

A RESOLUTION RELATING TO ESTABLISHING THE CITY'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES DESIGNATED AS "CITY OF SAN ANTONIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2005-A"; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer to finance the costs associated with (i) (1) constructing public safety improvements, including constructing a new services facility and renovating and improving existing fire stations, (2) constructing drainage improvements, sidewalk improvements, bridge improvements, street improvements and drainage incidental thereto, (3) constructing improvements for flood control, dams, landscaping and amenities along the San Antonio River, (4) purchasing materials, supplies, machinery, land, and rights-of-way for authorized needs and purposes relating to public safety, drainage, street, flood control, and public works purposes, and (5) the payment of professional services related to the construction and financing of the aforementioned projects (the *Construction Costs*), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the *Engineering Costs*), the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the *Architectural Costs*), and (iii) the payment of various administrative costs, including the fees of co-bond counsel, co-financial advisor, other professionals, and bond printer (the *Administrative Costs*) [the Construction Costs, Engineering Costs, the Architectural Costs, and Administrative Costs collectively constitute costs of the project (the *Project*)]; and

WHEREAS, the provisions of Chapter 1201, as amended, Texas Government Code provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Issuer, for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the *Department*) released Regulation Section 1.150-2 (the *Regulations*) which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the *Code*); and

WHEREAS, the Issuer intends to reimburse itself, within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures is paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of tax-exempt obligations (the *Obligations*) that the Issuer currently contemplates issuing in the principal amount of \$10,285,000 as Combination Tax and Revenue Certificates of Obligation, Series 2005-A and to finance a portion of the costs of the Project; and

WHEREAS, under the Regulations, to fund such reimbursement with proceeds of the Obligations, the Issuer must declare its expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer is not inconsistent with the Issuer's budgetary and financial circumstances; and

WHEREAS, the Governing Body hereby finds and determines that the adoption of this Resolution is in the best interests of the citizens of the Issuer; now, therefore,

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

SECTION 1: This Resolution is a declaration of intent to establish the Issuer's reasonable, official intent under section 1.150-2 of the Regulations to reimburse itself from the proceeds of the Obligations for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) with respect to the Project from the Issuer's General Fund or other lawfully available funds of the Issuer.

SECTION 2: The Issuer intends to issue the Obligations and allocate within 30 days after the date of issue of the Obligations the proceeds therefrom to reimburse the Issuer for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The reimbursement expenditure will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles.

SECTION 4: The Issuer intends to otherwise comply with all the requirements contained in the Regulations.

SECTION 5: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas, and establishes compliance by the Issuer with the requirements of Texas law and the Regulations.

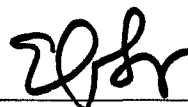
SECTION 6: With respect to the proceeds of the Obligations allocated to reimburse the Issuer for prior expenditures, the Issuer shall not employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of replacement proceeds, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issuer of tax-exempt obligations.

SECTION 7: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 8: All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such

PASSED AND APPROVED, this the 10th day of March, 2005.

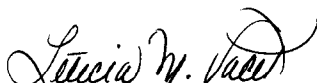
CITY OF SAN ANTONIO



Mayor

EDWARD D. GARZA

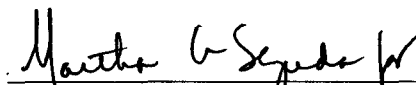
ATTEST:



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.



Andrew Martin, City Attorney
City of San Antonio, Texas

Agenda Voting Results

Name: 34B.

Date: 03/10/05

Time: 04:25:05 PM

Vote Type: Multiple selection

Description: ~~An Ordinance approving~~ a resolution relating to establishing the City's intention to reimburse itself for the prior lawful expenditures of funds from the proceeds of tax-exempt obligations to be issued by the City for authorized purposes designated as future issuances of general obligation bonds and "City of San Antonio Combination Tax and Revenue Certificates of Obligation, Series 2005-A"; authorizing other matters incident and related thereto; and providing for an effective date.

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1	Not present			
JOEL WILLIAMS	DISTRICT 2	Not present			
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8	Not present			
CARROLL SCHUBERT	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR	Not present	X		