

**THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED
ORDINANCE ADOPTED BY THE CITY COUNCIL.**

DRAFT

ORDINANCE NO. _____

AUTHORIZING THE TENDER OF OUTSTANDING OBLIGATIONS FOR PURCHASE AND THE SUBSEQUENT ISSUANCE OF ONE OR MORE SERIES OF NOT TO EXCEED \$1,227,900,000 “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS”; PROVIDING THE TERMS, CONDITIONS, AND SPECIFICATIONS FOR SUCH BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF ONE OR MORE INVITATIONS AND OFFERING DOCUMENTS PERTAINING THERETO; MAKING PROVISIONS FOR THE PAYMENT AND SECURITY THEREOF ON A PARITY WITH CERTAIN CURRENTLY OUTSTANDING OBLIGATIONS; STIPULATING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF ADDITIONAL REVENUE BONDS ON A PARITY THEREWITH; AUTHORIZING THE EXECUTION OF ONE OR MORE PAYING AGENT/REGISTRAR AGREEMENTS, TENDER AGENT AGREEMENTS, ESCROW AGREEMENTS, BOND PURCHASE AGREEMENTS, DEALER MANAGER AGREEMENTS, AND INFORMATION AGENT AND TENDER AGENT AGREEMENTS; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE CITY PUBLIC SERVICE BOARD STAFF TO APPROVE AND EXECUTE CERTAIN DOCUMENTS RELATING TO THE TENDER OFFER OF OUTSTANDING OBLIGATIONS AND SUBSEQUENT SALE OF THE BONDS; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING AN EFFECTIVE DATE

* * *

WHEREAS, the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*) has heretofore issued, and there are currently outstanding, revenue bonds supported by a first and prior lien on and pledge of the net revenues (the *Net Revenues*) of the City’s electric and gas systems (the *Systems*), on a parity with certain currently outstanding revenue bonds, revenue refunding bonds, and revenue and refunding bonds (the *New Series Bonds* or *Parity Bonds*); and

WHEREAS, this Ordinance (hereinafter defined) will approve the tender of outstanding obligations for purchase (the *Tender Offer*) and the subsequent issuance of revenue refunding bonds of the City designated as “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2023” (the *New Series 2023 Bonds*); and

WHEREAS, the City has heretofore issued, sold, and delivered, and there are currently outstanding obligations in the aggregate principal amount of \$_____ being the obligations set forth on Schedule I hereto which is incorporated by reference for all purposes to this ordinance (being the *Refunded Obligations* related to the Tender Offer); and

WHEREAS, the City Council of the City has heretofore issued, and there are currently outstanding, revenue bonds (herein referred to as *Junior Lien Obligations*) supported by a junior lien on and pledge of the Net Revenues of the Systems which are categorized as the “Prior Lien Bonds” in the ordinance authorizing the issuance of the currently outstanding Commercial Paper Obligations (hereafter defined); and

WHEREAS, the City Council of the City has heretofore issued, sold, and delivered, and there are currently outstanding, a series of commercial paper notes (herein referred to as either the *Commercial Paper* or *Commercial Paper Obligations*) which are equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems subordinate to the liens securing the payment of Parity Bonds and Junior Lien Obligations; and

WHEREAS, pursuant to the provisions of Chapters 1207 and 1371, as amended, Texas Government Code (*Chapter 1207* and *Chapter 1371*, respectively; together, the *Act*), the City Council is authorized to engage in the Tender Offer and issue the New Series 2023 Bonds, provide for the satisfaction of the portion of the Reserve Amount attributable to the New Series 2023 Bonds with the Surety Bond, deposit the proceeds of sale under an escrow agreement to provide for the payment of the Refunded Obligations, and the deposit of proceeds to provide payment of the Tendered Obligations (and such deposit, when made in accordance with Chapter 1207, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations); and

WHEREAS, the Act permits that the proceeds from the sale of the New Series 2023 Bonds may be deposited directly with any designated escrow agent for the Refunded Obligations that is not the depository bank of the City; and

WHEREAS, _____, _____, currently serves as the paying agent for the Refunded Obligations (the *Refunded Obligations Paying Agent*); and

WHEREAS, U.S. Bank Trust Company, National Association, Houston, Texas, will serve as the Paying Agent/Registrar (hereinafter defined) and Escrow Agent (hereinafter defined) for the New Series 2023 Bonds; and

WHEREAS, the City Public Service Board of San Antonio, Texas (the *Board*) has pursuant to a resolution adopted on April 3, 2023 recommended that the New Series 2023 Bonds and certain other Additional Parity Bonds should be issued by the City; and

WHEREAS, in full recognition and consideration of all covenants and conditions prescribed in the proceedings and instruments pertaining to the outstanding and unpaid New Series 2023 Bonds, pursuant to authority conferred by the laws of the State of Texas and at the request of the Board, the City Council of the City deems it necessary to issue and sell the New Series 2023 Bonds in the total principal amount of \$_____ for the purpose of providing funds for (i) refunding outstanding obligations through purchase by means of the Tender Offer and subsequent

cancellation thereof for debt service savings, and (ii) paying the costs of issuance related thereto, which New Series 2023 Bonds shall be payable from the same source and secured in the same manner as the previously issued New Series Bonds; and

WHEREAS, this City Council has further found and determined that all the terms and conditions for the issuance of the New Series 2023 Bonds and any Additional Parity Bonds on a parity with the outstanding New Series 2023 Bonds can be met and satisfied in that (1) the Board by resolution has consented to the plan of finance evidenced by the issuance of the New Series 2023 Bonds herein proposed to be issued and sold and the payment thereof from the Net Revenues of the Systems and has further agreed to comply with all the terms and provisions of this Ordinance with relation to the operation of such Systems and the disposition of the Systems' revenues; (2) a Designated Financial Officer (defined herein) of the Board will execute a certificate that the City is not in default as to any covenant, obligation, or undertaking contained in any ordinance or other document relating to the issuance of any obligations now outstanding which are payable from and secured by a lien on and pledge of the Net Revenues of the Systems, and each of the funds and accounts created and established for the sole purpose of paying the principal of and interest on such obligations contains the amount now required to be on deposit therein; (3) the Board can secure from an independent certified public accountant a certificate evidencing his determination that the Net Revenues of the Systems (including earnings from investments of Systems' funds) were, during the last completed Fiscal Year (as hereinafter defined) or for any consecutive twelve-month period during the last fifteen consecutive months prior to the adoption of this Ordinance, equal to at least one and one-half times the maximum annual principal and interest requirements on the currently outstanding Previously Issued Parity Bonds and the New Series 2023 Bonds authorized to be issued by this Ordinance; (4) the New Series 2023 Bonds authorized to be issued by this Ordinance will be stated to mature on February 1 in each of the years they are scheduled to mature; and (5) pursuant to the purchase of the Surety Bond (hereafter defined), provision is made in this Ordinance that the amount to be accumulated and maintained in the Retirement Account as the Reserve Amount will be an amount equal to not less than the average annual requirements for the payment of principal of and interest on all Parity Bonds which will be outstanding after giving effect to the issuance of the New Series 2023 Bonds authorized by this Ordinance; and

WHEREAS, this City Council is now authorized and empowered to proceed with the passage and adoption of this Ordinance authorizing (i) the issuance of the New Series 2023 Bonds, when combined with all other series of Bonds (defined herein) herein authorized to be issued from time to time, in the total principal amount of not to exceed \$1,227,900,000, (ii) the execution and delivery of the Paying Agent/Registrar Agreement, Information Agent and Tender Agent Agreement, Escrow Agreement, Bond Purchase Agreement, Dealer Manager Agreement, and the Letter of Representations, each relating to the Tender Offer and the New Series 2023 Bonds and similar documentation relating to any other series of Bonds, (iii) providing notice of the Tender Offer and other market notices related thereto, (iv) the approval and distribution of an invitation to offer bonds for purchase (together with all exhibits and appendices thereto, the *Invitation*) and additional disclosure documents related thereto, including the Preliminary Official Statement, (v) the Official Statement relating to the New Series 2023 Bonds and any similar documentation relating to any other series of Bonds, (vi) certain powers and duties to be exercised and performed by the Board, acting through a Designated Financial Officer (defined herein), including the execution of the Approval Certificate setting forth the final pricing terms and a bond insurance

policy, if any, and (vii) the recognition of the existing Surety Bond from Assured Guaranty Municipal Corp.; and

WHEREAS, the City Council hereby finds and determines that the Tender Offer and issuance of the New Series 2023 Bonds and the adoption of this Ordinance is in the best interests of the residents of the City; now, therefore,

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

SECTION 1. Authorization. In order to provide funds for the purposes of (i) refunding outstanding obligations through purchase by means of the Tender Offer and subsequent cancellation thereof for debt service savings, as selected from the Tender Candidates by a Designated Financial Officer, and (ii) paying the costs of issuance of the Bonds, the City Council of the City of San Antonio, Texas, acting pursuant to the laws of the State of Texas, particularly the Act, has determined that there shall be issued and there is hereby ordered to be issued one or more series of revenue refunding bonds (any such series, the *Bonds*), such initial series now issued to be designated "CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS, NEW SERIES 2023", in the principal sum of _____ AND NO/100 DOLLARS (\$ _____) (the *New Series 2023 Bonds*).

As authorized by the Act, each Designated Financial Officer is hereby authorized, appointed, and designated as the officers of the City authorized to act on behalf of the City engaging in a Tender Offer, selling, and delivering a series of Bonds issued pursuant to this Ordinance and carrying out the procedures specified in this Ordinance, including approval of the following terms and provisions for each series of Bonds:

1. The identification and selection of which Tender Candidates shall be included as the Refunded Obligations refunded with proceeds received from the purchase of the Tendered Obligations of such applicable series of Bonds.
2. The treatment of such series of Bonds under applicable federal tax law, including a determination (based on the advice of the Board's Co-Financial Advisors and Co-Bond Counsel, respectively) of whether the interest earnings on such series of Bonds is or is not exempt from the calculation of gross income of the holders thereof under section 103 of the Internal Revenue Code of 1986, as amended (the *Code*), for the purposes of income taxation.
3. The style of each series of Bonds, which style indicates with respect to each series of Bonds the convention of interest calculation (if variable), federal tax treatment (if taxable), the priority of lien on revenues securing their repayment (if Additional New Series Bonds or Additional Junior Lien Obligations), and the calendar year of issuance, and to include (if necessary or desired) a letter or other sequential identification indicating that multiple series of Bonds of the same or similar type have been or will be issued hereunder during a particular calendar year.

4. The priority of the lien on and pledge of the revenues of the Systems pledged as security therefor, by issuance as additional New Series Bonds or Junior Lien Obligations, of each series of Bonds.
5. The aggregate principal amount of each series of Bonds to be tendered for purchase and the aggregate principal amount of each series of Bonds, as well as the principal amount of each stated maturity related to the foregoing.
6. The rate of interest to be borne on the principal amount of each stated maturity within a series of Bonds, whether such interest rate shall be fixed or variable, and if interest is to be paid periodically, the interest payment dates for such series of Bonds.
7. The Bond Date for each series of Bonds.
8. The optional, extraordinary optional, and mandatory redemption provisions applicable, if at all, to each series of Bonds.
9. The selection of the Tender Offer method and the method of sale for each series of Bonds (whether competitive or negotiated in a public or private sale) and, if a negotiated sale, then selection of a senior managing underwriter and the co-managers to serve as the syndicate of underwriters selling the applicable series of Bonds or financial institution or institutions to whom Bonds are directly sold, as well as each dealer manager (collectively, the *Dealer Managers*) related to the Tender Offer.
10. The transaction structure for each series of Bonds, including the ability to execute one or more Tender Offers and selection of such Tender Candidates to be included as the Refunded Obligations.
11. Pricing for each series of Bonds, including generation and use of reoffering premium and/or discount, determination of underwriters' compensation (if any), and applicable costs of issuance.
12. The time of delivery of each series of Bonds, whether such delivery shall occur at the closing of a respective transaction or on a delayed delivery date pursuant to a forward purchase contract.
13. Selection of a bond insurer, if any, for a series of Bonds.

Each series of Bonds authorized by this Ordinance shall be issued within the following parameters:

1. All series of Bonds issued hereunder shall not exceed an aggregate principal amount of \$1,227,900,000.
2. The maximum maturity of any series of Bonds shall not exceed February 1, 2063.

3. The federal arbitrage yield on any series of Bonds bearing interest at a fixed rate or rates through final maturity shall not exceed a rate greater than 6.50% per annum.
4. Any series of Bonds bearing interest in a variable rate mode shall at no time bear interest at a rate that is higher than the maximum interest rate that at such time is permitted under applicable Texas law.
5. As it relates to the tender and refunding of the obligations defined as Tender Candidates, the City will receive a net present value savings, on a per series basis and based on the debt service of such Tender Candidates tendered and refunded by such series of Bonds, including the Board's cash contribution.
6. The final series of Bonds issued hereunder must be sold not later than April 20, 2024 (though the closing of a particular series of Bonds sold in accordance with this provision may occur after April 20, 2024 so long as such closing period is determined by a Designated Financial Officer to be of reasonable duration).

Each Designated Financial Officer is acting for and on behalf of the City, authorized to execute the Approval Certificate attached hereto as Schedule II evidencing the sale of a series of Bonds hereunder. The execution of an Approval Certificate shall evidence the sale date of the Bonds by the City to the Purchasers thereof in accordance with the provisions of the Act. Upon execution of an Approval Certificate, Co-Bond Counsel is authorized to complete a copy of this Ordinance as evidence of the issuance of a series of Bonds pursuant to the delegated authority granted hereunder and to reflect such final terms for such series of Bonds, which includes (A) completion of the preamble to this Ordinance, including deletion of those recitals that are not applicable to the particular series of Bonds then being issued and addition of any necessary recital that is so applicable, (B) provision of appropriate terms to reflect interest rate convention (fixed or variable), lien priority (to reflect Bonds issued as Additional New Series Bonds or Additional Junior Lien Obligations), and federal income tax treatment of interest (whether taxable or tax-exempt), with such additional modifications to any of such forms to reflect the final transaction structure and terms of sale evidenced in an applicable Approval Certificate, and incorporated herein, and having the same effect as being originally included and made a part of this Ordinance, (C) completion of Schedule I with those Tender Candidates selected as Refunded Obligations to be refunded with the proceeds a particular series of Bonds, and (D) such other necessary technical modifications to this Ordinance (including the renumbering of sections hereof) to accommodate all other terms and provisions of this Section 1. It is further provided, however, that notwithstanding the foregoing provisions, no series of Bonds shall be delivered, unless prior to delivery, such series of 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.

SECTION 2. Bond Date - Denomination - Stated Maturities. The New Series 2023 Bonds shall be issued as fully registered obligations, without coupons, totaling \$_____ in aggregate principal amount and be dated _____, 2023.

The New Series 2023 Bonds shall be in denominations of Five Thousand Dollars (\$5,000) or any integral multiple (within a stated maturity) thereof, shall be lettered "R" and numbered

consecutively from One (1) upward. The New Series 2023 Bonds herein authorized to be issued shall bear interest on the unpaid principal amounts from the Closing Date or from the most recent interest payment date to which interest has been duly paid or provided and principal shall become due and payable on February 1 in each of the years and in amounts in accordance with the following schedule. Said interest shall be payable to the registered owner of any such New Series 2023 Bond in the manner provided and on the dates stated in the FORM OF DEFINITIVE BOND set forth in this Ordinance.

<u>Stated Maturities</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
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The New Series 2023 Bond will be subject to redemption prior to stated maturity as determined by the pricing related thereto.

SECTION 3. Payment of New Series 2023 Bonds - Paying Agent/Registrar.

A. The principal of and the interest on the New Series 2023 Bonds shall be payable, without exchange or collection charges to the owner or holder thereof, 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.

The New Series 2023 Bonds shall bear interest at the per annum rates shown above in Section 2, computed on the basis of a 360-day year of twelve 30-day months, and interest thereon shall be payable on February 1 and August 1 of each year, commencing _____, 20__.

The selection and appointment of U.S. Bank Trust Company, National Association, Houston, Texas, to serve as Paying Agent/Registrar for the New Series 2023 Bonds is hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the office of the Paying Agent/Registrar books and records (the *Registration Books*) for the registration, payment, and transfer of the New Series 2023 Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement (in substantially the form attached hereto as Exhibit A, which Paying Agent/Registrar Agreement is hereby authorized to be executed and delivered) and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the New Series 2023 Bonds are paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change (which shall be at the sole discretion of the City) in the Paying Agent/Registrar for the New Series 2023 Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the New Series 2023 Bonds by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and interest on the New Series 2023 Bonds, due and payable by reason of stated maturity, or otherwise, shall be payable only to the registered owner of the New Series 2023 Bonds (the *Bondholder* or *Bondholders*) appearing on the Registration Books (i) on the Record

Date (as hereinafter defined) for purposes of paying interest thereon and (ii) on the date of surrender of the New Series 2023 Bonds for purposes of paying principal at stated maturity. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Bondholder as the owner of a New Series 2023 Bond for purposes of receiving payment and all other purposes whatsoever, and to the extent permitted by law, neither the City nor the Paying Agent/Registrar, nor any agent of either, shall be affected by notice to the contrary.

Principal of the New Series 2023 Bonds shall be payable only upon presentation and surrender of the New Series 2023 Bonds to the Paying Agent/Registrar at its corporate trust office. Interest on the New Series 2023 Bonds shall be paid to the Bondholder whose name appears in the Registration Books at the close of business on the Record Date (the 15th day of the month next preceding each interest payment date) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar to the address of the Bondholder appearing in the Registration Books or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Bondholder at the Bondholder's risk and expense.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a *Special Record Date*) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Bondholder appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

B. Registration - Transfer - Exchange of New Series 2023 Bonds - Predecessor Bonds.
The Registration Books relating to the registration, payment, and transfer or exchange of the shall at all times be kept and maintained by the City at the corporate trust office of the Paying Agent/Registrar, and the Paying Agent/Registrar shall obtain, record, and maintain in the Registration Books the name and address of each registered owner of the New Series 2023 Bonds issued under and pursuant to the provisions of this Ordinance. Any New Series 2023 Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for New Series 2023 Bonds of other authorized denominations upon the Registration Books by the Bondholder, in person or by his duly authorized agent, upon surrender of such New Series 2023 Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Bondholder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any New Series 2023 Bond at the corporate trust office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more New Series 2023 Bonds executed on behalf of, and furnished by, the City of authorized denominations and having the same stated maturity, bearing the same rate of interest, and of a like aggregate principal amount as the New Series 2023 Bond or New Series 2023 Bonds surrendered for transfer.

At the option of the Bondholder, New Series 2023 Bonds may be exchanged for other New Series 2023 Bonds of authorized denominations and having the same stated maturity, bearing the same rate of interest and of like aggregate principal amount as the New Series 2023 Bonds surrendered for exchange, upon surrender of the New Series 2023 Bonds to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any New Series 2023 Bonds are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver replacement New Series 2023 Bonds executed on behalf of, and furnished by, the City to the Bondholder requesting the exchange.

All New Series 2023 Bonds issued upon any transfer or exchange of New Series 2023 Bonds shall be delivered at the corporate trust office of the Paying Agent/Registrar, or sent by United States mail to the Bondholder, and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the New Series 2023 Bonds surrendered in such transfer or exchange.

All transfers or exchanges of New Series 2023 Bonds pursuant to this Section shall be made without expense or service charge to the Bondholder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

New Series 2023 Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be *Predecessor Bonds*, evidencing all or a portion, as the case may be, of the same debt evidenced by the replacement New Series 2023 Bond or New Series 2023 Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any mutilated, lost, destroyed, or stolen New Series 2023 Bond in lieu of which a replacement New Series 2023 Bond has been registered and delivered pursuant to Section 27 hereof which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen New Series 2023 Bond.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Bondholder any New Series 2023 Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption of such New Series 2023 Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the Bondholder of the unredeemed balance of a New Series 2023 Bond called for redemption in part.

SECTION 4. Execution - Authentication - Initial Bond. The New Series 2023 Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and attested by the City Clerk. The signature of said officers on the New Series 2023 Bonds may be manual, electronic, or facsimile. New Series 2023 Bonds bearing the manual, electronic, or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the New Series 2023 Bonds to the initial purchasers and with respect to New Series 2023 Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No New Series 2023 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 New Series 2023 Bond either a certificate of registration substantially in the form provided in Section 5, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual, electronic, or facsimile signature, or a certificate of authentication substantially in the form provided in Section 5, executed by the Paying Agent/Registrar by manual, electronic, or facsimile signature, and either such certificate upon any New Series 2023 Bond shall be conclusive evidence, and the only evidence, that such New Series 2023 Bond has been duly registered or authenticated and delivered.

The New Series 2023 Bonds shall be issued initially either (i) as a fully registered New Series 2023 Bond in the total aggregate principal amount of \$ _____ with principal installments to become due and payable as provided in Section 2 and numbered T-1 or (ii) as one (1) fully registered New Series 2023 Bond for each year of stated maturity in the applicable principal amount, interest rate, and denomination and to be numbered consecutively from T-1 and upward (the *Initial Bond*) and, in either case, the Initial Bond shall be registered in the name of the initial purchasers or their designee. The Initial Bond shall be the New Series 2023 Bonds submitted to the Office of the Attorney General of the State of Texas for approval and certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas. At any time after the delivery of the Initial Bond to the initial purchasers, the Paying Agent/Registrar, upon written instructions from the purchasers, or their designee, shall cancel the Initial Bond and exchange therefor definitive New Series 2023 Bonds of authorized denominations, stated maturities, principal amounts, and bearing applicable interest rates for transfer and delivery to the registered owners named and at the addresses identified therefor, all in accordance with and pursuant to such written instructions from the initial purchasers, or their designee, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 5. Form of New Series Bond. The form of all New Series 2023 Bonds, including the form of the Paying Agent/Registrar's Certificate of Authentication, the Form of Assignment, and the form of the Comptroller's Registration Certificate to accompany the New Series 2023 Bonds on the initial delivery thereof, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance:

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A. FORM OF DEFINITIVE BOND:

REGISTERED
NO. _____

REGISTERED
PRINCIPAL AMOUNT
\$ _____

United States of America
State of Texas
Counties of Bexar, Comal, and Medina

CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS,
NEW SERIES 2023

Bond Date: _____, 2023 Stated Maturity Date: _____ Interest Rate (%): _____ CUSIP No. _____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

ON THE STATED MATURITY DATE SPECIFIED ABOVE, THE CITY OF SAN ANTONIO, IN BEXAR, COMAL, AND MEDINA COUNTIES, TEXAS, a municipal corporation of the State of Texas (the *City*), hereby promises to pay to the order of the Registered Owner specified above, or to the registered assignee thereof (either being hereinafter called the *Registered Owner* or *Bondholder*), the Principal Amount specified above and to pay interest thereon, from the Closing Date (anticipated to be _____, 2023), or from the most recent interest payment date to which interest has been paid or duly provided, at the rate of interest per annum specified above, with said interest being payable on each February 1 and August 1, commencing _____, 20__.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at stated maturity at the corporate trust office of U.S. Bank Trust Company, National Association, Houston, Texas, which is the Paying Agent/Registrar for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the Record Date which is the 15th day of the month next preceding such interest payment date, either (i) by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on the appropriate date of payment to the Registered Owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Registered Owner hereof at the Registered Owner's risk and expense. The City covenants with the Registered Owner of this Bond that no later than each principal payment date and interest

payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a *Special Record Date*) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of bonds of like tenor and effect except as to number, principal amount, interest rate, and stated maturity, aggregating _____ AND NO/100 DOLLARS (\$ _____) (the *Bonds*), issued for the purposes of providing funds to (i) refunding outstanding obligations through purchase by means of the Tender Offer (as defined in the Ordinance) and subsequent cancellation thereof for debt service savings, as selected from the Tender Candidates by a Designated Financial Officer, and (ii) pay certain costs of issuance relating thereto, in accordance with the laws of the State of Texas, particularly Chapters 1207 and 1371, as amended, Texas Government Code, and pursuant to an ordinance passed by the City Council of the City and duly recorded in the minutes of said City Council (the *Ordinance*). The Bonds are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000.

AS PROVIDED in the Ordinance, the Bonds are subject to redemption prior to stated maturity.

AS PROVIDED in the Ordinance and subject to certain limitations contained therein, this Bond is transferable only on the Registration Books of the City, upon surrender of this Bond for transfer 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 Registered Owner hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same stated maturity date, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

THE CITY and the Paying Agent/Registrar, and any agent of either, shall treat the Registered Owner hereof whose name appears on the Registration Books (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its stated maturity date, and (iii) on any date as the owner hereof for all other purposes, and, to

the extent permitted by law, neither the City nor the Paying Agent/Registrar, nor any such agent of either, shall be affected by notice to the contrary.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, whose qualifications substantially are similar to the previous Paying Agent/Registrar it is replacing, and promptly will cause written notice thereof to be mailed to the Registered Owners of the Bonds.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the City, and agrees that the terms and provisions of this Bond and the Ordinance constitute a contract between the Registered Owner hereof and the City.

THIS BOND and all Bonds of the series of which it is a part constitute special obligations of the City, and, together with certain Outstanding revenue bonds heretofore issued by the City (defined in the Ordinance as *Previously Issued Parity Bonds*) are payable as to both principal and interest solely from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the Systems; for a more complete statement of the covenants and provisions securing the payment of this Bond and the series of which it is one, reference is hereby made to the Ordinance. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Ordinance.

THE CITY expressly reserves the right to issue further and additional special revenue obligations equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems on a parity with the Bonds of this issue and the Previously Issued Parity Bonds; provided, however, that any and all such additional revenue obligations may be so issued only in accordance with and subject to the covenants, conditions, limitations, and restrictions relating thereto which are set out and contained in the Ordinance, and reference is hereby made to the Ordinance for more complete and full particulars.

IN ADDITION, the Ordinance provides that the City may issue obligations secured by a lien on and the pledge of the Net Revenues of the Systems which are inferior to the lien and pledge securing the payment of the Bonds of this series; that such inferior lien obligations may be refunded into bonds on a parity with the Bonds of this series and the Previously Issued Parity Bonds, or achieve parity status therewith in accordance with and subject to the conditions, limitations, and restrictions relating thereto which are set out in the Ordinance; that the Ordinance may be amended with the consent of holders of 66-2/3% of the aggregate principal amount of bonds Outstanding which are on a parity with the Bonds of this series; and reference is hereby made to the Ordinance for more complete and full particulars with respect to these matters and the defeasance of the Bonds.

THE REGISTERED OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the aforesaid pledged revenues.

IN ADDITION TO ALL OTHER RIGHTS, the owners of this series of Bonds shall be subrogated to all pertinent and necessary rights of the owners of the obligations being refunded thereby.

IT IS HEREBY certified and recited that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions, and things required to exist and to be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done, have happened and have been performed in regular and due time, form, and manner as required by the laws of the State of Texas and the Ordinance; that this series of revenue refunding Bonds does not exceed any constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part by pledging the Net Revenues of the Systems of the City.

[The remainder of this page intentionally left blank.]

IN TESTIMONY WHEREOF, the City Council of the City of San Antonio, Texas, in accordance with the provisions of Chapter 618, as amended, Texas Government Code, as amended, has caused the seal of said City to be impressed or a facsimile thereof to be printed hereon, and this Bond to be executed with the manual or imprinted facsimile signatures of the Mayor and City Clerk of said City.

CITY OF SAN ANTONIO, TEXAS

By: _____
Mayor

ATTEST:

City Clerk

(SEAL)

[The remainder of this page intentionally left blank.]

B. FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Ordinance described on the face of this Bond, and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

U.S. Bank Trust Company, National
Association, Houston, Texas, as Paying
Agent/Registrar

By: _____
Authorized Representative

*NOTE TO PRINTER: Print on Definitive Bonds.

C. 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:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

D. FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO THE NEW
SERIES 2023 BONDS UPON INITIAL DELIVERY THEREOF.

OFFICE OF THE COMPTROLLER

§

§

STATE OF TEXAS

§

REGISTER NO. _____

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, and that he finds that it has been issued in conformity with the laws of the State of Texas and that it is a valid and binding special obligation of the City of San Antonio, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Bond has this day been registered by me.

WITNESS my signature and seal of office at Austin, Texas _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: Do Not Print on Definitive Bonds.

E. INITIAL BOND shall be in the form set forth in paragraph (a) of this Section, except that the form of the single fully registered Initial Bond shall be modified as follows:

(ii) immediately under the name of the Bond, the headings “Interest Rate _____” and “Stated Maturity Date _____” shall both be completed “as shown below”; and

(iii) the first paragraph shall read as follows:

ON THE STATED MATURITY DATES SPECIFIED BELOW, THE CITY OF SAN ANTONIO, IN BEXAR, COMAL, AND MEDINA COUNTIES, TEXAS, a municipal corporation of the State of Texas (the *City*), hereby promises to pay to the order of the Registered Owner specified above, or to the registered assignee thereof (either being hereinafter called the *Registered Owner* or *Bondholder*) on February 1 of the years and in the Principal Amounts specified below and to pay interest thereon, from the Closing Date (anticipated to be June 22, 2023), or from the most recent interest payment date to which interest has been paid or duly provided, at the rates of interest per annum specified in accordance with the following schedule:

Stated Maturities

Principal Amounts (\$)

Interest Rates (%)

(Information to be inserted from schedules in Section 2)

said interest shall be payable semiannually on each February 1 and August 1, commencing _____, 2023.

F. INSURANCE LEGEND

If bond insurance is obtained by the City for any New Series 2023 Bond, the appropriate definitive New Series 2023 Bonds and the Initial Bond shall bear an appropriate legend as provided by the insurer.

SECTION 9. Definitions. Unless the context shall indicate contrary meaning or intent, the terms below defined, for all purposes of this Ordinance or any ordinance amendatory or supplemental hereto, shall be construed, are used, and are intended to have meanings as follows:

A. *Additional Junior Lien Obligations* – (i) any bonds, notes, warrants, certificates of obligation, or other similar debt hereafter issued by the City that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues that is junior and inferior to the lien on and pledge of the Net Revenues that have or will be granted as security for the currently outstanding Parity Bonds and any Additional Parity Bonds hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues that have or will be granted as security for the Commercial Paper Obligations and the Inferior Lien Obligations hereafter issued by the City and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by such a junior and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

B. *Additional Parity Bonds* – bonds or other obligations authorized to be issued under the provisions of Section 17, including refunding bonds, which are secured by a lien on and pledge of the Net Revenues of the Systems on a parity with Previously Issued Parity Bonds and the New Series 2023 Bonds.

C. *Board of Trustees, Board, or City Public Service Board* – the City Public Service Board of San Antonio, Texas, existing and functioning pursuant to the ordinances authorizing the issuance of the Previously Issued Parity Bonds and this Ordinance.

D. *Bond Date* – shall mean June 1, 2023.

E. *City or Issuer* – the City of San Antonio, Texas.

F. *Closing Date* – the date of physical delivery of the Initial Bond in exchange for the payment in full by the Purchasers.

G. *Commercial Paper* – the currently authorized obligations of the City from time to time outstanding and unpaid that are payable wholly or in part from a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledge thereof securing payment of the currently outstanding Parity Bonds and the Junior Lien Obligations and any Additional Parity Bonds and Additional Junior Lien Obligations hereafter issued by the City, identified as follows:

(1) City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, as further described by applicable series and program, including amounts owed under each Credit Agreement (as defined in the City ordinances authorizing the issuance of the respective Commercial Paper Obligations); and

(2) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding obligations are payable from and equally and ratably secured, in whole or in part, by such a subordinate and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

H. *Depository* – such bank or banks at any time selected by the Board of Trustees to serve as depository of the funds hereinafter provided for with relation to the Parity Bonds.

I. *Designated Financial Officer* – the President and Chief Executive Officer of the Board, the Chair or Vice Chair of the Board, the Secretary or Assistant Secretary of the Board, Chief Financial Officer of the Systems, any Treasurer or Assistant Treasurer of the Board, any party succeeding to substantially all or part of the responsibilities and duties of either of the foregoing regardless of title (including any person acting in an interim or acting capacity), or such other officer or employee of the City authorized by the City Council to act as an authorized representative, or such other financial or accounting official of the Board so designated by the City Council.

J. *Fiscal Year* – the twelve-month operational period of the Systems commencing on February 1 of each year and ending on the following January 31.

K. *Government Securities* – (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) 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; (iii) 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; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the New Series 2023 Bonds.

L. *Inferior Lien Obligations* – (i) any bonds, notes, warrants, certificates of obligation, or other similar debt currently outstanding or hereafter issued by the City that are payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledges thereof securing payment of the currently outstanding Parity Bonds, the Junior Lien Obligations, the Commercial Paper Obligations, and any Additional Parity Bonds and Additional Junior Lien Obligations hereafter issued by the City, including the “City of San Antonio, Texas Electric and Gas Systems Tax Exempt Flexible Rate Revolving Notes, Series A”, and the “City of San Antonio, Texas Electric and Gas Systems Taxable Flexible Rate Revolving Notes, Series A”, (ii) “City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Tax-Exempt Flexible Rate Revolving Notes, Series B” and “City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Taxable Flexible Rate Revolving Notes, Series B”, (iii) any obligations that are issued subject to the limitations in Section 1502.052, as amended, Texas Government Code, and (iv) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by such an inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

M. *Junior Lien Obligations* – the currently authorized obligations of the City from time to time outstanding and unpaid that are payable wholly or in part from a lien on and pledge of the Net Revenues that is junior and inferior to the pledge thereof securing payment of the currently outstanding Parity Bonds and any Additional Parity Bonds hereafter issued by the City, identified as follows:

(1) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Taxable Series 2010A (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of \$300,000,000;

(2) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2014”, originally authorized in the aggregate principal amount of \$200,000,000;

(3) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015A”, originally authorized in the aggregate principal amount of \$125,000,000;

(4) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015B”, originally authorized in the aggregate principal amount of \$125,000,000;

(5) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Bonds, Series 2015C”, originally authorized in the aggregate principal amount of \$100,000,000;

(6) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Bonds, Series 2015D”, originally authorized in the aggregate principal amount of \$100,000,000;

(7) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2018”, originally authorized in the aggregate principal amount of \$134,870,000;

(8) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2019”, originally authorized in the aggregate principal amount of \$252,640,000;

(9) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2020”, originally authorized in the aggregate principal amount of \$127,770,000;

(10) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Series 2021A”, originally authorized in the aggregate principal amount of \$330,700,000;

(11) “City of San Antonio, Texas Electric and Gas Systems Fixed and Variable Rate Junior Lien Revenue Refunding Bonds, Series 2022”, originally authorized in the aggregate principal amount of \$359,465,000; and

(12) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by such a junior and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

N. *Maintenance and Operating Expenses* – those expenses required by law (Section 1502.056, as amended, Texas Government Code) to be a first lien on and charge against the income of the Systems, including the cost of insurance; the purchase and carrying of stores, materials, and supplies; the purchase, manufacture, and production of gas and electricity for distribution and resale; the payment of salaries; and the payment of all other expenses properly incurred in operating and maintaining the Systems and keeping them in good repair and operating condition (classified as a maintenance and operating expense as opposed to a capital expenditure under the

Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners). Depreciation on the properties of the Systems shall not be considered or included as Maintenance and Operating Expenses in the determination of Net Revenues of the Systems.

O. *Net Revenues* – all income and revenues from the operation of the Systems after the deduction of Maintenance and Operating Expenses. The term *Net Revenues* shall also include any additional and further security for the payment of the Parity Bonds as may be pledged therefor consistent with the then applicable laws of the State of Texas, provided that any such additional and further security is made equally and ratably applicable as security for all Outstanding Parity Bonds.

P. *New Series 2023 Bonds* – the Bonds authorized by this Ordinance, styled “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2023”.

Q. *Outstanding* – as of the date of determination, all Parity Bonds theretofore issued and delivered except:

(1) those Parity Bonds theretofore canceled by the respective paying agents for such Parity Bonds or delivered to such paying agents for cancellation;

(2) those Parity Bonds for which payment has been duly provided by the City by the irrevocable deposit with the respective paying agents for such Parity Bonds of money in the amount necessary to fully pay principal of, premium, if any, and interest thereon to maturity or redemption, if any, as the case may be, provided that, if such Parity Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the ordinance authorizing the issuance of such Parity Bonds or irrevocably provided to be given to the satisfaction of such paying agents, or waived;

(3) those Parity Bonds that have been mutilated, destroyed, lost, or stolen and for which replacement bonds have been registered and delivered in lieu thereof; and

(4) those Parity Bonds for which the payment of principal, premium, if any, and interest has been duly provided for by the City by the deposit in trust of money or Government Securities, or both.

R. *Parity Bonds or New Series Bonds* – the Previously Issued Parity Bonds, the New Series 2023 Bonds, and any Additional Parity Bonds.

S. *Paying Agent/Registrar* – the financial institution named in Section 3 of this Ordinance, or any successor thereto named in accordance with the provisions of Section 3 of this Ordinance.

T. *Previously Issued Parity Bonds* – the Outstanding and unpaid obligations of the City that are payable solely from and equally and ratably secured by a prior and first lien on and pledge of the Net Revenues of the Systems, identified as follows:

- (1) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2009C (Direct Subsidy-Build America Bonds)”, dated May 1, 2009 and originally issued in the principal amount of \$375,000,000;
- (2) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2010A (Direct Subsidy-Build America Bonds)”, dated February 1, 2010 and originally issued in the principal amount of \$380,000,000;
- (3) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2012”, dated March 1, 2012 and originally issued in the principal amount of \$521,000,000;
- (4) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2012”, dated June 1, 2012 and originally issued in the principal amount of \$655,370,000;
- (5) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2015”, dated August 1, 2015 and originally issued in the principal amount of \$320,530,000;
- (6) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, New Series 2015”, dated November 1, 2015 and originally issued in the principal amount of \$235,000,000;
- (7) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2016”, dated July 1, 2016 and originally issued in the principal amount of \$544,260,000;
- (8) “City of San Antonio, Texas Electric and Gas Systems Revenue and Refunding Bonds, New Series 2017”, dated April 1, 2017 and originally issued in the principal amount of \$308,005,000;
- (9) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2017”, dated August 1, 2017 and originally issued in the principal amount of \$194,980,000;
- (10) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2018A”, dated December 1, 2018 and originally issued in the principal amount of \$130,220,000;
- (11) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2019”, dated September 1, 2019 and originally issued in the principal amount of \$114,685,000;
- (12) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2020”, dated January 1, 2020 and originally issued in the principal amount of \$134,580,000;

(13) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, Taxable New Series 2020”, dated November 1, 2020 and originally issued in the principal amount of \$418,255,000;

(14) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2022”, dated April 1, 2022 and originally issued in the principal amount of \$109,620,000;

(15) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, Taxable New Series 2022”, dated April 1, 2022 and originally issued in the principal amount of \$413,720,000; and

(16) obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a first lien on and pledge of the Net Revenues of the Systems as determined by the City Council in accordance with any applicable law.

U. *Registered New Series 2023 Bonds* – any Parity Bonds issued as fully-registered bonds, without coupons.

V. *Surety Bond* – the surety bond issued by Assured Guaranty Municipal Corp. guaranteeing certain payments into the Retirement Account as provided in Section 11 hereof with respect to the Parity Bonds as provided in the Surety Bond and subject to the limitations set forth in the Surety Bond and the Surety Bond shall constitute a permissible Surety Policy.

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

X. *Systems* – the entire electric light and power plants and systems and gas distribution system and all property of every kind appurtenant to and used or acquired in connection with said electric light and power plants and systems and gas distribution system owned by the City, together with all property of every kind now and hereafter owned or acquired by the City as a part of or for use in the operation of the City’s electric light and power plants and systems and gas distribution system; provided, however, the term Systems shall not mean or include facilities of any kind which are declared not to be a part of the Systems and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of *Special Facilities Bonds*, which are hereby defined as being special revenue obligations of the City which are not payable from Net Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Parity Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

Y. *Tender Candidates* – shall mean:

(1) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2012”, dated March 1, 2012 and originally issued in the principal amount of \$521,000,000;

(2) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, Taxable New Series 2020”, dated November 1, 2020 and originally issued in the principal amount of \$418,255,000;

(3) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, Taxable New Series 2022”, dated April 1, 2022 and originally issued in the principal amount of \$413,720,000; and

(4) Any other general or special obligation of the City hereinafter identified and selected by a Designated Financial Officer as a candidate presenting an opportunity advantageous to the Systems and its ratepayers, as determined by a Designated Financial Officer.

Z. *Tendered Obligations* – those obligations set forth in Schedule I hereof.

SECTION 10. Pledge.

A. The City hereby covenants and agrees with the holders of the Parity Bonds that the Net Revenues of the Systems shall be and are hereby pledged to the payment of principal of and interest on (including the establishment and maintenance of a reserve, as provided in Sections 11 and 17E. of this Ordinance) the Parity Bonds, and it is hereby ordained that all Parity Bonds and the interest thereon shall constitute a first lien upon the Net Revenues of the Systems.

B. Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Parity Bonds and the pledge of Net 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 any time while the Parity Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, as amended, then in order to preserve to the registered owners of the Parity Bonds 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, as amended, and enable a filing to perfect the security interest in this pledge to occur.

SECTION 11. Rates and Charges. The City hereby agrees and reaffirms its covenants to the holders of the Parity Bonds that it will at all times maintain rates and charges for the sale of electric energy, gas, or other services furnished, provided, and supplied by the Systems to the City and all other consumers which shall be reasonable and nondiscriminatory and which will produce income and revenues sufficient to pay:

A. all Maintenance and Operating Expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502, as amended, Texas Government Code;

B. the interest on and principal of all Parity Bonds, as and when the same shall become due, and for the establishment and maintenance of the Funds and Accounts created for the payment and security of the Parity Bonds;

C. the interest on and principal of the Prior Lien Bonds, including the Junior Lien Obligations (including the credit agreement) and any Additional Junior Lien Obligations hereafter issued, as and when the same shall become due, and for the establishment and maintenance of the Funds and Accounts created for the payment and security of the Junior Lien Obligations and any Additional Junior Lien Obligations;

D. to the extent the same are reasonably anticipated to be paid with Available Revenues (as defined in the ordinance authorizing the Commercial Paper), the interest on and principal of all Notes (as defined in the ordinance authorizing the issuance of the Commercial Paper), and the Credit Agreement (as defined in the ordinance authorizing the issuance of the Commercial Paper); and

E. any legal debt or obligation of the Systems as and when the same shall become due.

For the purpose of satisfying the covenants specified above, the City may consider debt service on any obligations secured by and payable from revenues of the Systems after giving consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to any such obligations' having been irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Parity Bonds designated as "build America bonds" and "qualified bonds" under the Code).

SECTION 12. General Account. The City, acting through the Board of Trustees, hereby covenants with respect to the holders of the Parity Bonds that all revenues of every nature received through the operation of the Systems shall be deposited as received in the "City of San Antonio Electric and Gas Systems General Account" (the *General Account*), which shall be kept separate and apart from all other funds of the City. Revenues received for the General Account shall be deposited from time to time as received in such Depository as may be selected by the Board of Trustees in accordance with applicable laws relating to the selection of City depositories.

SECTION 13. Flow of Funds. The City, acting through the Board of Trustees, hereby agrees and reaffirms its covenant to the holders of the Parity Bonds that funds in the General Account shall be pledged and appropriated to the following uses and in the order of priority shown below:

FIRST: to the payment of reasonable and proper Maintenance and Operating Expenses of the Systems upon approval by the Board of Trustees;

SECOND: to the payment of Parity Bonds, including the establishment and maintenance of the reserve therefor;

THIRD: to the payment of the Prior Lien Bonds, including the Junior Lien Obligations and any Additional Junior Lien Obligations hereafter issued, and any credit agreement relating thereto, including the establishment and maintenance of the funds and accounts therefor;

FOURTH: to the payment and security of the Commercial Paper Notes and the Credit Agreement (as defined in the ordinance authorizing the Commercial Paper);

FIFTH: to the payment and security of the Inferior Lien Obligations which are inferior in lien to the Parity Bonds, the Junior Lien Obligations, and the Commercial Paper Notes;

SIXTH: to the payment of an annual amount equal to six percent (6%) of the gross revenues of the Systems to be deposited in the Repair and Replacement Account provided for in Section 12 of this Ordinance;

SEVENTH: to the payment of the annual amount due the General Fund of the City of San Antonio, as provided in Section 13 of this Ordinance; and

EIGHTH: any remaining Net Revenues of the Systems in the General Account, to the Repair and Replacement Account in accordance with Section 12 of this Ordinance.

SECTION 14. Parity Bond Retirement Account. For purposes of paying the principal of and interest on the Parity Bonds, when and as the same shall become due, and providing a reserve to prevent a default in the payment of such principal and interest on Parity Bonds, the City, acting through the Board of Trustees, hereby reaffirms the creation and establishment of a special account known as the “City of San Antonio Electric and Gas Systems Parity Bond Retirement Account” (the *Retirement Account*), which account shall continue to be kept separate and apart from all other funds or accounts of the Systems or of the City. The City hereby reaffirms its covenant that the Retirement Account shall be established and kept at such Depository as the Board of Trustees shall designate and funds deposited therein shall be used only for the purpose of paying the principal of and interest on the Parity Bonds.

From the Net Revenues of the Systems pledged to the payment and security of the Parity Bonds, the Board of Trustees shall cause to be paid in the Retirement Account such amounts as will be fully sufficient to (i) promptly pay, when due, all principal of and interest on the Parity Bonds (the “interest and sinking fund portion” of the Retirement Account) and (ii) establish and maintain in the Retirement Account a reserve amount (the *Reserve Amount* or *reserve fund portion* of the Retirement Account) equal to not less than the average annual principal and interest requirements of all Outstanding Parity Bonds (calculated on a Fiscal Year basis as of the date the last series of Parity Bonds were authorized and after giving consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to a series of Parity Bonds irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Parity Bonds designated as “build America bonds” and “qualified bonds” under the Code)); provided, however, that the City expressly reserves the right in this Ordinance to fund the Reserve Amount, in whole or in part, by purchasing a Surety Policy. In addition, all sums received from the initial purchasers of Parity Bonds constituting accrued interest, if any, shall be placed in the interest and sinking fund portion of the Retirement Account.

In addition to the deposits required to be made in the interest and sinking fund portion of the Retirement Account to pay the annual debt service requirements of the Previously Issued Parity Bonds, the Board is hereby directed to deposit in said Account the following amounts to pay the principal of and interest on the New Series 2023 Bonds:

A. Deposits for payment of interest--on or before the 15th day of the month to occur following the date of delivery of the New Series 2023 Bonds to the Purchasers thereof and on or before the 15th day of each following month through _____, 2023 an equal amount of money with such deposits totaling not less than the amount of the installment of interest coming due on the New Series 2023 Bonds on _____, 2023, and on or before _____, 2023 and on or before the 15th day of each following month, until the New Series 2023 Bonds are no longer Outstanding, an amount of money equal to not less than one-sixth (1/6) of the next semiannual installment of interest to become due on said New Series 2023 Bonds; provided, that to the extent there is money available in the interest and sinking fund portion of the Retirement Account to pay interest on said New Series 2023 Bonds on _____, 2023, such deposits may be reduced by the amount of the aforesaid money available to pay said interest on said New Series 2023 Bonds.

B. Deposits for payment of principal--on or before the 15th day of each following month and during each of the twelve-month periods preceding the dates the New Series 2023 Bonds are stated to mature, or are required to be redeemed prior to scheduled maturity, not less than one-twelfth (1/12) of the principal amount required herein to be paid at stated maturity or to be redeemed prior to scheduled maturity.

In compliance with the provisions of the ordinances authorizing the issuance of the Previously Issued Parity Bonds and this Ordinance, the Board of Trustees shall cause to be accumulated and maintained in the Retirement Account a Reserve Amount equal to not less than the average annual principal and interest requirements of the Previously Issued Parity Bonds and the New Series 2023 Bonds, such Reserve Amount to be determined on the basis of cash on deposit and the book value of securities in which money in the reserve fund portion of the Retirement Account is invested, and to be in addition to the amount on deposit in the Retirement Account for purposes of paying the annual debt service requirements of the Outstanding Parity Bonds. The Reserve Amount equals not less than the average annual principal and interest requirements of the Previously Issued Parity Bonds and the New Series 2023 Bonds. Whenever the amount in the reserve fund portion of the Retirement Account equals less than the total amount required to be on deposit therein in accordance with the provisions of this Ordinance, monthly deposits in an amount equal to the sum of the monthly deposits previously required under the provisions of the ordinances authorizing the Previously Issued Parity Bonds, shall be resumed and continued to be made on or before the 15th day of each month until the total amount required to be on deposit in the reserve fund portion of the Retirement Account has been fully restored; provided, however, that the City expressly reserves the right in this Ordinance to fund the Reserve Amount, in whole or in part, by purchasing a Surety Policy.

In the event there are insufficient funds available in any month to permit the required monthly deposits in the Retirement Account for purposes of paying the annual debt service requirements on the Parity Bonds and accumulating and maintaining the Reserve Amount, either or both, amounts equivalent to such deficiencies shall be set apart and paid into the said Account from the first available and unallocated Net Revenues pledged to the payment of the Parity Bonds in the next following month or months, and such payments shall be in addition to the monthly amounts otherwise required to be paid into said Account during such month or months.

Income and profits received from the investment of funds in the Retirement Account may be taken into consideration and reduce the monthly deposits which would otherwise be required

to be placed in the interest and sinking fund portion and reserve fund portion of the Retirement Account from the pledged Net Revenues of the Systems.

The City, at its option and consistent with the provisions of this Section, may fund the Retirement Account at the Reserve Amount by purchasing a Surety Policy that will unconditionally obligate the insurance company or other entity to pay all, or any part thereof, of the Reserve Amount in the event funds on deposit in the bond fund portion of the Retirement Account are not sufficient to pay the debt service requirements on the Parity Bonds. All ordinances adopted after the date hereof authorizing the issuance of Additional Parity Bonds shall contain a provision to this effect. Section 51 of this Ordinance contains certain provisions relating to the Surety Bond. The City reserves the right to use gross revenues of the Systems to fund the payment of (1) periodic premiums on the Surety Policy as a part of the payment of Maintenance and Operating Expenses, and (2) any repayment obligation incurred by the City (including interest) to the issuer of the Surety Policy, the payment of which will result in the reinstatement of such Surety Policy, prior to making payments required to be made to the reserve fund portion of the Retirement Account pursuant to the provisions of this Section to restore the balance in such fund to the Reserve Amount for the Parity Bonds.

In the event a Surety Policy is issued to satisfy all or part of the City's obligation with respect to the Reserve Amount causes the amount then on deposit in the reserve fund portion of the Retirement Account to exceed the Reserve Amount, the City may transfer such excess amount to any fund or funds established for the payment of or security for the Parity Bonds (including any escrow established for the final payment of any such obligations pursuant to Chapter 1207, as amended, Texas Government Code) or use such excess amount for any lawful purpose now or hereafter provided by law; provided, however, to the extent that such excess amount represents bond proceeds, then such amount must be transferred to the bond fund portion of the Retirement Account.

SECTION 15. Repair and Replacement Account. The City reaffirms its covenant with the holders of Parity Bonds that a special fund or account shall be created and established to be known as the "City of San Antonio Electric and Gas Systems Repair and Replacement Account" (the *Repair and Replacement Account*) at such Depository as may be designated by the Board of Trustees. Money on deposit in the Repair and Replacement Account shall be used for the following purposes: providing extensions, additions, and improvements to the Systems; meeting contingencies of any nature in connection with the operations, maintenance, improvement, replacement, or restoration of properties of the Systems; and paying bonds or other obligations for which other funds are not available, or for any or all of such purposes, as, from time to time, may be determined by the Board of Trustees.

From the Net Revenues remaining in the General Account after payments in accordance with Section 10 of this Ordinance and after payment and provisions for payments and additions to the Retirement Account in accordance with the provisions of Section 11, there shall be paid into the Repair and Replacement Account an annual sum equal to six percent (6%) of the gross revenues of the Systems for the then current Fiscal Year. This annual payment to the Repair and Replacement Account shall be accumulated each Fiscal Year by monthly installments, such monthly installments to be based on each month's gross revenues to the extent funds in the General Account are available each month; provided, however, should the total annual payment to the

Repair and Replacement Account in any Fiscal Year exceed six percent (6%) of the gross revenues of the Systems, as shown by the Systems' audited annual financial statement, proper year-end adjustments shall be made (on or before March 1 after the close of each Fiscal Year) by causing any excess amount deposited therein to be transferred to the General Account.

No deposit in excess of six percent (6%) of the annual gross revenues of the Systems shall be made to the Repair and Replacement Account (as provided in the preceding paragraph) unless and until complete and full payments, or provisions for such payments, shall have been paid over or credited to the General Fund of the City in accordance with Section 13 of this Ordinance. After complete and full payments, or provisions for such payments, shall have been paid over or credited to the General Fund of the City to the full extent required in Section 13 hereof, additional deposits may be made to the Repair and Replacement Account; and at the close of each Fiscal Year, all Net Revenues of the Systems remaining in the General Account after full and complete payment to the General Fund of the City has been made (except such amounts as may be required to meet unpaid accounts and obligations which have accrued or are payable during the year to insure continued operation of the Systems), shall be deposited in the Repair and Replacement Account.

SECTION 16. Payments or Credits to the General Fund of the City. In accordance with the provisions of the ordinances authorizing the issuance of the Previously Issued Parity Bonds and this Ordinance, and after the payments to the Retirement Account and the Repair and Replacement Account (for purposes of accumulating therein an amount equal to six percent (6%) of the annual gross revenues of the Systems) have been made in full in accordance with the provisions of Sections 10, 11, and 12 of this Ordinance, there shall be paid over or credited to the General Fund of the City (for general purposes of the City), to the extent Net Revenues of the Systems are available in the General Account and in monthly installments, an amount in cash not to exceed 14% of the gross revenues of the Systems for the month next preceding the month in which the monthly deposit is made, less the value of gas and electric services of the Systems used by the City for municipal purposes and the amount expended for additions to the street lighting system for the month for which such payment is being made. The maximum amount in cash to be transferred or credited to the General Fund of the City from the Net Revenues of the Systems during any Fiscal Year shall not exceed 14% of the gross revenues of the Systems less the value of gas and electric services of the Systems used by the City for municipal purposes and the amounts expended during the Fiscal Year for additions to the street lighting system. The percentage of gross revenues of the Systems to be paid over or credited to the General Fund of the City each Fiscal Year shall be determined (within the 14% limitation) by the governing body of the City.

SECTION 17. Investments. Funds on deposit in the General Account, the Construction Account (hereinafter defined), the Retirement Account and the Repair and Replacement Account may be, at the option of the Board of Trustees, invested in any investment permitted by the provisions of the Board of Trustees' Investment Policy and the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, as amended, or in any other investment authorized under applicable laws of the State of Texas from time to time, including time deposits, certificates of deposit, guaranteed investment contracts or similar contractual agreements. Any obligations, or evidences of ownership of said obligations, in which funds on deposit in the aforementioned Accounts are so invested shall be kept in escrow in the respective Depositories for such Accounts, and such investments shall be promptly sold when required and the proceeds of the sale applied to the making of payments required to be made from the Account from which the

investment was made whenever such payments are necessary to be made. All income and profits received from the investment of funds in the Repair and Replacement Account shall be transferred and credited to the General Account. During the period of time the Reserve Amount in the Retirement Account totals not less than the total amount required to be on deposit therein, all income and profits received from the investment of such funds shall be transferred to the interest and sinking fund portion of the Retirement Account, thereby reducing the amount required to be deposited therein, to meet the debt service requirements of Parity Bonds; otherwise income and profits received from investments of the funds constituting the Reserve Amount shall be retained as a portion of the Reserve Amount. Income and profits received from investments of funds on deposit in the interest and sinking fund portion of the Retirement Account shall be used only for the purposes of paying the principal of and interest on the Parity Bonds, as and when the same shall become due.

SECTION 18. Transfer of Funds to the Paying Agent/Registrar. On or before an interest or principal payment date of any Parity Bonds, the Treasurer of the Board shall make transfer of funds on deposit in the Retirement Account to the paying agent or paying agents (including the Paying Agent/Registrar) in the amounts calculated as fully sufficient to pay and discharge promptly, as due, each installment of interest and principal pertaining to the Parity Bonds then Outstanding. In making such transfers, the Treasurer of the Board shall take into account any money on deposit with the any paying agent/registrar relating to a series of Parity Bonds irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Parity Bonds designated as “build America bonds” and “qualified bonds” under the Code). In the event Parity Bonds may be called for redemption prior to stated maturity, the Treasurer of the Board shall cause amounts calculated as sufficient to pay and discharge the Parity Bonds (including accrued interest) so called for redemption to be transferred to the paying agent or paying agents (including the Paying Agent/Registrar) on or before the date fixed for the redemption of such bonds.

SECTION 19. Security of Funds. All money on deposit in the special Accounts for which this Ordinance makes provision (except any portions thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds.

SECTION 20. Issuance of Additional Parity Bonds. In addition to the right to issue obligations of inferior lien, as authorized by the laws of the State of Texas, the City reserves the right to issue additional revenue obligations payable from the same source and equally and ratably secured in the same manner as the Previously Issued Parity Bonds, and such additional revenue obligations and the Previously Issued Parity Bonds shall in all respects be of equal dignity. The amount of additional revenue obligations for Systems improvements and extensions to be issued from time to time shall be based upon the difference between the estimated costs of planned extensions and improvements and the total amount of funds available and estimated to be available for extensions and improvements to the Systems; and it shall be the duty of the Board of Trustees to request the City Council to authorize and provide for the issuance and sale of additional revenue obligations in the amount necessary to meet the cost of such planned extensions and improvements, such request to be evidenced by resolution of the Board of Trustees; and upon receipt of such request, it shall be the duty of the City Council to review such request and to provide for the issuance and sale of such Additional Parity Bonds as the City Council may deem necessary in

order that the planned extensions and improvements may be made. It is hereby covenanted and agreed that no additional refunding bonds or other obligations shall be issued or incurred on a parity with the Parity Bonds unless and until the following conditions can be satisfied and met:

A. The Board of Trustees by resolution (i) shall have consented to the issuance of such Additional Parity Bonds and the payment thereof from the Net Revenues of the Systems and (ii) shall have further agreed to comply with all of the terms and provisions of the ordinance authorizing such Additional Parity Bonds with relation to the operation of the Systems and the disposition of revenues of the Systems.

B. A Designated Financial Officer shall have executed a certificate stating (i) that the City is not in default as to any covenant, obligation, or undertaking contained in any ordinance or other document relating to the issuance of any obligations then Outstanding which are payable from and secured by a lien on and pledge of the Net Revenues of the Systems, and (ii) that each of the Accounts created and established for the sole purpose of paying the principal of and interest on such obligations contains the amount then required to be on deposit therein.

C. The Board of Trustees shall have secured from an independent certified public accountant a certificate evidencing his determination that the Net Revenues of the Systems (including earnings from the investment of Systems' funds) were, during the last completed Fiscal Year or for any consecutive twelve (12) month period during the last fifteen (15) consecutive months prior to the month of adoption of the ordinance authorizing the issuance of the additional obligations, equal to at least one and one-half times the maximum annual principal and interest requirements on the then outstanding Parity Bonds and the Additional Parity Bonds then proposed to be issued, after giving consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to a series of Parity Bonds irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Parity Bonds designated as "build America bonds" and "qualified bonds" under the Code). For the purpose of determining said Net Revenues, the certified public accountant may adjust the Net Revenues to include a proper allowance for revenues arising from any increase in electric and gas rates which has become effective prior to the issuance of the proposed Additional Parity Bonds, but which during all or any part of the past Fiscal Year or other twelve (12) month period used for determining said Net Revenues was not in effect, in an amount equal to the amount by which the billings of the Systems to customers for such Fiscal Year or twelve (12) month period would have been increased if such increase in rates had been in effect during the whole of such Fiscal Year or twelve (12) month period.

D. The Additional Parity Bonds are to mature on February 1 or August 1, or both, in each of the years in which they are scheduled to mature.

E. The ordinance authorizing the issuance of the Additional Parity Bonds (i) provides that the amount to be accumulated and maintained in the Retirement Account as the Reserve Amount shall be an amount equal to not less than the average annual requirements for the payment of principal of and interest on all Parity Bonds which will be Outstanding after giving effect to the issuance of the Additional Parity Bonds then being issued and (ii) provides that any increase to the Reserve Amount in the Retirement Account shall be accumulated within five (5) years and one (1)

month from the date of passage of the ordinance authorizing the issuance of the Additional Parity Bonds.

Provided, however, that Parity Bonds may be issued from time to time (pursuant to any law then available) for purposes of refunding outstanding Parity Bonds upon such terms and conditions as the governing body of the City and the Board of Trustees may deem to be in the best interest of the City, and, if less than all Outstanding Parity Bonds are refunded, the proposed refunding bonds shall be considered as "Additional Parity Bonds" under the provisions of this Section, but the certificate required in paragraph C of this Section shall give effect to the issuance of the proposed refunding bonds (and shall not give effect to the bonds being refunded following their cancellation or provision being made for their payment). Parity Bonds shall not be considered to be "outstanding" (under the provisions of this Ordinance) when provision has been made for their payment in the manner and to the extent permitted by the laws of the State of Texas applicable at the time such provision is made.

Provided, further, that any obligations hereafter issued which are junior and subordinate in all respects to the Parity Bonds may (without impairment of the obligation of contract of the Parity Bonds) be refunded as Parity Bonds by meeting all the terms and conditions for the issuance of Additional Parity Bonds; and such junior lien obligations may achieve the status of and become, for all purposes, Parity Bonds when the following conditions can be met and upon the happening of the following events: (i) the Board of Trustees shall have caused to be filed with the City Clerk of the City a certified written report of an independent certified public accountant demonstrating that the Net Revenues, during the last completed Fiscal Year or for any twelve (12) consecutive months during the last fifteen (15) months prior to the month of filing such report, were equal to at least one and one-half (1-1/2) times the maximum annual requirements for the payment of principal of and interest on the then outstanding Parity Bonds and for the obligations then proposed to achieve the status of Parity Bonds, after giving consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to a series of Parity Bonds irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Parity Bonds designated as "build America bonds" and "qualified bonds" under the Code); (ii) the Chief Executive Officer, Chief Financial Officer, or a Treasurer of the Board shall have filed with the City Clerk of the City (including any person acting in an interim or acting capacity) a certificate stating that the City is not in default as to any covenant, obligation, or undertaking contained in any ordinance or other document relating to the issuance of any obligations then outstanding which are payable from and secured by a lien on and pledge of the Net Revenues of the Systems and that each of the Accounts created and established for the sole purpose of paying the principal of and interest on such obligations contains the amount then required to be on deposit therein; (iii) the obligations proposed to achieve the status of Parity Bonds are stated to mature on February 1 or August 1, or both, in each of the years they are scheduled to mature; and (iv) the Reserve Amount required to be accumulated or then on deposit in the Retirement Account equals not less than the average annual requirements for the payment of principal of and interest on all Parity Bonds which will be Outstanding after giving effect to the obligations then proposed to achieve the status of Parity Bonds, after giving consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to a series of Parity Bonds irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Parity Bonds designated as "build America bonds" and "qualified bonds" under the Code).

SECTION 21. No Obligation of Lien Superior to that of the Parity Bonds. The City will not hereafter issue any additional bonds or create or issue evidences of indebtedness for any purpose possessing a lien on Net Revenues superior to that to be possessed by the Parity Bonds. The City, however, retains the right to create and issue evidences of indebtedness whose lien on Net Revenues shall be subordinate to that possessed by the Parity Bonds.

SECTION 22. Management of the Systems. In accordance with the provisions of the ordinances authorizing the Previously Issued Parity Bonds and this Ordinance, the City hereby agrees, covenants, and reaffirms that during such time as any Parity Bonds issued hereunder are Outstanding and unpaid, the complete management and control of the Systems, pursuant to the authority contained in Section 1502.070, as amended, Texas Government Code, shall be vested in a Board of Trustees consisting of five citizens (one of whom shall be the Mayor of the City) of the United States of America permanently residing in Bexar County, Texas, to be known as the "City Public Service Board of San Antonio, Texas". The Mayor of the City shall be a voting member of the Board, shall represent the City Council thereon, and shall be charged with the duty and responsibility of keeping the City Council fully advised and informed at all times of any actions, deliberations and decisions of the Board and its conduct of the management of the Systems.

All vacancies in membership on the Board (excluding the Mayor of the City), whether occasioned by failure or refusal of any person previously named to accept appointment or by expiration of term of office or otherwise, shall be filled in the following manner: a nominee to fill such vacancy shall be elected by the majority vote of the remaining members of the Board of Trustees, such majority vote to include the vote of the Mayor. The name of such nominee shall then be submitted by the Mayor to the vote of the City Council, which by a majority vote of the members thereof then in office shall, as evidenced by ordinance or resolution, either confirm or reject such nominee; provided, however, if the City Council fails to act upon such nominee, such failure to do so shall be considered as a rejection of such nominee and another nominee shall be selected by the Board. If a vacancy occurs and the remaining members of the Board (including the Mayor) fail to elect a nominee to fill such vacancy within sixty (60) days after the vacancy occurs (or fail to select another nominee within sixty (60) days after rejection of a nominee by the City Council), the City Council, by a majority vote of the members thereof then in office, shall elect a person to fill such vacancy and shall appoint such Trustee by resolution or ordinance. In the event the City rejects or fails to confirm three (3) consecutive nominees of the Board to fill a vacancy on the Board, the City Council shall, within thirty (30) days after the third rejection, appoint a temporary Trustee to fill such vacancy pending the appointment of a permanent Trustee to fill such vacancy. The appointment of a temporary Trustee by the City Council shall constitute the nomination of such appointee as the permanent Trustee to fill such vacancy. Unless the remaining members of the Board, by a majority vote, reject the nominee selected by the City Council within thirty (30) days after his appointment as a temporary Trustee, the appointment shall become final and the temporary Trustee shall automatically become the permanent Trustee to fill such vacancy. In such vote, the vote of the Mayor shall automatically be cast as a vote in favor of the confirmation of such Trustee, whether cast by the Mayor or not.

If the nominee of the City Council is rejected by a majority vote of the remaining Trustees, the remaining Trustees shall within thirty (30) days after such rejection elect another nominee to fill such vacancy. Such nominee shall be considered by the City Council and if approved shall become the permanent Trustee. If such nominee is rejected by a majority vote of the members of

the City Council then in office, or in the event the City Council fails to act upon such nomination within thirty (30) days after the nomination is presented to the City Council, the temporary Trustee theretofore appointed by the City Council shall automatically become the permanent Trustee to fill such vacancy. The term of office of each member appointed to the Board shall be five (5) years. A person who has served as an appointed member of the Board for a single five-year term shall be eligible for reappointment for one additional five-year term and one only. A member who is appointed to the Board to serve out an unexpired portion of a retired member's term shall not be considered to have served a "term" unless the unexpired portion of the term so served is three (3) years or more. Permanent removal of residence from Bexar County by any appointed member of the Board shall vacate his office as a member of the Board, or any member (other than the Mayor of the City) who shall be continuously absent from all meetings held by the Board for a period of four (4) consecutive months shall, unless he shall have been granted leave of absence by the unanimous vote of the remaining members of the Board, be considered to have vacated his office as a member of the Board. Any member of the Board, other than the Mayor of the City, may, by unanimous vote of the remaining members of the Board, be removed from office, but only for adequate cause.

Notwithstanding any of the foregoing provisions as contained in this Section or in any other section of this Ordinance pertaining to the appointment or selection of Trustees to the Board, the City Council reserves unto itself the absolute right at any time upon passage of an ordinance approved by a majority vote of its members to change the method of selection of and appointment to the Board of Trustees to direct selection by the City Council, with such change of method to direct selection being at the sole option of the City Council without approval of any persons, party, holder of Parity Bonds, or the Board of Trustees.

The operation and management of the Systems requires specialized knowledge and experience. Except as otherwise specifically provided in this Ordinance, the Board of Trustees shall have absolute and complete authority and power with reference to the control, management, and operation of the Systems and the expenditure and application of the revenues of the Systems subject to the provisions contained in this Ordinance, all of which shall be binding upon and shall govern the Board of Trustees. In connection with the management and operation of the Systems and the expenditure and application of the revenues therefrom, the Board of Trustees shall be vested with all of the powers of the City with respect thereto, including all powers necessary or appropriate for the performance of all of the covenants, undertakings, and agreements of the City contained in this Ordinance, and shall have full power and authority to make rules and regulations governing the furnishing of electric and gas service to customers and for the payment of the same, and for the discontinuance of such services upon failure of customers to pay therefor, and, to the extent authorized by law, shall have full authority with reference to making of extensions, improvements, and additions to the Systems and the acquiring by purchase or condemnation of properties of every kind in connection therewith. The delegation of authority and power herein made represents a legislative act of the City Council declaring policy regarding the management and operation of the Systems; the Board of Trustees' exercise of such delegated authority puts into execution such declared policies and is, therefore, administrative in nature.

The Board of Trustees, in exercising the management powers granted herein, will ensure that policies adopted affecting research, development, and corporate planning will be consistent

with City Council policy, and policies adopted by the Board of Trustees pertaining to such matters will be subject to City Council review.

The Board of Trustees shall elect one of its members as Chair and one as Vice Chair of the Board and shall appoint a Secretary and a Treasurer, or a Secretary-Treasurer, who may, but need not be, a member or members of the Board. If a member of the Board of Trustees is not appointed as Secretary or Treasurer, or Secretary-Treasurer, then an employee or employees of the Board whose duties in the operation of the Systems require performance of similar duties may be appointed as Secretary or Treasurer or Secretary-Treasurer. The Board of Trustees may follow and adopt such rules for the orderly handling of its affairs as it may see fit and may manage and conduct the affairs of the Systems with the same freedom and in the same manner ordinarily employed by the board of directors of private corporations operating properties of a similar nature. No member of the Board of Trustees, however, shall ever vote by proxy in the exercise of his duties as a Trustee.

The Board of Trustees shall appoint and employ all officers, employees, and professional consultants which it may deem desirable, including without limitation, a General Manager and Chief Executive Officer of the Systems, attorneys, engineers, architects, and other advisors. No officer or employee of the Board of Trustees may be employed who shall be related within the second degree of consanguinity or affinity to any member of the Board of Trustees.

The Board of Trustees shall obtain and keep continually in force an employees' fidelity and indemnity bond of the so-called "blanket" type, written by a solvent and recognized indemnity company authorized to do business in the State of Texas and covering losses to the amount of not less than One Hundred Thousand Dollars (\$100,000).

The members of the Board of Trustees, other than the Mayor of the City, shall receive annual compensation in the minimum amount of Two Thousand Dollars (\$2,000.00), except that the Chair of the Board shall receive annual compensation in the minimum amount of Two Thousand Five Hundred Dollars (\$2,500.00). Such compensation may be increased from time to time by the majority vote of the City Council then in office.

The members of the Board of Trustees and administrative officers shall not be personally liable, either individually or collectively, for any act or omission not willfully fraudulent or in bad faith.

SECTION 23. Method of Amendment. The City hereby reserves the right to amend ordinances authorizing the issuance of Parity Bonds subject to the following terms and conditions. An actual or constructive amendment of any term, provision or covenant of this Ordinance that is not compliant with this amendment process specified in this Section 20 shall result in an impairment of the contract between the City and the Bondholders hereby evidenced.

A. The holders of Parity Bonds aggregating in principal amount sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of then Outstanding Parity Bonds shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that without the consent of the holders of the Parity Bonds the provisions of the Certificate as to Tax Exemption executed in

connection with the initial delivery of the New Series 2023 Bonds may be amended at any time if the City receives an opinion from a nationally recognized bond counsel stating that such amendment would not adversely affect the status for federal income tax purposes of interest on the New Series 2023 Bonds and provided further that nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in the bonds so as to:

- (1) make any change in the stated maturity of Outstanding Parity Bonds;
- (2) reduce the rate of interest borne by any of the Outstanding Parity Bonds;
- (3) reduce the amount of the principal of, or redemption premium, if any, payable on any Outstanding Parity Bonds;
- (4) modify the terms of payment of principal or of interest or redemption premium on Outstanding Parity Bonds or any of them or impose any condition with respect to such payment;
- (5) affect the rights of the holders of less than all of the Parity Bonds then Outstanding; or
- (6) change the minimum percentage of the principal amount of bonds necessary for consent to such amendment.

B. If at any time the City shall desire to amend this Ordinance under this Section, the City shall cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the Office of the City Clerk of the City for inspection by all holders of Parity Bonds then Outstanding.

C. Whenever at any time within one (1) year from the date of publication of such notice the City shall receive an instrument or instruments executed by the holders of at least sixty-six and two-thirds percent ($66\frac{2}{3}\%$) in aggregate principal amount of all Parity Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which shall specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the City Clerk of the City, the City may adopt the amendatory ordinance in substantially the same form.

D. Upon the adoption of any amendatory ordinance pursuant to the provisions of this Section, the ordinances authorizing the Parity Bonds then Outstanding shall be deemed to be modified and amended in accordance with such amendatory ordinance, and the respective rights, duties, and obligations of the City and all holders of Outstanding Parity Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

E. Any consent given by the holder of an Outstanding Parity Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the publication of the notice provided for in this Section and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time

after six (6) months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the City Clerk of the City, but such revocation shall not be effective if the holders of sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the then Outstanding Parity Bonds as in this Section defined, have, prior to the attempted revocation, consented to and approved the amendment.

F. Except as provided in G. below for the Registered New Series 2023 Bonds, for the purposes of establishing ownership of Parity Bonds, the fact of the holding of Parity Bonds by any Bondholder, the amount and numbers of such bonds, and the dates of their holding such bonds, may be proved by the affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, or other depository the bonds described in such certificate. The City may conclusively assume that such ownership continues until notice to the contrary is served on the City.

G. For the purposes of establishing ownership of the Registered New Series 2023 Bonds, the City shall rely solely upon the registration of the ownership of such bonds on the Registration Books kept by the Paying Agent/Registrar, as provided in this Ordinance, notwithstanding anything to the contrary contained in the ordinances authorizing Previously Issued Parity Bonds or in this Ordinance.

SECTION 24. Maintenance and Operation--Insurance. The City hereby agrees and reaffirms that the Systems shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Parity Bonds are Outstanding, the City, acting by and through the Board of Trustees, agrees to maintain insurance of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business.

SECTION 25. Records--Accounts--Accounting Reports. The City, acting by and through the Board of Trustees, hereby agrees, covenants, and reaffirms that so long as any Parity Bonds, or any interest thereon, remain Outstanding and unpaid, a proper and complete set of records and accounts pertaining to the operation of the Systems shall be kept and maintained separate and apart from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Systems as provided in Chapter 1502, as amended, Texas Government Code, and that the holder or holders of any of the Parity Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto and to inspect the Systems and all properties comprising the same. The Board of Trustees shall, so far as practicable and to the extent consistent with the provisions of this Ordinance, keep its books and records in the manner prescribed in the Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners. It is further agreed that as soon after the close of each Fiscal Year as may reasonably be done, the City (acting by and through the Board of Trustees) will cause an annual audit of such books and accounts to be made by an independent firm of certified public accountants. Each such audit, in addition to whatever other matters may be thought proper by the accountants, shall reflect the revenues and expenses of the Systems for said Fiscal Year, and the assets, liabilities, and financial condition of the Systems (in reasonable detail) at the close of such Fiscal Year.

Expenses incurred in making the audit referred to above are to be regarded as Maintenance and Operating Expenses and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at her office in Austin, Texas and to the original purchaser of a series of Parity Bonds and any subsequent holder thereof at his written request. At the close of the first six (6) months' period of each Fiscal Year, the Treasurer of the Board is hereby directed to furnish a copy of an operating and income statement in reasonable detail covering such period to any bondholder upon his written request therefor received not more than thirty (30) days after the close of said six (6) months' period. Any bondholder shall have the right to discuss with the accountant making the annual audit the contents thereof and to ask for such additional information as he may reasonably require, provided such bondholder shall have offered to the Board of Trustees sufficient indemnity to pay any costs, expenses, and liabilities which may or might be incurred in providing such additional information.

SECTION 26. Remedies in the Event of Default. In addition to all of the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payments to be made to the Retirement Account as required by this Ordinance, or (ii) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the following remedies shall be available:

A. The holder or holders of any Parity Bonds shall be entitled to a writ of mandamus issued by a Court of proper jurisdiction, compelling and requiring the City, its officers, the Board of Trustees, and/or all of them, to observe and perform any covenants, conditions, or obligations prescribed in this Ordinance.

B. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedies herein provided shall be cumulative of all other existing remedies, and the specifications of such remedies shall not be deemed to be exclusive.

SECTION 27. Special Covenants. The City hereby further covenants as follows:

A. The City has secured from the Board of Trustees a resolution acknowledging its duties, responsibilities, and obligations under this Ordinance and agreeing to fully comply with all its terms and provisions, including the administration and operation of the Systems and the disposition of revenues of the Systems, compliance with which represents a material inducement to a Bondholder's investment decision relative to any Bonds.

B. The City has the lawful power to pledge the revenues supporting the New Series 2023 Bonds and has lawfully exercised said power under the laws of the State of Texas, including said power existing under the Act, and the New Series 2023 Bonds, the Previously Issued Parity Bonds, and Additional Parity Bonds, when issued, shall be equally and ratably secured under said

pledge of income in such manner that one bond shall have no preference over any other bond of said issues.

C. Other than for the payment of the New Series 2023 Bonds, the Previously Issued Parity Bonds, the Junior Lien Obligations, the Commercial Paper, and the Inferior Lien Obligations, the rents, revenues and income of the Systems have not in any manner been pledged to the payment of any debt or obligation of the City or of the Systems, except that certain reimbursement agreements, indemnity agreements, credit facility agreements, and other financial or contractual arrangements which have been or may be entered into by the City grant a subordinate and inferior lien on and pledge of the Net Revenues of the Systems to secure the payment obligations of the City or the Board under these agreements which lien is subordinate and inferior to the lien on and pledge thereof securing the payment of any Maintenance and Operating Expenses, the debt service requirements on the Parity Bonds, the Prior Lien Bonds (including the Junior Lien Obligations), the Commercial Paper Notes, and the Inferior Lien Obligations, and any other provision of the ordinances authorizing the issuance of these obligations.

D. So long as any of the Parity Bonds or any interest thereon remain Outstanding, the City will not sell or encumber the Systems or any substantial part thereof; provided that this shall not be construed to prohibit the sale of such machinery or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the Systems; and, provided further, with the exception of the Additional Parity Bonds expressly permitted by this Ordinance, the City will not encumber the Net Revenues unless such encumbrance is made junior and subordinate to all of the provisions of this Ordinance.

E. No free service of the Systems shall be allowed, and, should the City or any of its agents or instrumentalities make use of the services or facilities of the Systems, payments for services rendered by the Systems should either be made by the City or amounts equal in value to the services rendered by the Systems shall be deducted from the annual payment due the General Fund of the City from the Net Revenues of the Systems as provided in Section 13 hereof.

F. To the extent it legally may, the City further covenants and agrees that, so long as any Parity Bonds or any interest thereon are Outstanding, no franchise shall be granted for the installation or operation of any competing electric or gas system other than that owned by the City, and the operation of any such systems by anyone other than the City is hereby prohibited.

SECTION 28. New Series 2023 Bonds are Special Obligations. The New Series 2023 Bonds and any Additional Parity Bonds are special obligations of the City payable from the pledged Net Revenues, and the holders thereof shall never have the right to demand payment out of funds raised or to be raised by taxation.

SECTION 29. Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, and interest on the New Series 2023 Bonds or any Additional Parity Bonds, at the times and in the manner stipulated in this Ordinance, then the lien on and the pledge of Net Revenues and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

New Series 2023 Bonds, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such New Series 2023 Bonds or the principal amount(s) thereof at stated maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities 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 and interest on such Bonds, or the principal amount(s) thereof, on or prior to the stated maturity thereof. In the event of a defeasance of the Bonds, the City shall deliver a certificate from an independent accounting firm, one of its financial advisors, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, and interest due on any defeased Bonds. As and to the extent applicable, if at all, the City covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 30 hereof).

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the New Series 2023 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 and interest on the New Series 2023 Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity of the New Series 2023 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 New Series 2023 Bonds or any Additional Parity Bonds that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased New Series 2023 Bonds or any Additional Parity Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased New Series 2023 Bonds or any Additional Parity 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 (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased New Series 2023 Bonds or any Additional Parity Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased New Series 2023 Bonds or any Additional Parity Bonds.

SECTION 30. Damaged, Mutilated, Lost, Stolen, or Destroyed New Series 2023 Bonds.

A. In the event any Outstanding New Series 2023 Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered,

a new bond of the same principal amount, stated maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed New Series 2023 Bond, in replacement for such New Series 2023 Bond in the manner hereinafter provided.

B. Application for replacement of damaged, mutilated, lost, stolen, or destroyed New Series 2023 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a New Series 2023 Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a New Series 2023 Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such New Series 2023 Bond, as the case may be. In every case of damage or mutilation of a New Series 2023 Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the New Series 2023 Bond so damaged or mutilated.

C. Notwithstanding the foregoing provisions of this Section, in the event any such New Series 2023 Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, or interest on the New Series 2023 Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated New Series 2023 Bond) instead of issuing a replacement New Series 2023 Bond, provided security or indemnity is furnished as above provided in this Section.

D. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such New Series 2023 Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any New Series 2023 Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City, whether or not the lost, stolen, or destroyed New Series 2023 Bond shall be found at any time or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other New Series 2023 Bonds duly issued under this Ordinance.

E. In accordance with Chapter 1201, as amended, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty to replace such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 3(b) of this Ordinance for New Series 2023 Bonds issued in conversion and exchange for other New Series 2023 Bonds.

SECTION 31. Ordinance to Constitute Contract. The provisions of this Ordinance shall constitute a contract between the City and the holder or holders from time to time of the New Series 2023 Bonds or any Additional Parity Bonds, and, after the issuance of any of said bonds, no change, variation, or alteration of any kind in the provisions of this Ordinance may be made, unless as herein otherwise provided, until all of said bonds issued hereunder shall have been paid as to both principal and interest.

SECTION 32. Approval by Attorney General and Registration by the Comptroller of Public Accounts. The Mayor of the City and Treasurer of the Board are hereby authorized to have control and custody of the New Series 2023 Bonds or any Additional Parity Bonds and all necessary records and proceedings pertaining thereto pending the sale of the New Series 2023 Bonds or any Additional Parity Bonds and the initial delivery thereof to the initial purchasers thereof, and the Mayor and other officers and employees of the City and the Board are hereby authorized and instructed to make such certifications, execute such instruments, and perform such acts as may be necessary to assure the proper investigation, examination and approval thereof by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Account of the State of Texas, and to accomplish delivery of said bonds to the purchasers thereof.

SECTION 33. Covenants to Maintain Tax-Exempt Status.

A. Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the New Series 2023 Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the *Code*), the interest on which is not includable in the “gross income” of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any “private business use,” as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the “private business use” described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a “private business use” which is “related” and not “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as “private activity bonds” within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being “federally guaranteed” within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment

property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

a. proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

b. amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the New Series 2023 Bonds or amounts treated as proceeds of the New Series 2023 Bonds, as may be necessary, so that the New Series 2023 Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the New Series 2023 Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the New Series 2023 Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the New Series 2023 Bonds) an amount that is at least equal to 90 percent of the “Excess Earnings,” within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the New Series 2023 Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

B. Rebate Fund. In order to facilitate compliance with the above covenant (8), a “Rebate Fund” is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

C. Proceeds. The City understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the New Series 2023 Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the New Series 2023 Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the New Series 2023 Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption

from federal income taxation of interest on the New Series 2023 Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs any Designated Financial Officer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the New Series 2023 Bonds.

D. Allocation Of, and Limitation On, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Project on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the New Series 2023 Bonds, or (2) the date the New Series 2023 Bonds are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the New Series 2023 Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

E. Disposition of Project. The City covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the New Series 2023 Bonds. For purpose of the foregoing, the City may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the New Series 2023 Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

F. Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as Exhibit G as the City's written procedures.

G. Reimbursement. This Ordinance is intended to satisfy the official requirements set forth in section 1.150-2 of the Treasury Regulations, including with respect to capital program expenditures for Systems improvement funded with tax-exempt Commercial Paper Obligations unrelated to the issuance of any series of Bonds issued hereunder.

SECTION 34. Printed Legal Opinion on New Series 2023 Bonds. The initial purchasers' obligation to accept delivery of the New Series 2023 Bonds is subject to their being furnished a final opinion of Co-Bond Counsel, McCall, Parkhurst & Horton L.L.P. and Kassahn & Ortiz, P.C., San Antonio, Texas, approving certain legal matters pertaining to the New Series 2023 Bonds, said opinion to be dated and delivered as of the date of delivery and payment for such bonds. Printing of a true and correct copy of said opinion on the reverse side of each of such bonds with appropriate certificate pertaining thereto executed by electronic or facsimile signature of the City Clerk is hereby approved and authorized.

SECTION 35. CUSIP Numbers. CUSIP numbers may be printed on the New Series 2023 Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the New Series 2023 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 any CUSIP number incorrectly printed on the New Series 2023 Bonds.

SECTION 36. Sale of New Series 2023 Bonds - Authorization of Bond Purchase Agreement- Official Statement Approval. The New Series 2023 Bonds authorized by this Ordinance are hereby sold by the City to _____, as the authorized representative of a group of underwriters (the *Purchasers*, having all the rights, benefits, and obligations of a holder) in accordance with the provisions of a Bond Purchase Agreement dated _____, 2023 (the *Purchase Contract*), attached hereto as Exhibit B and other Tendered Obligation documentation in Exhibit H hereto, each incorporated hereby by reference as a part of this Ordinance for all purposes. The pricing and terms of the sale of the New Series 2023 Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the City. The Initial Bond shall be registered in the name of _____. Each Designated Financial Officer is hereby authorized and directed to execute the Purchase Contract for and on behalf of the City and as the act and deed of the City Council, and in regard to the approval and execution of the Purchase Contract, the City Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained in the Purchase Contract are true and correct in all material respects and shall be honored by the City. Delivery of the New Series 2023 Bonds to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Purchase Contract.

Furthermore, the City hereby ratifies, confirms, and approves in all respects (i) the City's prior determination that the Preliminary Official Statement was, as of its date, "deemed final" in accordance with the Rule (hereinafter defined) and (ii) the use and distribution of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the New Series 2023 Bonds. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale, attached as Exhibit A to the Purchase Contract (together with such change approved by the Mayor or Mayor Pro Tem and City Clerk of the City Council (including any party in an interim or acting capacity), any Designated Financial Officer, or any one or more of said officials) are hereby authorized to use and distribute the final Official Statement, dated _____, 2023, in the reoffering, sale and delivery of the New Series 2023 Bonds to the public. The Mayor and/or City Clerk, or any Designated Financial Officer, are further authorized and directed to manually, facsimile, or electronically execute and deliver for and on behalf of the City copies of the Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually, facsimile, or

electronically executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 37. Escrow Agreement Approval and Execution; Proceeds of Sale. The Escrow Agreement dated as of April 20, 2023 (the *Escrow Agreement*) by and between the City and U.S. Bank Trust Company, National Association, Houston, Texas (the *Escrow Agent*), attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and the Escrow 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 a Designated Financial Officer and on behalf of the City and as the act and deed of this City Council, and the Escrow Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Escrow Agreement herein approved.

Furthermore, the Mayor, Mayor Pro Tem, City Clerk, City Manager, any Designated Financial Officer (including any party in an interim or acting capacity), or any one or more of said officials, and the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Escrowed Securities referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the New Series 2023 Bonds to the Purchasers for deposit to the credit of the "CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS, TAXABLE NEW SERIES 2023 ESCROW FUND" (the *Escrow Fund*), including the execution of any subscription forms, if any, for the purchase and issuance of the "United States Treasury Securities - State and Local Government Series" for deposit to the Escrow Fund; all as contemplated and provided by the provisions of the Act, this Ordinance, and the Escrow Agreement.

SECTION 38. Proceeds of Sale; Contribution from Board. Proceeds from the sale of the New Series 2023 Bonds shall, promptly upon receipt by the City, be applied as follows:

A. The amount of \$ _____, to be paid from a [net] reoffering premium generated from the sale of the New Series 2023 Bonds, shall be used for the payment of (1) certain costs of issuance relating to the New Series 2023 Bonds in the amount of \$ _____, (2) the Underwriters' discount in the amount of \$ _____, and (3) the balance of \$ _____ shall be deposited to the Escrow Fund as described in Paragraph B below;

B. \$ _____ of proceeds from the sale of the New Series 2023 Bonds (derived from the remaining portion of the [net] reoffering premium generated from the sale of the New Series 2023 Bonds and principal of the New Series 2023 Bonds in the amount of \$ _____) to establish an Escrow Fund, in combination with the Board contribution of \$ _____ authorized under this Section 35, to refund the Refunded Obligations and tender the Tendered Obligations, as more fully provided in the Escrow Agreement and the Tender Agreement.

Additionally, on or immediately prior to the date of the initial delivery of the New Series 2023 Bonds to the Purchasers, any Designated Financial Officer shall cause to be transferred in immediately available funds to the Escrow Agent from money on deposit in the Retirement Account maintained for the payment of the Refunded Obligations, the Tendered Obligations and

other lawfully available funds representing the Board's cash contribution to accomplish the refunding of the Refunded Obligations and tender of the Tendered Obligations.

SECTION 39. Redemption of the Tendered Obligations. The Tendered Obligations described in the preamble hereof will mature, be redeemed, or tendered prior to maturity at the price of par, premium, if any, and accrued interest to the tender date. The City Clerk shall give written notice to the Escrow Agent, that these Refunded Obligations shall be paid at such applicable dates, and the City Council ordains that such obligations (in addition to the Refunded Commercial Paper) are to be defeased, and as applicable, redeemed or tendered as specified in Schedule I hereto, and such order to redeem the Refunded Obligations on the date(s) herein specified shall be irrevocable upon the delivery of the Bonds. A copy of each notice of redemption pertaining to the Tendered Obligations of each particular series is attached to this Ordinance and incorporated herein by reference for all purposes.

SECTION 40. Further Actions. The officers and employees of the City and the officers and employees of the Board are hereby authorized to execute such certificates, opinions, or other documents deemed necessary to carry out the purposes of this Ordinance.

SECTION 41. 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 42. 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 43. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 44. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 45. 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, Escrow Agent, Co-Bond Counsel, the Purchasers, and the Registered Owners of the New Series 2023 Bonds 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, Escrow Agent, Co-Bond Counsel, the Purchasers, and the Registered Owners of the New Series 2023 Bonds.

SECTION 46. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 47. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

SECTION 48. No Recourse Against City or Board Officials. No recourse shall be had for the payment of principal of, or interest on any New Series 2023 Bonds or for any claim based thereon or on this Ordinance against any official of the City, the Board, or any person executing any New Series 2023 Bonds.

SECTION 49. Authorization of Paying Agent/Registrar Agreement. The City Council of the City hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement pertaining to the registration, transferability, and payment of the New Series 2023 Bonds. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 50. 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 of the City.

SECTION 51. Continuing Disclosure Undertaking.

A. Definitions.

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

EMMA means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

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

Undertaking means the City's continuing disclosure undertaking, described in Paragraphs B through E below, hereunder accepted and entered into by the City's for the purpose of compliance with the Rule.

SEC means the United States Securities and Exchange Commission.

B. Annual Reports.

The Board, on behalf of the City, shall file annually with the MSRB, within six months after the end of each Fiscal Year ending in or after 2023, financial information and operating data with respect to the Board of the general type included in the final Official Statement authorized by Section 33 of this Ordinance being the information described in Exhibit D hereto. All such information must be filed with the MSRB pursuant to its Electronic Municipal Access (*EMMA*) System. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit D hereto, or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation and (ii) audited, if the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Board shall file unaudited financial statements within such period and audited financial statements for the applicable Fiscal Year with the MSRB, when and if the audit report on such statements becomes available.

If the Board changes its Fiscal Year, it will file notice thereof with the MSRB of the change (and of the date of the new Fiscal Year) prior to the next date by which the Board, on behalf of the City, otherwise would be required to provide financial information and operating data pursuant to this Section.

C. Notice of Certain Events. The Board, on behalf of the City, shall file notice of any of the following events with respect to the New Series 2023 Bonds, to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the New Series 2023 Bonds, or other material events affecting the tax status of the New Series 2023 Bonds;
- (7) modifications to rights of holders of the New Series 2023 Bonds, if material;

- (8) New Series 2023 Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the New Series 2023 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership, or similar event of the City or the Board, which shall occur as described below;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the Board or the sale of all or substantially all of the assets of the City or the Board, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;
- (15) Incurrence of a Financial Obligation of the City or the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or the Board, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or the Board, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City or the Board in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City or the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City or the Board, and (b) the City intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The Board shall file notice with the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with this Section by the time required by this Section.

D. Limitations, Disclaimers, and Amendments. The City and the Board, on behalf of the City, shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the New Series 2023 Bonds within the meaning of the Rule, except that the Board on behalf of the City in any event will give notice of any deposit made in accordance with the laws of the State of Texas that causes the New Series 2023 Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the New Series 2023 Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board, on behalf of the City, undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. Neither the City nor the Board makes any representation or warranty concerning such information or its usefulness to a decision to invest in or sell New Series 2023 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY OR THE BOARD BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NEW SERIES 2023 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY OR THE BOARD, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City or the Board in observing or performing their obligations under this Section shall constitute a breach of or default under the Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City or the Board under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City or the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell New Series 2023 Bonds in the primary offering of the New Series 2023 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding New Series 2023 Bonds consent to such amendment or (b) a person that is unaffiliated with the City or the Board (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the New Series 2023 Bonds. The City may also repeal or

amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling New Series 2023 Bonds in the primary offering of the New Series 2023 Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City so amends the provisions of this Section, the Board, on behalf of the City, shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

E. Information Format – Incorporation by Reference.

The information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

F. General Policies and Procedures Concerning Compliance With the Rule.

Because the issuance of the Bonds is subject to the provisions of the Rule and because the potential “underwriters” in a negotiated sale of the Bonds or the initial purchasers in a competitive sale of the Bonds may be subject to MSRB rules and regulations with respect to such sale (including certain due diligence and suitability requirements, among others), the City hereby adopts the General Policies and Procedures Concerning Compliance with the Rule (the *Policies and Procedures*), attached hereto as Exhibit E, with which the Board shall follow to assure compliance with the Undertaking. The City has developed these Policies and Procedures for the purpose of meeting its requirements of the Undertaking and, in connection therewith, has sought the guidance from Board internal staff charged with administering the Board’s financial affairs, its municipal or financial advisors, its legal counsel (including its Co-Bond Counsel), and its independent accountants (to the extent determined to be necessary or advisable). The Policies and Procedures can be amended at the sole discretion of the Board and any such amendment will not be deemed to be an amendment to the Undertaking. Each Designated Financial Officer is hereby authorized to amend the Policies and Procedures as a result of a change in law, a future issuance of indebtedness subject to the Rule, or another purpose determined by the Designated Financial Officer to be necessary or desirable for or with respect to future compliance with the Undertaking.

SECTION 52. Book-Entry-Only System. The New Series 2023 Bonds shall initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York, or any successor entity thereto (*DTC*), as set forth herein. Each stated maturity of the New Series 2023 Bonds shall be issued (following cancellation of the Initial Bond described in Section 4) in the form of a separate single definitive New Series 2023 Bond. Upon issuance, the ownership of each such New Series 2023 Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding New Series 2023 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 DTC Letter of Representations attached hereto as Exhibit E (the *Representation Letter*).

With respect to the New Series 2023 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 New Series 2023 Bonds from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the New Series 2023 Bonds (an *Indirect Participant*). Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the New Series 2023 Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the New Series 2023 Bonds, as shown on the Registration Books, of any notice with respect to the New Series 2023 Bonds, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a holder of a New Series 2023 Bond, of any amount with respect to principal of, or interest on the New Series 2023 Bonds. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a New Series 2023 Bond evidencing the obligation of the City to make payments of principal, 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 New Series 2023 Bonds that they be able to obtain certificated New Series 2023 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 New Series 2023 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 New Series 2023 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 New Series 2023 Bonds may be registered in whatever name or names

the holders of New Series 2023 Bonds transferring or exchanging the New Series 2023 Bonds shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any New Series 2023 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such New Series 2023 Bond and all notices with respect to such New Series 2023 Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 53. Further Procedures. The officers and employees of the City and the Board are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the New Series 2023 Bonds or any Additional Parity Bonds, the Paying Agent/Registrar Agreement, the Escrow Agreement, the Purchase Contract, and the Official Statement. In addition, prior to the initial delivery of the New Series 2023 Bonds, the Mayor, the City Manager, the City's Chief Financial Officer, and any Designated Financial Officer and Co-Bond Counsel are 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 and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the New Series 2023 Bonds by the Texas Attorney General's office. Co-Bond Counsel may institute any bond validation suit under Chapter 1205, Texas Government Code, as amended, or any successor statute, while the New Series 2023 Bonds remain outstanding and unpaid. In case any officer of the City or the Board whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 54. Retirement Account Reserve Amount Surety Bond Provisions. The following provisions shall be effective as long as the reserve fund portion of the Retirement Account relating to the Previously Issued Parity Bonds, the New Series 2023 Bonds, and certain Additional Parity Bonds is insured by Assured Guaranty Municipal Corp. (AGM) pursuant to the Surety Policy:

A. The City shall repay any draws under the Surety Policy and pay all related reasonable expenses incurred by AGM. Interest shall accrue and be payable on such draws and expenses from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means, subject to the limitations of Chapter 1204, as amended, Texas Government Code, the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (*Prime Rate*) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Previously Issued Parity Bonds, the New Series 2023 Bonds, and certain Additional Parity Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting

interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 365 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, *Policy Costs*) shall commence in the first month following each draw, and each such monthly payment shall in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to AGM on account of principal due, the coverage under the Surety Policy will be increased by a like amount, subject to the terms of the Surety Policy.

All cash and investments in the reserve fund portion of the Retirement Account (the *Reserve Fund*) shall be transferred to the debt service fund for payment of debt service on the Previously Issued Parity Bonds, the New Series 2023 Bonds, and certain Additional Parity Bonds before any drawing may be made on the Surety Policy or any other credit facility credited to the Reserve Fund in lieu of cash (*Credit Facility*). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Surety Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

B. If the City shall fail to pay any Policy Costs in accordance with the requirements of Paragraph A hereof, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Ordinance other than (i) acceleration of the maturity of the Previously Issued Parity Bonds, the New Series 2023 Bonds, and certain Additional Parity Bonds or (ii) remedies which would adversely affect owners of the Previously Issued Parity Bonds, the News Series Bonds, and certain Additional Parity Bonds.

C. The Ordinance shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of certain of the Previously Issued Parity Bonds, the New Series 2023 Bonds, and certain Additional Parity Bonds.

D. The Paying Agent/Registrar shall ascertain the necessity for a claim upon the Surety Policy and to provide notice to AGM in accordance with the terms of the Surety Policy at least five business days prior to each date upon which interest or principal is due on the Previously Issued Parity Bonds, the New Series 2023 Bonds, and certain Additional Parity Bonds.

E. The Surety Policy shall expire on [December 31, 20__], unless hereafter modified by an agreement with AGM or another qualified surety provider and the City. In such instance, the new expiration date of the Surety Policy shall be the date set forth in such agreement.

SECTION 55. City's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Designated Financial Officer, Co-Bond Counsel to the City, and/or Co-Financial Advisors to the City to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the New Series 2023 Bonds; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the New Series 2023 Bonds.

SECTION 56. Delegation Authorization Pursuant to HB 1295. Though such parties may be identified, and the entry into a particular contract may be authorized, herein, pursuant to the Act, and any other applicable law, the City Council hereby delegates to each Designated Financial Officer the authority to independently select the counterparty to any agreement with the Paying Agent/Registrar, rating agency, bond insurer, securities depository, Escrow Agent, open market securities bidding agent, escrow fund winning bidders, or any other contract that is determined by a Designated Financial Officer, the Co-Financial Advisors, or Co-Bond Counsel to be necessary or incidental to the issuance of the New Series 2023 Bonds as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code, as amended (collectively, the *Ancillary Bond Contracts*) and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the City. The City Council has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.

SECTION 57. Authorization Remaining. On _____, 2023, the City is issuing \$ _____, which is the first bond issuance under this Ordinance authorizing \$ _____ in total par amount of bonds, and of the remaining authorization to issue bonds, the City intends to issue refunding bonds in the principal amount not to exceed \$ _____ which is equal to the \$ _____ in remaining authorization permitted hereunder.

SECTION 58. Effective Date. The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Ordinance shall take effect immediately if passed by the affirmative vote of at least eight members of the City Council, otherwise the same shall take effect on the tenth day after the date of its passage by the City Council.

* * *

PASSED AND ADOPTED by an affirmative vote of ____ members of the City Council of the City of San Antonio, Texas, this the 20th day of April, 2023.

CITY OF SAN ANTONIO, TEXAS

M A Y O R
Ron Nirenberg

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 Segovia, City Attorney,
City of San Antonio, Texas

Index of Schedules and Exhibits

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Schedule II - Approval Certificate

Exhibit A - Paying Agent/Registrar Agreement

Exhibit B - Bond Purchase Agreement and Tender Agreement

Exhibit C - Escrow Agreement

Exhibit D - Description of Annual Financial Information

Exhibit E - DTC Letter of Representations

Exhibit F - General Policies and Procedures Concerning Compliance with the Rule

Exhibit G - Written Procedures Relating to Continuing Compliance with Federal Tax Covenants

Exhibit H - Tendered Obligation Documentation

Schedule I

Table of Tendered Obligations

Schedule II

Approval Certificate

See Tab No. __

EXHIBIT A

Paying Agent/Registrar Agreement

See Tab No. __

EXHIBIT B

Bond Purchase Agreement and Dealer Manager Agreement

See Tab No. __

EXHIBIT C

Escrow Agreement

See Tab No. __

EXHIBIT D

Description of Annual Financial Information

The following information is referred to in Section 51 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Board to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The Board's audited financial statements for the most recently concluded fiscal year or unaudited financial statements for such period to the extent that audited financial statements are not available.
2. Information under the Sections "SAN ANTONIO ELECTRIC AND GAS SYSTEMS – RETAIL AND WHOLESALE ELECTRIC AND NATURAL GAS SALES – Retail Service Area – Customer Base as of January 31, 2022"; "TEN-YEAR ELECTRIC CUSTOMER STATISTICS", "FIVE-YEAR ELECTRIC AND GAS SALES BY CUSTOMER CATEGORY", and "FIVE-YEAR STATEMENT OF NET REVENUES AND DEBT SERVICE COVERAGE" Tables under "SAN ANTONIO ELECTRIC AND GAS SYSTEMS – CUSTOMERS AND RATES – Customer Rates"; "SAN ANTONIO ELECTRIC AND GAS SYSTEMS – DESCRIPTION OF FACILITIES – Electric System – Generating Capability"; "Five-Year South Texas Project Capacity Factor" Table under "SAN ANTONIO ELECTRIC AND GAS SYSTEMS – DESCRIPTION OF FACILITIES – Electric System – Power Generation Sources"; "Other Electric and Gas Systems Statistics" under "SAN ANTONIO ELECTRIC AND GAS SYSTEMS – DESCRIPTION OF FACILITIES – Gas System – Rule Relating to Replacement of Gas Distribution Facilities"; and APPENDIX B.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

EXHIBIT E

DTC Letter of Representation

See Tab No. __

EXHIBIT F

General Policies and Procedures Concerning Compliance with the Rule

- I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Section 51 of the Ordinance. “Bonds” refers to the Bonds that are the subject of the Ordinance to which this Exhibit is attached.
- II. As a capital markets participant, the City is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the *Effective Date*), and the City, acting by and through the Board, has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the City’s compliance with the Rule.
- III. The City is aware that the Rule was amended as of the Effective Date (the *Rule Amendment*) and has accommodated this amendment by adding subparagraphs (15) and (16) to Section 51 of the Ordinance, which provisions are a part of the Undertaking.
- IV. The City is aware that “participating underwriters” (as such term is defined in the Rule) of the Bonds must make inquiry and reasonably believe that the City is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission’s Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.
- V. The City now establishes the following general policies and procedures (the *Policies and Procedures*) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the City’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the City’s obligations under the Rule, the advice from and discussions with the Board’s internal senior staff (including staff charged with administering the Board’s financial affairs), its municipal or financial advisors, its legal counsel (including Co-Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the *Compliance Team*):
 - (a) The Chief Financial Officer of the Systems (the *Compliance Officer*) shall be responsible for satisfying the City’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;
 - (b) the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the City’s information of the type described in Section 51 of the Ordinance;

- (c) the Compliance Officer shall promptly determine the occurrence of any of the events described in Section 51 of the Ordinance;
- (d) the Compliance Officer shall work with external consultants of the City, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the City and notice of the occurrence of any of the events referenced in Clauses 2 and 3 above, respectfully, the foregoing being required to satisfy the terms of the Undertaking;
- (e) the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the Issuer, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Bonds;
- (f) upon identification of any Financial Obligation meeting the materiality standard identified in Clause 5 above, the Compliance Officer shall establish a process for identifying and monitoring any City agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;
- (g) the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the City; and
- (h) the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the City’s internal staff identified by the Compliance Officer to assist with the City’s satisfaction of the terms and provisions of the Undertaking.

EXHIBIT G

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the Chief Financial Officer of the Systems (the *Responsible Person*), will:

- (i) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- (ii) monitor the actions of the Escrow Agent to ensure compliance with the applicable provisions of the Escrow Agreement, including with respect to reinvestment of cash balances;
- (iii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (iv) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the date of delivery of the Bonds (the *Issue Date*), and (B) within 30 days after the date the Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;

- (v) determine whether, at any time the Bonds are outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT H
TENDERED OBLIGATION DOCUMENTATION