professional fees related to the Expansion Project, (iv) paying capitalized interest, and (v) paying costs of issuance; and

**WHEREAS**, the City Council hereby determines that it is necessary and appropriate to formally request the Corporation to refinance the Existing Convention Center and finance the Expansion Project by issuing the Bonds; and

**WHEREAS**, the City Council hereby finds and determines that it is in the best interest of the City to enter into that certain *Lease Agreement Relating to the City of San Antonio, Texas Convention Center Refinancing and Expansion Project*, dated as of October 1, 2012 (the "**Lease Agreement**"), pursuant to which the City (as the "Lessor" thereunder) has agreed to lease the Convention Center Facilities (but not the land on which the Convention Center Facilities are located) to the Corporation (as the "Lessee" thereunder), and the Corporation has agreed (as the "Sublessor" thereunder) to lease the Convention Center Facilities back to the City (as the "Sublessee" thereunder), all pursuant to the terms and conditions of the Lease Agreement and in order to provide appropriate security for the issuance of the Bonds; and

**WHEREAS**, for so long as the Sublease is in effect, the City will be obligated to pay lease payments to the Corporation in an amount sufficient to pay the principal of and interest on the Bonds when due under the Trust Agreement; however, the City's obligation to pay such lease payments is subject to annual appropriation by the City Council from any lawfully available funds; and

**WHEREAS**, for so long as the Primary Lease is in effect, the City will be obligated to pay "Operating Expenses" (as defined in the Lease Agreement) in an amount sufficient to pay all costs related to the operation and maintenance of the Convention Center Facilities, however, the City's obligation to pay such Operating Expenses is subject to annual appropriation by the City Council from any lawfully available funds; and

**WHEREAS**, pursuant to Chapter 351, Texas Tax Code, the City is authorized to levy and collect, and currently levies and collects, a hotel occupancy tax at an aggregate rate of 9% 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; and

**WHEREAS**, Section 351.101(a), Texas Tax Code, provides that revenues derived by the City from such hotel occupancy taxes "may be used only to promote tourism and the convention and hotel industry . . .", and Section 351.101(b), Texas Tax Code, provides that such revenues "shall be expended in a manner directly enhancing and promoting tourism and the convention and hotel industry as permitted by Subsection (a) . . ." and "may not be used for the general revenue purposes or general governmental operations of" the City; accordingly, the City is prohibited by state law from appropriating and using such hotel occupancy tax revenues to fund other purposes and activities of the City that do not promote tourism and the convention and hotel industry; and

**WHEREAS**, historically the City has annually appropriated and utilized a portion of such hotel occupancy tax revenues to pay all debt service related to the Refunded Bonds, and the City currently expects that it will continue to annually appropriate and utilize revenues derived from hotel occupancy taxes levied and collected pursuant to Chapter 351, Texas Tax Code (together with other lawfully available revenues of the City, if necessary), to pay lease payments under the Lease Agreement as long as the Bonds are outstanding because, among other reasons, the City recognizes and acknowledges (i) the importance to the City and its economy of maintaining modern and extensive convention center facilities to support a vibrant convention and tourism industry in the City, (ii) that failure by the City to appropriate lease payments during any fiscal year would, pursuant to the terms of the Lease Agreement, result in the City being prohibited from occupying, operating, and conducting any activities at, the convention center facilities during future fiscal years, and may result in the City suffering a significant reduction of one or more ratings assigned to other unrelated indebtedness of the City by one or more of the national credit rating agencies, and (iii) that such hotel occupancy tax revenues cannot be diverted to fund purposes and activities of the City that do not promote tourism and the convention and hotel industry; however, as noted above and in the Lease Agreement, the City's obligation to pay such lease payments is subject to annual appropriation by the City Council from any lawfully available funds; and

**WHEREAS**, the Bonds are special limited obligations of the Corporation, payable solely from the "Trust Estate" (as defined in the Trust Agreement), which includes the payments to be made by the City pursuant to the Lease Agreement, and shall never constitute an indebtedness or general

MBM 9/20/12  
ITEM #6D

obligation of the Corporation, the State of Texas, the City, or any other political subdivision of the State of Texas, within the meaning of any constitutional provision or statutory limitation whatsoever; and

**WHEREAS**, the Bonds are to be initially sold to J.P. Morgan Securities LLC, Citigroup Global Markets, Inc., M.E. Allison & Co., Inc., Cabrera Capital Markets, LLC, Loop Capital Markets, LLC, Piper Jaffray & Co, RBC Capital Markets, LLC, SAMCO Capital Markets, Inc., Siebert Brandford Shank & Co., LLC, Stifel, Nicolaus & Company, Incorporated, and Wells Fargo Bank, National Association (collectively, the "**Underwriters**") at the price set forth in, and pursuant to the terms of, a Purchase Contract by and among the Corporation, the City and the Underwriters (the "**Purchase Contract**"); and

**WHEREAS**, to provide for the defeasance of the Series 1996 Bonds and the Series 2006 Bonds on the date of delivery of the Bonds, a portion of the proceeds of the Bonds, together with certain available funds of the City which are being authorized herein to be contributed by the City, shall be deposited into an "Escrow Fund" to be established under an Escrow Agreement, dated as of October 1, 2012, by and among the Corporation, the City and U.S. BANK NATIONAL ASSOCIATION, as the "Escrow Agent" thereunder (the "**Escrow Agreement**"); and

**WHEREAS**, to provide for the defeasance of the Series 2004A Bonds and the Series 2008 Bonds on the date of delivery of the Bonds, a portion of the proceeds of the Bonds, together with certain available funds of the City which are being authorized herein to be contributed by the City, shall be deposited into a "Trust Account" to be established under a Deposit Agreement, dated as of October 1, 2012, by and among the Corporation, the City and U.S. BANK NATIONAL ASSOCIATION, as the "Deposit Agent" thereunder (the "**Deposit Agreement**"); and

**WHEREAS**, the Lease Agreement, the Trust Agreement, the Escrow Agreement, the Deposit Agreement, the Purchase Contract and the resolution to be adopted by the Corporation's Board of Directors authorizing the issuance of the Bonds and approving all documents to which the Corporation is a party (the "**Bond Resolution** ") have been presented to the City Council in substantially final form for approval pursuant to this Ordinance; and

**WHEREAS**, the City Council hereby finds and declares a public purpose and deems it advisable and in the best interests of the City (i) for the Corporation to issue the Bonds and use the proceeds thereof to (A) refund the Refunded Bonds, which constitute all outstanding indebtedness issued by the City to finance or refinance the City's Existing Convention Center, (B) finance the acquisition, construction and equipping of the Expansion Project, which is a major expansion and renovation of the Existing Convention Center, (C) pay professional fees related to the Expansion Project, and (D) pay costs of issuance, (ii) to approve and enter into the Lease Agreement, the Escrow Agreement, the Deposit Agreement and the Purchase Contract and to consent to the Corporation's entering into the Lease Agreement, the Trust Agreement, the Escrow Agreement, the Deposit Agreement, the Purchase

Contract, and all other documents and agreements relating to the issuance of the Bonds; and (iii) authorize the redemption on August 15, 2013 of the outstanding Series 2006 Bonds maturing on and after August 15, 2014, and the redemption of all outstanding Series 2004 Bonds and the Series 2008 Bonds on a date following the delivery of the Bonds; and

**WHEREAS**, the Bonds are special limited obligations of the Corporation, payable solely from the Trust Estate established under the Trust Agreement, which includes the payments to be made by the City pursuant to the Sublease, and shall never constitute an indebtedness or general obligation of the Corporation, the State of Texas, the City, or any other political subdivision of the State of Texas, within the meaning of any constitutional provision or statutory limitation whatsoever; and

**WHEREAS**, it is hereby further officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS:**

**SECTION 1. REQUEST TO CORPORATION TO ISSUE BONDS; CONSENT TO AND APPROVAL OF BONDS AND OTHER FINANCING DOCUMENTS; REFUNDING AUTHORIZED REGARDLESS OF SAVINGS; AUTHORIZATION TO TRANSFER CERTAIN FUNDS INTO ESCROW FUND AND TRUST ACCOUNT.**

(a) Request to Issue Bonds; Approval of Documents. The City Council hereby formally requests the Corporation to issue the Bonds in order to refinance and finance public facilities for the City, specifically refinancing the Existing Convention Center and financing the Expansion Project as described in this Ordinance. In connection with such request, the City Council acknowledges, consents and approves (i) the issuance of the Bonds by the Corporation and the execution and delivery by the Corporation of the Lease Agreement, the Trust Agreement, the Escrow Agreement, the Deposit Agreement, the Purchase Contract, and all other agreements deemed necessary in connection with the issuance of the Bonds (collectively, the "**Financing Documents**"), and further approves the Bond Resolution to be adopted by the Board of Directors of the Corporation in substantially the form presented at this meeting.

(b) Refunding Authorized Regardless of Savings. The City is requesting the Corporation to undertake the refinancing of the Existing Convention Center by refunding the Refunded Bonds in order to permit the City to refinance the Existing Convention Center with lease revenue bonds issued by the Corporation on financial terms that are more favorable and cost effective to the City than would otherwise be available if the City issued additional revenue bonds secured with hotel occupancy tax revenues to refund the Refunded Bonds (as well as finance the Expansion Project). Such favorable terms include, but are not limited to, the elimination of the need for a debt service reserve fund to provide security for the Bonds, which will result in significant cost savings to the City. Accordingly, while it is expected that the issuance of the "Refunding Portion" of the Bonds (as

defined in the Bond Resolution) will result in a debt service savings to the City (the actual amount of savings, however, cannot be determined due to the fact that a portion of the Refunded Bonds bear interest at a variable rate), the issuance of such Refunding Portion of the Bonds is being done to accomplish other legitimate public purposes of the City, and the City hereby authorizes the Corporation to issue the Refunding Portion of the Bonds regardless of whether an actual debt service savings is achieved.

(c) Authorization to Transfer Certain Funds into Escrow Fund and Trust Account. The Chief Financial Officer and the Director of Finance of the City are hereby authorized to cause to be transferred from the Debt Service Fund and the Debt Service Reserve Fund related to the Refunded Bonds all or a portion of the funds on deposit therein into the Escrow Fund established pursuant to the Escrow Agreement and/or into the Trust Account established pursuant to the Deposit Agreement. Funds on deposit in such Debt Service Fund and Debt Service Reserve Fund that are not transferred to the Escrow Fund or the Trust Account may be used by the City for any other purpose related to the issuance of the Bonds in the manner approved by Co-Bond Counsel.

**SECTION 2. APPROVAL OF LEASE AGREEMENT, ESCROW AGREEMENT, DEPOSIT AGREEMENT, AND PURCHASE CONTRACT.** The Lease Agreement, the Escrow Agreement, the Deposit Agreement, and the Purchase Contract are hereby approved in substantially the form presented at this meeting, such approval to be evidenced by the signature thereon of the City Manager or her designee, a Deputy City Manager, an Assistant City Manager or the Chief Financial Officer of the City. The City Manager or her designee and any Deputy City Manager or Assistant City Manager and the Chief Financial Officer of the City are each authorized to execute and deliver the Lease Agreement, the Escrow Agreement, the Deposit Agreement and the Purchase Contract on behalf of the City, and the City Clerk of the City is authorized to attest such signature thereon, if so required. When executed and delivered upon the issuance of the Bonds, the Lease Agreement, the Escrow Agreement and the Deposit Agreement shall become valid and binding obligations of the City in accordance with their terms.

**SECTION 3. AUTHORIZATION OF OTHER NECESSARY ACTIONS; DESIGNATION OF REPRESENTATIVES.**

(a) Authority to Take Other Actions and Execute Other Documents. The Mayor, the City Manager, any Deputy City Manager, any Assistant City Manager, the City Clerk, the Chief Financial Officer, the Director of Finance, any Assistant Director of Finance and all other officers, employees, and agents of the City designated by the City Manager shall be and are expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the Financing Documents. In addition, prior to the initial delivery of the Financing Documents, the Mayor, the City Manager, any

Deputy City Manager, any Assistant City Manager, the City Clerk, the Chief Financial Officer, the Director of Finance, any Assistant Director of Finance and all other officers of the City designated by the City Manager, and Co-Bond Counsel related to the Bonds are each hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to: (i) correct any ambiguity or mistake, or properly or more completely document the transactions contemplated and approved by this Ordinance; (ii) obtain the approval of the Lease Agreement, the Bonds or any other Financing Document by the Attorney General of Texas, as required by law; and (iii) obtain the ratings contemplated in the Official Statement related to the Bonds.

(b) Designation of "Sublessee Representatives" and "City Representatives." The Mayor, the City Manager, any Deputy City Manager, any Assistant City Manager, the City Clerk, Chief Financial Officer, the Director of Finance, and any Assistant Director of Finance of the City are each hereby authorized and designated as a "Sublessee Representative" and a "City Representative" for the purposes of the Lease Agreement and the Trust Agreement, respectively.

**SECTION 4. AUTHORIZATION TO REDEEM CERTAIN REFUNDED BONDS.** Attached hereto as Exhibit A, Exhibit B and Exhibit C and made a part hereof for all purposes, is a NOTICE OF REDEMPTION for the outstanding Series 2004A Bonds, the outstanding Series 2006 Bonds, and the outstanding Series 2008 Bonds, respectively. The City hereby exercises its option to redeem prior to maturity the Series 2004A Bonds, the Series 2006 Bonds and the Series 2008 in the respective NOTICE OF REDEMPTION, and such outstanding Bonds are hereby called for redemption, and shall be redeemed, prior to maturity, on the respective date, at the respective place, and at the respective price set forth therein.

As soon as practicable after the issuance and delivery of the Bonds by the Corporation, and in no event less than (i) 30 days prior to the date set for redemption with respect to the Series 2004A and Series 2006 Bonds being redeemed, and (ii) 20 days prior to the date set for redemption with respect to the Series 2008 Bonds being redeemed, a copy of the respective NOTICE OF REDEMPTION shall be sent to all registered owners of the Series 2004A Bonds, the Series 2006 Bonds and the Series 2008 Bonds by first class mail postage prepaid, addressed to such registered owners at their respective addresses shown on the registration books of the paying agent/registrars for such Bonds. In addition, as soon as practicable after the issuance and delivery of the Bonds, a copy of each NOTICE OF REDEMPTION shall be filed with the MSRB through EMMA in order to comply with the City's requirements under SEC Rule 15c2-12 to provide notice of the occurrence of certain material events.

**SECTION 5. AUTHORIZATION TO CHIEF FINANCIAL OFFICER AND DIRECTOR OF FINANCE.** The City's Chief Financial Officer and Director of Finance are hereby authorized to account for the Lease Agreement with the Corporation, the issuance of the Bonds by the Corporation to refinance the Existing Convention Center and finance the acquisition, construction and equipping

of the Expansion Project, and the Trust Agreement in connection therewith in accordance with Generally Accepted Accounting Principles (GAAP) and all applicable laws. Upon the issuance and delivery of the Bonds, the City's Chief Financial Officer and Director of Finance are further authorized to amend the City's 2012-2013 annual budget to provide for the payment to the Corporation of all Lease Payments that will come due during the 2012-2013 fiscal year.

**SECTION 6. ENFORCEABILITY OF ORDINANCE.** If any section, paragraph, clause, or provision of this Ordinance shall 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. In case any obligation of the City authorized or established by this Ordinance or the Financing Documents is held to be in violation of law as applied to any person or any circumstance, such obligation shall be deemed to be the obligation of the City to the fullest extent permitted by law.

**SECTION 7. INCORPORATION OF RECITALS.** The City Council hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City Council hereby incorporates such recitals as a part of this Ordinance.

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

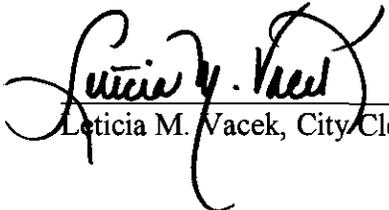
*[The remainder of this page intentionally left blank]*

MBM 9/20/12  
ITEM #6D

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AT A REGULAR MEETING ON THIS 20TH DAY OF SEPTEMBER, 2012.**

  
M A Y O R  
Julián Castro

ATTEST:

  
Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

  
Michael D. Bernard, City Attorney

(CITY SEAL)



\*\* \*\* \*

Execution Page to City Ordinance Relating to the Issuance of  
City of San Antonio, Texas Public Facilities Corporation  
Improvement and Refunding Lease Revenue Bonds, Series 2012  
(Convention Center Refinancing and Expansion Project)

**EXHIBIT A**

**FORM OF NOTICE OF REDEMPTION FOR SERIES 2004A BONDS**

**NOTICE OF REDEMPTION**

To the Holders of the  
**CITY OF SAN ANTONIO, TEXAS**  
**HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2004A**

NOTICE IS HEREBY GIVEN that the **CITY OF SAN ANTONIO, TEXAS** (the "*City*") has called for redemption at the redemption price equal to *100% of par*, plus accrued interest, on *[December 1, 2012]* (the "*Redemption Date*"), all of the City's outstanding **HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2004A**, dated June 1, 2004, which are further described as follows (the "*Bonds*"):

**CITY OF SAN ANTONIO, TEXAS**  
**HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE AND REFUNDING BONDS,**  
**SERIES 2004A**

---

<u>MATURITY</u> <u>(AUGUST 15)</u>	<u>PRINCIPAL AMOUNT</u> <u>MATURING IN YEAR (\$)</u>	<u>STATED</u> <u>INTEREST RATE (%)</u>	<u>CUSIP No.</u> <u>(796261)</u>
2029	10,390,000	5.000	BF1

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing The Bank of New York Mellon Trust Company, N.A., the Paying Agent for the Bonds called for redemption, with funds sufficient to pay the redemption price of the Bonds and the interest thereon to the Redemption Date. In the event the Bonds, or any of them are not presented for redemption by the Redemption Date, they shall not thereafter bear interest. If due provision for the payment of the redemption price is made, then the Bonds automatically shall be deemed to have been redeemed prior to their scheduled maturity, and they shall not bear interest after the Redemption Date, and they shall not be regarded as being outstanding except for the right of the owner thereof to receive the redemption price from the Paying Agent.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the Bonds and in accordance with the recitals and provisions of each of the Bonds.

NOTICE IS FURTHER GIVEN THAT the Bonds will be payable at and should be submitted either in person or by certified or registered mail to the following address:

**First Class/Registered/Certified Mail:**

The Bank of New York Mellon  
Trust Company, N.A.  
Institutional Trust Services  
P.O. Box 2320  
Dallas, Texas 75221-2320

**By Overnight or Courier:**

The Bank of New York Mellon  
Trust Company, N.A.  
Institutional Trust Services  
2001 Bryan Street, 9<sup>th</sup> Floor  
Dallas, Texas 75201

**By Hand:**

The Bank of New York  
Mellon  
Trust Company, N.A.  
GIS Unit Trust Window  
4 New York Plaza, 1<sup>st</sup> Floor  
New York, New York 10004

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE BONDHOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

**EXHIBIT B**

**FORM OF NOTICE OF REDEMPTION FOR SERIES 2006 BONDS**

**NOTICE OF REDEMPTION**

To the Holders of the  
**CITY OF SAN ANTONIO, TEXAS**  
**HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2006**

NOTICE IS HEREBY GIVEN that the CITY OF SAN ANTONIO, TEXAS (the "City") has called for redemption at the redemption price equal to *100% of par*, plus accrued interest, on *August 15, 2013* (the "*Redemption Date*"), all of the City's outstanding **HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2006**, dated September 15, 2006, maturing on and after August 15, 2014, which are further described as follows (the "*Bonds*");

**CITY OF SAN ANTONIO, TEXAS**  
**HOTEL OCCUPANCY TAX SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2006**

<u>MATURITY (AUGUST 15)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>STATED INTEREST RATE (%)</u>	<u>CUSIP No. (796261)</u>
2014	310,000	4.000	DA0
2015	325,000	4.000	DB8
2016	335,000	4.000	DC6
2017	350,000	4.000	DD4
2018	6,420,000	4.000	DE2
2019	6,680,000	4.350	DF9
2020	6,965,000	4.375	DG7
2021	7,275,000	4.375	DH5
2022	7,590,000	4.500	DJ1
2023	7,930,000	4.500	DK8
2024	8,290,000	4.500	DL6
2025	8,660,000	4.500	DM4
2026	9,055,000	4.500	DN2

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing The Bank of New York Mellon Trust Company, N.A., the Paying Agent for the Bonds called for redemption, with funds sufficient to pay the redemption price of the Bonds and the interest thereon to the Redemption Date. In the event the Bonds, or any of them are not presented for redemption by the Redemption Date, they shall not thereafter bear interest. If due provision for the payment of the redemption price is made, then the Bonds automatically shall be deemed to have been redeemed prior to their scheduled maturity, and they shall not bear interest after the Redemption Date, and they shall not be regarded as being outstanding except for the right of the owner thereof to receive the redemption price from the Paying Agent.

MBM 9/20/12  
ITEM #6D

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the Bonds and in accordance with the recitals and provisions of each of the Bonds.

NOTICE IS FURTHER GIVEN THAT the Bonds will be payable at and should be submitted either in person or by certified or registered mail to the following address:

**First Class/Registered/Certified Mail:**

The Bank of New York Mellon  
Trust Company, N.A.  
Institutional Trust Services  
P.O. Box 2320  
Dallas, Texas 75221-2320

**By Overnight or Courier:**

The Bank of New York Mellon  
Trust Company, N.A.  
Institutional Trust Services  
2001 Bryan Street, 9<sup>th</sup> Floor  
Dallas, Texas 75201

**By Hand:**

The Bank of New York  
Mellon Trust Company, N.A.  
GIS Unit Trust Window  
4 New York Plaza, 1<sup>st</sup> Floor  
New York, New York 10004

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

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\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE BONDHOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

**EXHIBIT C**

**FORM OF NOTICE OF REDEMPTION FOR SERIES 2008 BONDS**

**NOTICE OF REDEMPTION**

To the Holders of the  
**CITY OF SAN ANTONIO, TEXAS**  
**HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE DEMAND**  
**REVENUE AND REFUNDING BONDS, SERIES 2008**

NOTICE IS HEREBY GIVEN that the CITY OF SAN ANTONIO, TEXAS (the "City") has called for redemption at the redemption price equal to *100% of par*, plus accrued interest, on *November [21], 2012* (the "*Redemption Date*"), all of the City's outstanding **HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE DEMAND REVENUE AND REFUNDING BONDS, SERIES 2008**, dated July 1, 2008, which are further described as follows (the "*Bonds*"):

**CITY OF SAN ANTONIO, TEXAS**  
**HOTEL OCCUPANCY TAX SUBORDINATE LIEN VARIABLE RATE DEMAND**  
**REVENUE AND REFUNDING BONDS, SERIES 2008**

<u>MATURITY</u> <u>(AUGUST 15)</u>	<u>PRINCIPAL AMOUNT</u> <u>MATURING IN YEAR (\$)</u>	<u>STATED</u> <u>INTEREST RATE (%)</u>	<u>CUSIP No.</u> <u>(796261)</u>
2034	128,600,000	Variable	DU6

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing The Bank of New York Mellon Trust Company, N.A., the Paying Agent for the Bonds called for redemption, with funds sufficient to pay the redemption price of the Bonds and the interest thereon to the Redemption Date. In the event the Bonds, or any of them are not presented for redemption by the Redemption Date, they shall not thereafter bear interest. If due provision for the payment of the redemption price is made, then the Bonds automatically shall be deemed to have been redeemed prior to their scheduled maturity, and they shall not bear interest after the Redemption Date, and they shall not be regarded as being outstanding except for the right of the owner thereof to receive the redemption price from the Paying Agent.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the Bonds and in accordance with the recitals and provisions of each of the Bonds.

NOTICE IS FURTHER GIVEN THAT the Bonds will be payable at and should be submitted either in person or by certified or registered mail to the following address:

**First Class/Registered/Certified Mail:**

The Bank of New York Mellon  
Trust Company, N.A.  
Institutional Trust Services  
P.O. Box 2320  
Dallas, Texas 75221-2320

**By Overnight or Courier:**

The Bank of New York Mellon  
Trust Company, N.A.  
Institutional Trust Services  
2001 Bryan Street, 9<sup>th</sup> Floor  
Dallas, Texas 75201

**By Hand:**

The Bank of New York  
Mellon  
Trust Company, N.A.  
GIS Unit Trust Window  
4 New York Plaza, 1<sup>st</sup> Floor  
New York, New York 10004

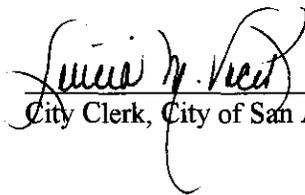
To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE BONDHOLDERS. NEITHER THE PAYING AGENT NOR THE CITY ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.



2. A true, full and correct copy of the aforesaid Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Ordinance has been duly recorded in said City Council's minutes of said Meeting; the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Ordinance would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED THE 20<sup>TH</sup> DAY OF SEPTEMBER, 2012.

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

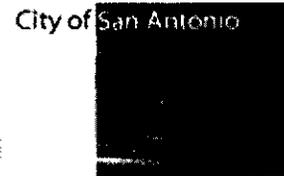
(Seal)



Execution Page to Certificate for Ordinance Approving City Documents Relating to  
City of San Antonio, Texas Public Facilities Corporation  
Improvement and Refunding Lease Revenue Bonds, Series 2012  
(Convention Center and Expansion Project)



Request for  
**COUNCIL  
ACTION**



**Agenda Voting Results - 6D**

<b>Name:</b>	6A, 6B, 6C, 6D, 6E						
<b>Date:</b>	09/20/2012						
<b>Time:</b>	10:30:09 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance requesting the City of San Antonio, Texas Public Facilities Corporation (the "Corporation") to issue up to \$585,000,000.00 in principal amount of City of San Antonio, Texas Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 (Convention Center Refinancing and Expansion Project) for the purpose of refunding all outstanding Hotel Occupancy Tax Bonds issued by the City to finance and refinance the City's existing Convention Center and financing the acquisition, construction and equipping of a major expansion to the Convention Center and the renovation and demolition of certain portions of the existing Convention Center; approving the form and execution of a Lease Agreement, an Escrow Agreement, and a Purchase Contract in connection therewith; approving the form of a bond Resolution to be adopted by the Corporation, and consenting to the execution and delivery by the corporation of a Trust Agreement, such Lease Agreement, Escrow Agreement and Purchase Contract, and all other related documents and agreements, all in connection with the issuance by the corporation of such lease revenue bonds; calling certain outstanding Hotel Occupancy Tax Revenue Bonds for redemption; approving and authorizing the execution by the City of all other documents and agreements related to the issuance of such lease revenue bonds; authorizing other necessary actions relating thereto; and providing for an effective date.						
<b>Result:</b>	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				
Leticia Ozuna	District 3		x				
Rey Saldaña	District 4		x			x	
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
W. Reed Williams	District 8		x				x
Elisa Chan	District 9		x				
Carlton Soules	District 10		x				