
REVOLVING CREDIT AGREEMENT

Dated as of October 31, 2023

between

CITY OF SAN ANTONIO, TEXAS

and

TRUIST BANK

relating to

**City of San Antonio, Texas
Water System Commercial Paper Notes, Series B**

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Exhibits

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REVOLVING CREDIT AGREEMENT

This Revolving Credit Agreement (this “*Agreement*”) is dated as of October 31, 2023 and is between the CITY OF SAN ANTONIO, TEXAS (the “*City*”), and TRUIST BANK (the “*Lender*”).

RECITALS:

Pursuant to authority granted by the laws of the State of Texas, particularly the Act (as defined below), the City is empowered to issue obligations for the purpose of providing funds to pay “*Project Costs*” (as defined in the Act) of “*Eligible Projects*” (as defined in the Act);

Pursuant to the Act and the Ordinance (as defined below) the City proposes to issue its commercial paper notes (the “*Program Notes*”) in an amount not to exceed \$500,000,000 and in multiple series and, as applicable, subseries, the proceeds of which would be used to finance and refinance projects eligible under the Act to be financed;

The City has requested the Lender to support certain of the City’s Program Notes issued from time to time, in response to which the Lender, whether directly or through an affiliate, has agreed by making available a revolving line of credit initially aggregating \$100,000,000 (of an amount supporting the Paper Notes issued as “*Series B*” (herein, the “*Series B Notes*”));

The Lender is willing to make available a revolving line of credit for the purpose of providing liquidity support for the Series B Notes subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01 Definitions. In addition to other terms defined herein, unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Agreement or any agreement amendatory or supplemental hereto, shall be construed, are used and are intended to have the following meanings, to wit:

“*Act*” shall mean Chapters 1371 and 1502, as amended, Texas Government Code.

“*Additional Subordinate Lien Obligation*” is defined in the Ordinance.

“*Advance Rate*” shall mean a rate per annum equal to 10.0%; provided that, immediately upon the occurrence and during the continuation of an Event of Default, the Advance Rate shall equal the Default Rate; provided further that at no time shall the Advance Rate be less than the highest per annum rate of interest applicable to any outstanding Notes.

“*Affiliate*” shall mean, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“*Agreement*” shall mean this Revolving Credit Agreement, as from time to time amended or supplemented in accordance with its terms.

“*Alternate Credit Facility*” is defined in the Ordinance.

“*Anti-Corruption Laws*” shall mean laws, rules and regulations of any jurisdiction applicable to the City or any of its affiliates from time to time concerning or relating to bribery or corruption.

“*Anti-Terrorism Laws*” has the meaning set forth in Section 4.18 hereof

“*Applicable Law*” shall mean (i) all applicable common law and principles of equity and (i) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators. Whenever the Applicable Law of a particular jurisdiction is referred to in this Agreement, such reference shall be deemed to include the Applicable Law of all political subdivisions of such jurisdiction.

“*Authorized Representative*” has the meaning given such term in the Ordinance.

“*Available Commitment*” shall mean \$100,000,000 as adjusted from time to time as follows: (a) downward in an amount equal to the principal amount of each Loan made hereunder; (b) downward by the amount of any reduction in the Commitment pursuant to Section 2.06 or Section 6.01 hereof; and (c) so long as the Revolving Credit Period has not terminated, upward in an amount equal to the principal amount of any Loan that is repaid pursuant to the terms hereof; provided, that, after giving effect to any such adjustment to the Available Commitment shall never exceed the Commitment from time to time in effect. Any adjustments pursuant to clause (a), (b) or (c) above shall occur simultaneously with the event requiring such adjustment.

“*Base Rate*” shall mean, for any day, a rate per annum equal to the highest of (a) the Fed Funds Rate plus 2.0%, (b) the Prime Rate plus 1.50% and (c) 7.50%.

“*BHC Act Affiliate*” of a party shall mean an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Board*” shall mean the Board of Trustees of the San Antonio Water System.

“*Bond Counsel*” shall mean as co-bond counsel to the City, and any other firm or firms selected by the Board whose opinion concerning bond matters is nationally recognized.

“*Bonds*” shall mean any or all of the Senior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations and Inferior Lien Obligations.

“*Business Day*” shall mean any day other than (i) a Saturday, Sunday or other day on which commercial banks located in the states of New York, Texas and such other location in which the Lender is authorized or required by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

“*Change in Law*” shall mean the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any law, rule, statute, policy, interpretation, treaty, regulation, guideline or directive, (b) any change in any law, rule, statutes, policy, interpretation, treaty, regulation, guideline or directive or in the administration, promulgation, implementation, enforcement, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline, policy, interpretation, treaty, regulation, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding the foregoing, any request, law, statute, rule, policy, interpretation, treaty, regulation, guideline or directive in connection with any Risk-Based Capital Guidelines, the Dodd-Frank Wall Street Reform and Consumer Protection Act, promulgated by the Bank of International Settlements, or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or arising in the administration, promulgation, implementation, enforcement, interpretation or application thereof, shall be deemed to be a Change of Law regardless of the date enacted, adopted, issued, promulgated or implemented.

“*City*” shall mean the City of San Antonio, Texas.

“*City Council*” shall mean the governing body of the City.

“*Closing Date*” shall have the meaning given to said term in Section 3.01 hereof.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended, and when reference is made to a particular section thereof, the applicable Treasury Regulations from time to time promulgated or proposed thereunder.

“*Collateral*” shall mean the collateral described in Section 2.09 hereof.

“*Commitment*” shall mean \$100,000,000 as such amount may be reduced pursuant to Section 2.06 hereof.

“*Commitment Fee*” shall mean the amount payable to the Lender pursuant to the Fee Agreement.

“*Control*” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “*Controlling*” and “*Controlled*” have meanings correlative thereto.

“*Covered Entity*” shall mean any of the following: (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Dealer*” shall mean the dealer or remarketing agent (one or more) selected from time to time by the City to market or remarket the Notes in accordance with Section 3.4 of the Ordinance and the terms hereof. The current Dealers are _____ and _____.

“*Dealer Agreement*” shall mean each Dealer Agreement between the City and the respective Dealer, approved and authorized to be entered into by Section 3.4 of the Ordinance, as from time to time amended or supplemented in accordance with the terms hereof and thereof.

“*Debt*” is defined in the Ordinance.

“*Default*” shall mean any condition or event that constitutes an Event of Default (as defined in Section 6.01 hereof) or that with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“*Default Rate*” shall mean a rate of interest per annum equal to the Base Rate plus three percent (3%); provided, however, that at all times the Default Rate shall be subject to the limitations set forth in Section 2.04(c) hereof; provided further, however, that in no event shall the Default Rate be less than the highest per annum rate of interest applicable to any Outstanding Notes.

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*Effective Date*” shall mean October 31, 2023.

“*Eligible Projects*” is defined in the Ordinance.

“*Event of Default*” shall mean an Event of Default as defined in Section 6.01 hereof.

“*Excluded Tax*” shall mean, with respect to the Lender or any Holder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender or such Holder is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the City is located.

“*Excess Interest Amount*” has the meaning given such term in Section 2.04(c)(i).

“*Executive Order*” has the meaning set forth in Section 4.18 hereof

“*Federal Funds Rate*” shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no

such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Lender on such day on such transactions as determined by the Lender; provided, that if such Federal Funds Rate should be less than zero, such rate shall be deemed to be zero.

“*Fee Agreement*” shall mean that certain Fee Agreement dated as of the Effective Date, between the City and the Lender, as the same may be amended and supplemented from time to time and any agreement entered into in substitution thereof.

“*Final Date*” shall mean the earlier of:

(a) October 31, 2028 or such later date as may be established pursuant to Section 2.10 of this Agreement; and

(b) The date the Commitment is reduced to zero pursuant to Section 2.06 or terminated pursuant to Section 6.01 of this Agreement.

“*Fiscal Year*” is defined in the Ordinance.

“*Fitch*” shall mean Fitch Ratings, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“*Governmental Approvals*” shall mean an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

“*Governmental Authority*” shall mean the government of the United States or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Gross Revenues*” is defined in the Ordinance.

“*Holder*” shall mean the Lender and any other holder of the Loan Note or any entity to which the Lender or any such other holder sells a participation in the Loan Note (whether or not the City was given notice of such sale and whether or not the Holder has an interest in the Loan Note at the time amounts are payable to such Holder thereunder and under this Agreement).

“*Indebtedness*” of any Person shall mean at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (iv) all obligations of such Person as

lessee under capital leases, (v) all debt of others secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person, (vi) all obligations of such Person under any Swap Agreement and (vii) all debt of others of a type described in any of clauses (i) through (vi) hereof guaranteed by such Person.

“Indemnified Taxes” shall mean Taxes other than Excluded Taxes.

“Inferior Lien Obligations” is defined in the Ordinance.

“Issuing and Paying Agent,” “Paying Agent,” “Registrar,” shall mean the agent appointed pursuant to Section 2.02 of the Ordinance, or any successor to such agent, appointed in accordance with the Ordinance and the terms hereof. The initial Issuing and Paying Agent as of the Effective Date is The Bank of New York Mellon Trust Company, N.A.

“Issuing and Paying Agent Agreement” shall mean the Issuing and Paying Agent Agreement, dated as of _____ between the City and the Issuing and Paying Agent, approved and authorized by Section 3.03 of the Ordinance, as from time to time amended or supplemented in accordance with the terms hereof and thereof.

“Junior Lien Obligations” is defined in the Ordinance.

“Laws” shall mean any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

“Lender” shall mean (i) Truist Bank and (ii) any banking institution which subsequently becomes a party to this Agreement.

“Lending Office” shall mean the office or offices of the Lender described in Section 7.03 hereto, or such other office or offices as a Lender may from time to time notify the City.

“Loan Advance” or *“Advance”* shall mean a loan made hereunder pursuant to Section 2.02(a) of this Agreement.

“Loan Advance Maturity Date” shall mean the earlier to occur of (i) the date that is 90 days from the date the Loan Advance is made, (ii) the Final Date, and (iii) the Business Day on which Notes are sold to fund repayment pursuant to the Ordinance.

“Loan Note” shall mean the promissory note evidencing Loans made by the Lender to the City, in substantially the form of 0 attached hereto, with appropriate completions, and any and all renewals, extensions, or modifications thereof.

“Loans” shall mean Loan Advances and Term Loans.

“Maintenance and Operating Expenses” is defined in the Ordinance.

“Maximum Maturity Date” is defined in the Ordinance.

“*Maximum Interest Rate*” shall mean the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the City in the exercise of its borrowing powers (as currently prescribed by Chapter 1204, as amended, Texas Government Code).

“*Maximum Rate*” shall mean 10% per annum.

“*Moody’s*” shall mean Moody’s Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“*Net Revenues*” is defined in the Ordinance.

“*Note(s)*” shall mean the Series B Notes.

“*Note Construction Fund*” shall mean such fund, account, or subaccount defined and specified in the Ordinance, established for receipt of proceeds of Notes issued for new money purposes.

“*Note Payment Fund*” shall mean such fund, account or subaccount, as defined and specified in the Ordinance, established for the payment of the Notes.

“*Notice of Loan*” shall mean a written bon-owing request in substantially the form of **Exhibit B** attached hereto, with appropriate completions, executed by the Issuing and Paying Agent on behalf of the City, which requests a Loan from the Lender.

“*No-Issuance Notice*” shall mean the notice described in Section 2.14 hereof.

“*OFAC*” has the meaning set forth in Section 4.18 hereof.

“*Offering Memorandum*” shall mean the Offering Memorandum dated _____, relating to certain Program Notes (including the Notes) to specifically include the cover page and all summary statements, appendixes and other materials included or incorporated by reference or attached thereto, as amended or supplemented or any other official statements of the City, prospectus or similar disclosure document used with respect to the remarketing of the Notes or supplement to Offering Memorandum.

“*Ordinance*” shall mean Third Amended and Restated Ordinance No. 2018-09-13-0729 of the City, adopted on September 13, 2018 authorizing the City, among other things, to execute, deliver, and perform this Agreement and the Loan Note, and to execute and deliver from time to time the Notes.

“*Other Taxes*” shall mean all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

“Outstanding” when used with reference to Bonds, shall mean, as of a particular date, all such Bonds theretofore and thereupon delivered except: (a) any such Bond cancelled by or on behalf of the City at or before said date; (b) any such Bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the ordinance authorizing the issuance of such Bond. The term *“Outstanding”* also shall mean with reference to Notes, as of the date of determination, all Notes theretofore delivered, except:

(1) Notes theretofore cancelled and delivered to the City or delivered to the Issuing and Paying Agent for cancellation;

(2) Notes upon transfer of or in exchange for and in lieu of which other Notes have been delivered pursuant to the Ordinance; and

(3) Notes under which obligations of the City have been released, discharged or extinguished in accordance with the terms thereof.

“Parity Debt” shall mean any obligation secured by or payable from Net Revenues on a parity basis with the Notes.

“Participant” shall mean any Person which in accordance with Section 7.12 hereof, shall participate in the benefits and obligations of the Lender under this Agreement pursuant to a participation agreement between the Lender and such Person.

“Person” shall mean an individual, a corporation, a partnership, an association, a trust, or any other entity or organization, including a governmental or political subdivision or any agency or instrumentality thereof.

“Pledged Revenues” is defined in the Ordinance.

“Prime Rate” shall mean the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Lender) or any similar release by the Federal Reserve Board (as determined by the Lender). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Principal Payment Date” shall mean with respect to a Term Loan, the date upon which an installment of principal scheduled to become payable hereunder and the Term Loan Maturity Date.

“Project Costs” is defined in the Ordinance.

“*QFC*” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“*Regulation U*” shall mean Regulation U of the Board of Governors of the Federal Reserve System (or any successor), as the same may be amended from time to time.

“*Related Documents*” shall mean the Ordinance, the Issuing and Paying Agent Agreement, the Dealer Agreement, the Notes, the Loan Note, the Fee Agreement and any exhibits, schedules, instruments or agreements relating thereto, as the same may be amended, modified or supplemented in accordance with their terms and the terms hereof.

“*Request for Term Loan*” shall mean a written borrowing request in substantially the form of **Exhibit B-1** attached hereto, with appropriate completions, signed by an Authorized Representative, which requests a Term Loan from the Lender.

“*Revolving Credit Period*” shall mean the period commencing on the Effective Date and continuing to the Final Date.

“*Risk-Based Capital Guidelines*” shall mean (i) the risk-based capital guidelines in effect in the United States including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“*S&P*” shall mean S&P Global Ratings or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“*Sanctioned Country*” shall mean, at any time, a country, region or territory which is itself the subject or target of any Sanctions (as of the First Amendment Effective Date, the so-called Donetsk People’s Republic, the so-called Luhansk People’s Republic, the Crimea, Zaporizhzhia and Kherson Regions of Ukraine, Cuba, Iran, North Korea and Syria).

“*Sanctioned Person*” shall mean, at any time (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state, His Majesty’s Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

“*Sanctions*” shall mean all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or His Majesty’s Treasury of the United Kingdom or other relevant sanctions authority.

“*Senior Lien Obligations*” is defined in the Ordinance.

“Special Events of Default” shall mean the Events of Default described in Section 6.01(a), Section 6.01(e), Section 6.01(f), Section 6.01(g), Section 6.01(h), Section 6.01(i), Section 6.01(j), Section 6.01(k), Section 6.01(l) and Section 6.01(m).

“Specified Debt” shall mean (i) any bonds, notes, certificates, debentures or other evidence of similar indebtedness issued by or on behalf of the City secured by a lien on Net Revenues (including, without limitation, regularly scheduled principal and interest payments due to a lender in the form of reimbursement, but excluding commercial paper notes the payment of the principal of which is supported by credit enhancement and for which the commercial paper notes are paid pursuant to such agreement and excluding accelerated payments due to a lender in the form of reimbursement), the payment of which ranks senior to or on parity with the Loan Note, the Bonds (other than Inferior Lien Obligations), the Loan Advances or the Term Loans, (ii) the obligations of the City under any Swap Agreement (other than any termination payments under any Swap Agreement) (the payment of which is secured by a lien on Net Revenues and which ranks senior to or on parity with the Loan Note, the Bonds (other than Inferior Lien Obligations), the Loan Advances or the Term Loans) providing interest rate support with respect to any Indebtedness specified in the definition of the foregoing clause (i), (iii) any obligation of the City as lessee under a capital lease the payment of which is secured by a lien on Net Revenues and which ranks senior to or on parity with the Loan Note, the Bonds, the Loan Advances or the Term Loans which is not subject to appropriation or abatement, and (iv) any guarantee by the City secured by a lien on Net Revenues the payment of which ranks senior to or on parity with the Loan Note, the Bonds, the Loan Advances or the Term Loans (*provided, however*, that the failure to pay any such guarantee as a result of any set-off, recoupment, counterclaim or any other defense of the City shall not constitute a failure to pay Specified Debt for purposes of this Agreement).

“Subordinate Lien Obligations” shall mean the Program Notes, the Loan Note, the “Loan Notes” from any other series or subseries of Program Notes, payment obligations under existing Swap Agreements and Additional Subordinate Lien Obligations from time to time issued under the Ordinance.

“Substitution Date” shall mean the date of effectiveness of an Alternate Credit Facility in accordance with the terms and provisions of the Ordinance.

“Suspension Event” shall mean the occurrence of an event which causes the suspension of the obligations of the Lender hereunder pursuant to the penultimate paragraph and the third to last paragraph in Section 6.01 hereof

“Swap Agreement” shall mean an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security, however denominated, entered into between the City and any counterparty thereto, in connection with or incidental to, the issuance or carrying of bonds, securities or other obligations secured by or payable from Net Revenues, including, without limitation, an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security entered into in advance of the issuance of bonds, securities or other obligations secured by or payable from Net Revenues.

“System” is defined in the Ordinance.

“*Taxes*” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Term Loan*” shall mean a Loan Advance which has been converted to a term loan pursuant to Section 2.01(b) hereof and which is evidenced by a Loan Note.

“*Term Loan Maturity Date*” shall mean, with respect to any Term Loan, the earliest to occur of (i) the third anniversary of the date on which the related Loan Advance was made, (ii) the Substitution Date, (iii) the date that the Available Commitment is permanently reduced to zero or the Commitment is otherwise terminated prior to the Final Date, including as a result of the occurrence of a Special Event of Default, and (iv) the date on which the City issues Notes (or other commercial paper notes) or bonds, the proceeds of which could be used to repay such Term Loan.

“*Term Loan Rate*” shall mean 10.0% per annum; provided however, that in no event shall the Term Loan Rate be less than the highest per annum rate of interest applicable to any Outstanding Notes.

Section 1.02 Incorporation of Certain Definitions by Reference. Any terms with an initial capital letter which are used herein and which are not otherwise defined herein shall have the meaning assigned to them in the Ordinance as in effect on the Effective Date unless the context shall indicate a contrary meaning.

Section 1.03 Accounting Terms. All accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent (except for changes concurred in by the City’s independent public accountants) with the most recent financial statements of the System delivered pursuant to Section 5.01.

Section 1.04 Interpretations. The table of contents and article and section headings of this Agreement are included herein for convenience of reference purposes only and shall not constitute a part of this Agreement or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa. References to any constitutional, statutory or regulatory provision means such provision as it exists on the Effective Date and any future amendments thereto or successor provisions thereof. All references to time herein shall refer to local time in New York, New York.

ARTICLE II.

REVOLVING CREDIT; TERM LOANS

Section 2.01 Commitment to Lend.

(a) *Revolving Credit.* The Lender agrees that it will, during the Revolving Credit Period, on the terms and conditions set forth in this Agreement, advance to the Issuing and Paying Agent, as an extension of credit for the account of the City, from time to time amounts up to, but not to exceed, an aggregate amount at any one time outstanding equal to its Commitment. Each Loan Advance by the Lender under this Section 2.01(a) shall be made in such amount equal to the Loan Advance as may be requested by the Issuing and Paying Agent to enable the City to pay the principal of the maturing Notes during the Revolving Credit Period and on the date of the Loan Advance. The aggregate of all Loan Advances made on any date shall not exceed the Available Principal Commitment on such date. Any Loan Advance may be paid by the City on any date, but shall be paid not later than its Loan Advance Maturity Date, subject to the provisions of Section 2.04(a). The City may borrow under this Section 2.01(a), prepay under Section 2.07, and reborrow under this Section 2.01(a) at any time and from time to time during the Revolving Credit Period; *provided, however*, that the aggregate principal amount of all Loan Advances and Term Loans shall not exceed the Commitment at any time.

(b) *Term Loans.* Subject to the conditions set forth in Section 3.03 hereof, the Lender agrees that it will, on the terms and conditions set forth in this Agreement, convert the unpaid Loan Advance, on its Loan Advance Maturity Date, to a Term Loan; *provided, however*, that the aggregate principal amount of the Lender's outstanding Term Loans and Loan Advances shall at no time exceed the Commitment. The principal amount outstanding under each Term Loan shall be repaid in twelve (12) equal quarterly installments commencing on the date which is three (3) months after the date that the related Loan Advance was made, and ending on the Term Loan Maturity Date.

(c) *Repayment.* All outstanding Loans and all other amounts owing to the Lender hereunder shall be due and payable, if not sooner paid, on the Substitution Date.

Section 2.02 Method of Borrowing.

(a) *Revolving Credit.* Each Loan Advance shall be made to the Issuing and Paying Agent (or as directed by it) pursuant to a completed Notice of Loan signed by the Issuing and Paying Agent acting on behalf of the City made to the Lender not later than 10:30 a.m. of the Business Day on which a Loan Advance is to be made to the Issuing and Paying Agent. The Issuing and Paying Agent will act as the City's agent for the purpose of executing and delivering each Notice of Loan. The City irrevocably appoints the Issuing and Paying Agent as the City's attorney-in-fact, with full authority in the place of the City and in the name of the City to execute and deliver each Notice of Loan. A completed and signed Notice of Loan shall be made to the Lender by delivery of a facsimile, or other written form containing the information prescribed in **Exhibit B** hereto. Notwithstanding the foregoing, the Lender agrees subject to the conditions set forth in this Section and in Section 3.02 to honor a Notice of Loan made to the Lender on any date the Lender

has delivered a No-Issuance Notice pursuant to Section 2.14, which is also a date upon which Notes are due and payable.

Upon receipt by the Lender of a Notice of Loan, the request for a Loan Advance as therein set out shall not be revocable by the City (or by the Issuing and Paying Agent). At or prior to 1:00 p.m. on the date for which the Loan Advance is requested, and subject to satisfaction of the applicable conditions set forth in Sections Section 2.02 and Section 3.02, the Lender shall make available, in federal or other immediately available funds, to the Issuing and Paying Agent the funds necessary for such Loan Advance, for the account of the City with instructions to deposit such funds in the Note Payment Fund.

(b) *Term Loans.* Subject to the conditions set forth in Section 3.03 hereof, the City may request that a Loan Advance on its Loan Advance Maturity Date be converted to a Term Loan pursuant to a completed and signed Request for Term Loan made to the Lender not later than three (3) Business Days prior to the Loan Advance Maturity Date. A completed and signed Request for Term Loan shall be made to the Lender by delivery of a facsimile or other written form containing the information prescribed in **Exhibit B-1** hereto.

Section 2.03 Loan Note. (a) The Loans made by the Lender shall be evidenced by a single Loan Note payable to the order of the Lender in a principal amount equal to the Commitment. The Loan Note shall bear interest on the aggregate principal balance of the outstanding Loans and shall be due and payable on the dates, in the amounts (which amounts shall not exceed the principal amount of outstanding Loans made by the Lender), and under the circumstances set forth herein and in the Loan Note. No interest shall begin to accrue on the Lender's Loan Note until such time as the Lender has disbursed the Loan proceeds in accordance with this Agreement. The payment of the principal of and interest on the Loan Note shall constitute payment of the principal of and interest on the related Loans and the payment of the principal of and interest on the Loans shall constitute the payment of principal and interest on the Loan Note and the failure to make any payment on any Loan when due shall be a failure to make any payment on the Loan Note when due shall be a failure to make a payment on the related Loan.

(b) The Lender shall record, and prior to any transfer of its Loan Note shall endorse on the schedules forming a part thereof, appropriate notations to evidence the date, amount, type, and maturity of each Loan made by it and the date and amount of each payment of principal made by the City with respect thereto; *provided, however,* that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the City hereunder or under the Loan Note. In any legal action or proceeding in respect of this Agreement or a Loan Note, the notations made on such Loan Note or as provided by the Lender's accounting records shall be presumptive evidence of the existence and amount due thereunder. The Lender is hereby authorized by the City so to endorse its Loan Note and to attach to and make a part of its Loan Note a continuation or substitution of any such schedule as and when required.

Section 2.04 Interest.

(a) *Interest Accrual.*

(i) Each Loan Advance shall bear interest on the outstanding principal amount thereof for each day from the date such Loan Advance is made until it becomes due at the Advance Rate or Default Rate, as applicable. To the extent that funds are advanced to the City to pay the Interest Component on Notes and the City repays the Lender by 3:00 p.m. on the same Business Day that such funds are advanced for such purpose, no interest shall accrue on the Interest Component of such Advance.

(ii) Each Term Loan shall bear interest on the outstanding principal amount thereof for each day from the date such Term Loan is made until it becomes due at the Term Loan Rate or the Default Rate, as applicable.

(b) *Payment Dates.*

(i) Interest on each Advance shall be payable monthly in arrears on the first Business Day of each month (commencing on the first such date to occur after the making of the related Advance) and on the Loan Advance Maturity Date thereof.

(ii) Interest on each Term Loan shall be payable monthly in arrears on the first Business Day of each month (commencing on the first such date to occur after the making of the related Term Loan) and on the Term Loan Maturity Date.

(c) Notwithstanding anything contained herein or in the Loan Note to the contrary:

(i) to the extent permitted by law, if at any time the Base Rate, the Advance Rate, the Term Loan Rate or Default Rate, as the case may be, exceeds the Maximum Interest Rate, then (x) interest at the Maximum Interest Rate shall be due and payable and (y) interest at the rate equal to the difference between (A) the applicable rate and without regard to the limitation of this Section 2.04(c) and (B) the Maximum Interest Rate (the "*Excess Interest Amount*") shall be deferred until such date as the applicable rate ceases to exceed the Maximum Interest Rate, at which time the City shall pay to the Lender, with respect to amounts then payable to the Lender that are required to accrue interest hereunder, such portion of the Excess Interest Amount as will cause the rate of interest then paid to the Lender to equal the Maximum Interest Rate, which payments of the Excess Interest Amount shall continue to apply to such unpaid amounts hereunder and under the Ordinance, to the greatest extent permitted by law, until all Excess Interest Amount is fully paid to the Lender; provided, however, that no payment of any portion of the Excess Interest Amount shall occur after the final maturity of the Loan Note. Upon the termination of this Agreement, to the extent permitted by applicable law, in consideration for the limitation of the rate of interest otherwise payable hereunder, the City shall pay to the Lender a fee equal to the amount of all unpaid portions of the Excess Interest Amount;

provided, that such fee shall not cause the net effective interest rate on the Notes to exceed the Maximum Interest Rate.

(ii) in all events, all interest accruing on or becoming payable in respect of the Loan Advance, Loan Note or any Loan evidenced thereby, including not only amounts so denominated herein but also any other payment, consideration, value, benefit, or other compensation for the use, forbearance, or detention of money, shall never exceed an amount or produce a rate in excess of the Maximum Interest Rate.

(d) To the extent permitted by law, any overdue principal of and overdue interest on any Loan, and any other amount due and payable hereunder that is not paid when due, shall bear interest, payable on demand, for each day the same is overdue until paid, at a rate per annum equal to the Default Rate.

(e) All computations of interest in respect of Loans under this Agreement shall be made on a 365/366-day year basis and actual days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. Each determination of an interest rate by the Lender pursuant to any provision of this Agreement shall be conclusive and binding on the City in the absence of manifest error. In addition, any calculation made pursuant to this Section 2.04(e) that would cause the interest (including amounts described in Section 2.04(d)) paid, payable, or accruing on the indebtedness of the City under this Agreement and the Loan Note to exceed the Maximum Interest Rate shall be adjusted so as to reduce the interest paid, payable, and accruing hereunder to such Maximum Interest Rate, as more fully set out in Section 2.04(c) of this Agreement. All sums paid or agreed to be paid to the Lender for the use, forbearance, or detention of the indebtedness evidenced by the Loan Note shall, to the extent permitted by law (including, to the extent applicable, Chapter 1204, as amended, Texas Government Code), be amortized, prorated, allocated, and spread through the full term of the Loan Note.

(f) Notwithstanding anything contained herein to the contrary, the interest rates applicable to Loans may be changed at any time upon the mutual written agreement of the City and the Lender. If any such change in the interest rates applicable to Loans is so agreed to, this Agreement and the Loan Note shall remain outstanding and continue in full force and effect, with no modification other than as to the change in the interest rates applicable to Loans, and all Loans will continue to be made under the Loan Note in accordance with this Agreement, modified only to reflect the agreement of the parties with respect to the changed interest rate applicable to Loans.

Section 2.05 Commitment Fees; Other Fees. The City will pay to the Lender the nonrefundable Commitment Fee at the times and in the amounts set forth in the Fee Agreement, the terms of such Fee Agreement being incorporated herein by reference as if fully set forth herein. The City shall also pay to the Lender all other fees at the times and in the amounts set forth in the Fee Agreement.

Section 2.06 Termination or Reduction of Commitment. (a) During the Revolving Credit Period, the City may, upon at least thirty (30) days' notice to the Lender and any rating agency which has issued a rating on the Notes, and subject to the terms and provisions of the Fee

Agreement, reduce from time to time the aggregate unused Commitment by an aggregate amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof; *provided* that the City may not reduce the Commitment if the unused portion of the Commitment as proposed to be reduced would be less than the sum of the aggregate principal of all Outstanding Notes. The notice delivered pursuant to the preceding sentence must certify that the conditions set forth in the proviso to such sentence have been satisfied and the Lender shall be entitled to rely upon such certification without any further investigation.

(b) The Lender's Commitment shall terminate on the Final Date.

(c) If the Lender's Commitment is terminated in its entirety, all Loans, accrued but unpaid Commitment Fees and any other amounts owing to the Lender hereunder shall be payable on the effective date of such termination. If the Lender's Commitment is reduced, Commitment Fees on the amount by which such Commitment is reduced shall be payable on the effective date of such termination and Commitment Fees on the amount by which the Commitment is reduced shall cease to accrue on the date of such reduction.

(d) Notwithstanding any provisions of this Agreement to the contrary, the City agrees not to terminate this Agreement or reduce the Commitment, except upon (i) the payment of any amounts required to be paid pursuant to the terms of this Agreement and the Fee Agreement in the amounts, at the times and in the manner set forth herein and therein including the "Termination Fee" or "Reduction Fee", as applicable (as described in the Fee Agreement) (if any), (ii) the payment to the Lender of all obligations payable hereunder and under the Fee Agreement, and (iii) the City providing the Lender with thirty (30) days' prior written notice of its intent to terminate this Agreement or reduce the Commitment; provided that all payments to the Lender referred to in clauses (i) and (ii) above shall be payable in immediately available funds, on the effective date of such termination or reduction, as applicable (subject to Section 2.08(c) hereof).

(e) In the event the City elects not to issue Notes up to the Maximum Rate, or otherwise limits the interest rate on an issuance of Notes to a rate of interest less than the Maximum Rate and, after any such action, the Lender is not reimbursed for a Loan Advance the proceeds of which were used to pay maturing Notes, then the Available Commitment shall be permanently reduced by such principal amount and the City shall repay the related Loan Advance within 30 days of such non-reimbursement.

Section 2.07 Prepayment of Loans.

(a) *Optional Prepayments.* The City may, at its option, at any time and from time to time, upon at least one Business Day notice to the Lender prepay Loans, in whole or in part, without premium or penalty. Each partial prepayment permitted above shall be in the principal amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof plus accrued interest thereon. Upon the Lender's receipt of any such prepayment, the Loans shall be reduced by an amount equal to the prepayment attributable to the prepayment of principal.

(b) *Mandatory Prepayments.* The principal amount of the Loans shall be prepaid upon the subsequent issuance of any Notes on the date of such issuance, in an amount

equal to the proceeds of such issuance, plus accrued interest on the principal amount prepaid. Upon the Lender's receipt of any such prepayment, the Loans shall be reduced by an amount equal to the prepayment attributable to the prepayment of principal.

(c) Upon receipt by the Lender of a notice of prepayment pursuant to this Section, such notice shall not be revocable by the City.

Section 2.08 General Provisions as to Payment. The following general provisions shall apply to all payments of Commitment Fees and payments under the Loan Note:

(a) The Lender shall calculate and notify the City in writing of the amounts payable by the City hereunder and the Fee Agreement within three (3) Business Days preceding any payment date (*provided, however*, that any failure by the Lender to do so shall not affect or impair the obligations of the City to pay such amounts). Such calculations will be based on the assumptions that the applicable rates will not change from the date of calculation to the payment date. In the event any of the foregoing assumptions change between the date of notification and the payment date, any overpayment or underpayment resulting from such change will be applied to the next ensuing payment or reimbursed or charged, as the case may be.

(b) The City shall make each payment due to the Lender hereunder by paying not later than 1:00 p.m. on the day when due, in federal or other funds immediately available, by wire transfer to such account as the Lender may from time to time designate; *provided, however*, if the City provides the Lender with a Fed wire reference number with respect to any payment before 1:00 p.m., any payment actually received by the Lender by wire after 12:00 noon shall be deemed to have been received before 1:00 p.m. on the same Business Day.

(c) Whenever any payment due hereunder shall be due on any day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for the payment or prepayment of amounts due hereunder is extended by the preceding sentence, or by operation of law, or otherwise, interest thereon shall be payable for the period of such extension at the rate applicable thereto under other provisions of this Agreement.

Section 2.09 Security for Loan Note. The Loan Note and all other amounts due under this Agreement are special obligations of the City payable from and secured solely by the funds pledged therefor pursuant to the Ordinance, including specifically Section 2.10 thereof, and this Agreement. To provide security for the payment of the principal of and interest on the Notes, the Loan Note and all other amounts due under this Agreement, as the same shall become due and payable, the City has granted a lien on and pledge of the following:

(a) the proceeds from (i) the sale of Bonds issued by the City for the purpose of such provision of security for such Notes and other amounts due under this Agreement and (ii) the sale of Notes issued by the City for such purpose;

(b) the proceeds from Loans (for the payment of principal of the Notes only);

(c) the amounts held in the Note Payment Fund until the amounts therein are used for authorized purposes; *provided, however*, that amounts in the Note Payment Fund attributable to and derived from the proceeds of the Loans are pledged to, and shall be used only to pay, the principal of (but no redemption premium) the Notes in full prior to any application to the Loan Note; and

(d) the amounts remaining on deposit in the Note Construction Fund after the payment of all Project Costs.

To provide additional security for the payment of the principal of and interest on the Loan Note and any other amounts due under this Agreement or the Fee Agreement as the same shall become due and payable, the City has pledged and granted, pursuant to Section 2.10 of the Ordinance, a lien on and pledge of the Net Revenues, such lien on and pledge of Net Revenues to secure the Loan Note and all other amounts due under this Agreement and the Fee Agreement, however, being subordinate only to the lien and pledge of the Pledged Revenues securing the payment of the Senior Lien Obligations and the lien on and pledge of Net Revenues securing the payment of the Junior Lien Obligations. The Loan Note, being secured by and payable from the lien on the Net Revenues as described in the preceding sentence, shall constitute a Subordinate Lien Obligation on a parity with the Additional Subordinate Lien Obligations from time to time issued and Outstanding. The Ordinance creates the valid lien and pledge which it purports to create on the Net Revenues for, among others, the benefit of the Holders of the Loan Note. All of such sources and pledges are herein called the “*Collateral*.” The Loan Note shall further be entitled to the benefits of this Agreement. The Lender shall not be entitled to any funds of the City raised or to be raised by taxation.

Chapter 1208, Texas Government Code, applies to the Notes and the Loan Note and the made pursuant to the Ordinance and described under this Section 2.09, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Note or Loan Note is outstanding and unpaid such that the pledge made by the City under the Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Lender the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 2.10 Extension of Revolving Credit Period. At any time during the period from the 180th day through and including the 90th day preceding the Final Date, the City may submit a written request in the form of **Exhibit H** hereto to the Lender that the Final Date to be extended for a term to be agreed by the City and the Lender. Any such written request may be accompanied by requests to increase or decrease the amount, or otherwise modify the terms and conditions, of the Commitment. The Lender agrees to use commercially reasonable efforts to deliver a response in writing to the City within thirty (30) days from the date of receipt of such request. If the Lender, in its sole discretion, agrees to extend the Final Date, then the Lender and the City shall enter into an amendment of this Agreement and deliver a copy of any such amendment, executed by the parties thereto, to the Issuing and Paying Agent. Except as may be otherwise expressly provided in a particular amendment to this Agreement, each extension of the Final Date, and the provision

of the Commitment during the time of each such extension, shall be on the same terms and conditions as those set forth in this Agreement. Notwithstanding anything in this paragraph to the contrary, if the Lender fails to deliver written notice to the City of the Lender's decision within 30 days of any request by the City, the Lender shall be deemed to have rejected such request.

Section 2.11 Notice of Issuing and Paying Agent. The City will give written notice to the Lender of the appointment of any new or substitute Issuing and Paying Agent, which notice shall specify the name and address of the Issuing and Paying Agent and the name of a person to contact at the Issuing and Paying Agent.

Section 2.12 Failure of the Lender to Loan. The failure of the Lender to make any requested Loan required to be made under the Loan Note shall not release the Lender from its agreement to make such Loans, nor shall receipt and acceptance by the City of any Loan or portion thereof from the Lender be a release, discharge, or waiver of any claim, demand or cause of action of, or for the benefit of, the City arising out of or in connection with any such failure to advance funds.

Section 2.13 Compliance with Law. Notwithstanding any other term or provision of this Agreement, the Fee Agreement or of the Loan Note, the maximum amount of interest which may be payable by, charged to, or collected from the City, or any other person either primarily or conditionally liable for the payment of the Loan Note, shall be limited to, and shall in no event or under any circumstance exceed, the Maximum Interest Rate so that, notwithstanding any other term or provision of this Agreement, the Fee Agreement or the Loan Note, the aggregate of the interest on any Loan, including all fees and other amounts which constitute interest under Texas law (and any applicable federal statutes), shall never exceed the Maximum Interest Rate. Accordingly, the City and the Lender stipulate and agree that this Agreement, the Fee Agreement and the Loan Note shall not be construed to create a contract to pay interest for the use, forbearance, or detention of money at a rate in excess of the Maximum Interest Rate.

Specifically and without limiting the generality of the foregoing, it is further agreed among the City and the Lender that the maximum amount of interest contracted for and payable on or under this Agreement and the Loan Note, now or hereafter shall be calculated in order that such rate shall not exceed the Maximum Interest Rate, and such parties agree that:

(a) In the event of voluntary prepayment of any Loan or payment prior to the Loan Advance Maturity Date or the Term Loan Maturity Date, if the aggregate amount of any interest calculated thereunder or thereon, plus any other amounts which constitute interest on such Loan would, in the aggregate, if charged or paid, exceed the Maximum Interest Rate, then in such event the amount of such excess shall not be charged, payable or due (if not previously paid) or (if paid) shall be credited toward the payment of the principal of the Loan Advance involved so as to reduce the amount thereof and if, and to the extent, the entire principal amount has been paid in full, refunded to the City.

(b) The provisions of this Section 2.13 shall control over any other provisions of this Agreement, the Fee Agreement, the Loan Note, any other instrument or writing evidencing, respecting or affecting the Loans, and the Lender further agrees that any limitations or restrictions

imposed on it, or on payments which it may receive by reason of this Section 2.13 shall apply and be recognized in all circumstances and to all payments, regardless of the source or payor thereof.

(c) All fees prescribed in the Fee Agreement shall constitute exclusively the consideration for the Lender's agreement to have available funds in the amount committed by the Lender in respect of Loans and to make such Loans in the future as provided herein and shall not constitute or be treated as compensation for the use of, forbearance, or detention of money actually loaned and advanced hereunder.

Section 2.14 No-Issuance Notice. If:

- (a) a Default shall have occurred and be continuing; or
- (b) the representations and warranties of the City set forth in Article IV hereof are not true and correct in all material respects on and as of the date of the No-Issuance Notice referred to below with the same effect as though made on and as of the date of such notice.

The Lender may deliver a notice to that effect ("*No-Issuance Notice*") to the Issuing and Paying Agent (a copy of which shall be delivered by the Lender to the City and each Dealer), and the City will not issue any additional Notes after the delivery of such No-Issuance Notice. A No-Issuance Notice shall be given in writing, delivered to the Issuing and Paying Agent (and to the City and each Dealer), substantially in the form of **Exhibit C** hereto. The Lender agrees that if, after the delivery of a No-Issuance Notice, the event or condition of the character described in clause (a) or (b) of this Section shall no longer be continuing and the Lender shall have received written notice from an Authorized Representative to that effect, then the Lender shall deliver a written notice (a copy of which shall be delivered by the Lender to the City and each Dealer) to the Issuing and Paying Agent rescinding such No-Issuance Notice.

ARTICLE III.

CONDITIONS

Section 3.01 Conditions to Closing and Commencement of Revolving Credit Period. This Agreement shall be delivered to, and binding upon, the City and the Lender on the date (the "*Closing Date*") on which the conditions set out in Subsection (a) of this Section 3.01 shall have been satisfied. The Revolving Credit Period shall commence on the date on which the conditions set out in Subsections (a) and (b) of this Section 3.01 shall have been satisfied.

- (a) On the Closing Date, the Lender shall have received all of the following:
 - (i) a counterpart of this Agreement and Fee Agreement duly executed by an Authorized Representative on behalf of the City and the Lender;
 - (ii) a duly executed Loan Note for the Lender, dated as of the Effective Date, complying with the provisions of Section 2.03 and substantially in the form set out in **0** hereto;

(iii) a certified copy of the Ordinance, including amendments thereto, if any, which have been adopted as of the Closing Date;

(iv) a certificate of an Authorized Representative in form and substance satisfactory to the Lender, dated the Closing Date, and substantially in the form of **Exhibit D** hereto;

(v) an opinion of the City Attorney, addressed to the Lender, dated the Closing Date, and substantially in the form of **Exhibit E** hereto, with such changes, modifications, deletions, or additions as may be acceptable to such counsel and counsel for the recipients thereof;

(vi) an opinion of Bond Counsel, dated the Closing Date, substantially in the form of **Exhibit F** hereto, with such changes, modifications, deletions, or additions as may be acceptable to Bond Counsel and counsel for the Lender;

(vii) the Dealers and the Issuing and Paying Agent have been appointed and are acceptable to the Lender, and the Lender shall have received certified copies of the Issuing and Paying Agent Agreement and each Dealer Agreement, including amendments thereto, if any;

(viii) copies of all approvals or authorizations by, or consents of, or notices to or registrations with, any Governmental Authority required for the City to enter into this Agreement and the Related Documents and of all such approvals, authorizations, consents, notices, or registrations required to be obtained or made prior to the Closing Date in connection with the transactions described herein and in the Related Documents;

(ix) payment, in immediately available funds, of the amounts described in the Fee Agreement that are due and owing on the Effective Date, and

(x) evidence on the Effective Date from Moody's, S&P and Fitch which confirm that the Senior Lien Obligations have received long ratings of "Aa1" by Moody's and "AA+" by S&P and Fitch; rating letter from Moody's, S&P and Fitch as to the Rating on the Notes of "P1"; "A-1+", and "F1+", respectively;

(xi) such financial information, budgets and projections of the City relating to the System as the Lender may reasonably request; and

(xii) such other documents, opinions, or certificates reasonably requested by the Lender.

(b) On the Effective Date, the following items, in addition to the items listed in paragraph (a) of this Section 3.01, shall have been delivered to the City and the Lender:

(i) evidence satisfactory to the Lender that the Attorney General of the State of Texas shall have approved this Agreement as required by the Act; and

(ii) a certificate of incumbency, dated on or before the Effective Date, executed by the City Clerk of the City or the Secretary of the Board.

Section 3.02 Conditions to Loans During Revolving Credit Period. The obligation of the Lender to make any Loan Advance, when so requested hereunder during the Revolving Credit Period, is subject to receipt by the Lender of a Notice of Loan as required by Section 2.02(a) and to the satisfaction of the further conditions that no Special Event of Default or Suspension Event has occurred and is continuing. In addition, the Lender shall not have any obligation to make a Loan Advance to the City to pay the principal of any Notes which were issued by the City after receipt by the Issuing and Paying Agent of a No-Issuance Notice delivered thereto by the Lender.

Section 3.03 Conditions to Term loan. The obligation of the Lender to make any Term Loan is subject to receipt by the Lender of a Request for Term Loan as required by Section 2.02(b) and to the satisfaction of the further conditions that (A) no Default or Event of Default has occurred and is continuing, (B) the representations and warranties of the City contained in Article IV hereof are true and correct in all respects as of the date of the conversion of a Loan Advance to a Term Loan, and (C) the City's delivery to the Lender of a certificate to the effect of the foregoing on such date.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF THE CITY

Section 4.01 Organization and Powers. The City (a) is duly established and validly existing under the laws of the State of Texas under and pursuant to the Constitution of the State of Texas and is a home-rule city under authority of the laws of the State of Texas, and (b) has full power and authority to adopt the Ordinance; to execute, deliver, and perform the Ordinance, this Agreement, and the Related Documents; to borrow hereunder, and to execute, deliver, and perform the Loan Note. The City and the System are solvent. The Board has full power and authority to operate the System and to acquire, construct, finance, and operate the Eligible Projects.

Section 4.02 Authorization: Contravention. The execution, delivery, and performance by the City of the Ordinance, this Agreement, the Loan Note, and the Related Documents and the making of the payments under the Loan Note have been duly authorized by all necessary action by the City and the Board and do not contravene, or result in the violation of, or constitute a default under, any provision of applicable law or regulation, or any order, rule, or regulation of any court, governmental agency, or instrumentality or any agreement, resolution, or instrument to which the City or the Board is a party or by which it or any of its property is bound.

Section 4.03 Governmental Consent or Approval. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency, or instrumentality that has not been obtained or issued is or will be necessary for the valid adoption, execution, delivery or performance by the City of the Ordinance, the Related Documents, this Agreement, and the Loan Note.

Section 4.04 Binding Effect. This Agreement, the Loan Note, the Ordinance, and the other Related Documents constitute valid and binding obligations of the City, assuming this Agreement and the other Related Documents that are bilateral agreements is a valid and binding agreement of the counterparties thereto, enforceable against the City in accordance with their respective terms, except as such enforceability may be limited by principles of sovereign immunity and by the City's bankruptcy, insolvency, reorganization, moratorium, or other laws or equitable principles relating to or limiting creditor's rights and remedies generally.

Section 4.05 Federal Reserve Regulations. No part of the proceeds of any Loan will be used for the purpose, whether immediate, incidental, or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time), or to extend credit to others for the purpose of purchasing or carrying any margin stock, or for any other purpose which would violate any of the regulations of said Board of Governors.

Section 4.06 Litigation. There is no action, suit, or proceeding pending in any court in Bexar County, Texas, or, to the knowledge of the City, pending or threatened against or affecting the City, the Board, the System, or relating to other applicable laws or regulations, or this Agreement or the Related Documents in any court or before or by any Governmental Authority the resolution of which could reasonably be expected to materially and adversely affect the ability or authority of the City or the System to perform its obligations under this Agreement or the Related Documents, or which in any manner questions the validity or enforceability of this Agreement, the Loan Note, the Ordinance, or the Related Documents or the granting, perfection, enforceability, or priority of the lien on and pledge of the Collateral pursuant to the Ordinance and described in Section 2.09, except any action, suit, or proceeding (i) as described in the Offering Memorandum prepared by the City relating to the Program Notes (including the Notes) or (ii) which may be brought prior to the Effective Date as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and its counsel, to the effect that such action, suit, or proceeding is without substantial merit.

Section 4.07 No Event of Default under the Ordinance. No "Event of Default" specified in the Ordinance and no event which, with the giving of notice or lapse of time or both would become such an Event of Default, has occurred and is continuing.

Section 4.08 Financial Statements. Since the effective date of the financial information provided by the City to the Lender in connection with this Agreement, there has been no material adverse change in the business, properties, condition (financial or otherwise), or operations, present or prospective, of the City, the Board or the System.

Section 4.09 Complete and Correct Information. All information, reports, and other papers and data with respect to the City, the Board, and the System furnished by the City to the Lender in connection with this Agreement were, at the time the same were so furnished, complete and correct in all material respects, to the extent necessary to give the Lender a true and accurate knowledge of the subject matter. No document furnished or statement made by the Board in connection with the negotiations, preparation, or execution of this Agreement contains any untrue

statement of a fact material to its creditworthiness or omits to state a material fact necessary in order to make the statements contained therein not misleading.

Section 4.10 Sale or Encumbrance of System. During the term of this Agreement, and as long as any Senior Lien Obligations, Junior Lien Obligations, the Loan Note, or any interest thereon, remain Outstanding, the City will not sell, dispose of or, except as permitted hereunder or under the Ordinance, further encumber the System; *provided, however*, that this provision shall not prevent the City from disposing of any portion of the System which is being replaced or is deemed by the City to be obsolete or unsuited for the efficient operation of the System. Net proceeds from any such disposition shall be used only for System purposes. Any agreement pursuant to which the City or the Board contracts with a Person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

Section 4.11 Incorporation by Reference. The representations and warranties made by the City and the Board, as applicable, in the Related Documents are hereby incorporated herein by reference and made for the benefit of the Lender.

Section 4.12 Legislation. There is no amendment or, to the knowledge of the City, proposed amendment to the constitution of the State of Texas or any administrative interpretation of the constitution of the State of Texas or any State of Texas law, or any legislation that has passed either house of the legislature of the State of Texas, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of any of the Notes or the Loan Note, the security for any of the Notes, the Loan Note or the City's obligations hereunder or under any of the Related Documents to which it is a party, or the City's ability to repay when due its obligations under this Agreement, any Notes, the Loan Note or any other any Related Document.

Section 4.13 Collateral. The provisions of the Ordinance and of this Agreement are effective to create in favor of the Lender a legal, valid, and enforceable pledge of all of the City's right, title, and interest in the lien on and pledge of the Net Revenues, pursuant to Section 2.10 of the Ordinance, to secure, at the level of priority described in Section 2.09 hereof, the Loan Note and all other amounts due under this Agreement. The Ordinance creates the valid lien and pledge which it purports to create on the Net Revenues for the benefit of the Holders of the Loan Note. All documents or instruments required to be filed or recorded in any public office, and all notifications required to be given to any Person, in order to provide notice of such pledge to present and future creditors and otherwise protect and perfect the pledge in favor of the owners of the Notes and the Lender, have been filed, recorded or given, as the case may be.

Section 4.14 Tax-Exempt Status. The City has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Notes (which are "*Tax Exempt Notes*" und the Ordinance) from gross income for federal income tax purposes.

Section 4.15 Environmental Matters. Except as otherwise disclosed in the Offering Memorandum, the neither the City nor the System has received notice to the effect that the

System's operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a material adverse effect on the assets, financial condition, or operations of the City or the System or the City or the System's (as applicable) ability to perform its obligations under the Related Documents.

Section 4.16 Sovereign Immunity. As long as such obligations are not uncertain or in dispute, the City is not entitled to claim immunity on the grounds of sovereignty, or similar grounds, from relief by writ of mandamus to perform its obligations under this Agreement, the Fee Agreement, the Ordinance, the Loan Note or the Notes.

Section 4.17 The Issuing and Paying Agent and the Dealers. The Issuing and Paying Agent is the duly appointed and acting Issuing and Paying Agent under the Issuing and Paying Agent Agreement and the Ordinance. Each Dealer is a duly appointed and acting dealer with respect to the Notes under its respective Dealer Agreement and the Ordinance.

Section 4.18 Anti-Terrorism Laws. Neither the City nor any of its Affiliates is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(a) Neither the City nor any of its Affiliates is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(b) Neither the City nor any of its Affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deals in, or otherwise engages in any

transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

Section 4.19 Anti-Corruption Laws and Sanctions. (i) The City has implemented and maintains in effect policies and procedures designed to ensure compliance by the City, its Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions; and (ii) the City, its Affiliates and their respective officers and employees and, to the knowledge of the City, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the City being designated as a Sanctioned Person. None of (a) the City, any Affiliate or any of their respective directors or officers or, to the knowledge of the City or such Affiliate, employees, or (b) to the knowledge of the City or any of its Affiliates, any agent of the City or such Affiliate that will act in any capacity in connection with or benefit from this Agreement, is a Sanctioned Person. No advance, use of proceeds or other transaction contemplated by this Agreement or the other Related Documents will violate any Anti-Corruption Law or applicable Sanctions.

ARTICLE V.

COVENANTS OF THE CITY

The City and the Board, as applicable, agree that during the term of this Agreement and while any amount payable under the Loan Note remain unpaid:

Section 5.01 Information. The Board will deliver to the Lender:

(a) as soon as reasonably available after the end of each Fiscal Year, and in any event within 270 days after the end of such Fiscal Year, a copy of the annual report of the Board and the System prepared in accordance with generally accepted accounting principles applicable to political subdivisions such as the City, consistently applied, and audited by independent certified public accountants of recognized standing, including a balance sheet of the Board and the System as of the end of such Fiscal Year and related statements of revenues, expenses, and changes in retained earnings and cash flows for the Fiscal Year ended;

(b) as soon as available and in any event within 270 days after the close of each Fiscal Year of the Board, a certificate of an Authorized Representative (i) to the effect that as of the date of such certificate no Default has occurred, or (ii) if a Default has occurred specifying the nature of such Default, the period of its existence, and the action which the Board is taking or proposes to take with respect thereto unless such Default has previously been reported pursuant to 5.01(d) below, and no change in the status of such Default has occurred;

(c) as soon as practicable but in any event within ten Business Days after the issuance thereof, copies of any prospectus, official statement, offering circular, placement memorandum, or similar or corresponding document, and any supplements thereto and updates

and amendments thereof, that the City makes available in connection with the offering, issuance or incurrence of Senior Lien Obligations, Junior Lien Obligations or Subordinate Lien Obligations, and, on request, copies of such other financial reports that the Board shall customarily and regularly provide to the public (this provision (c) may be satisfied by sending notice to the Lender that the documents have been posted on EMMA or sending the Lender the website link to such documents);

(d) forthwith upon the occurrence of any Event of Default a certificate of an Authorized Representative setting forth the details thereof and the action which the Board is taking or proposes to take with respect thereto, a report showing the aggregate amount and maturities of Commercial Paper Notes outstanding at the end of the preceding month and a summary of the aggregate principal amount of Commercial Paper Notes issued, rolled over and retired in such period;

(e) promptly any change in the Rating (as defined in the Fee Agreement);

(f) upon written request of the Lender, information relating to the Net Revenues or any other financial information (including but not limited to any rate studies) reasonably requested;

(g) in addition to the foregoing, the Board currently makes publically available (by posting to its website) a condensed monthly financial report (on a delayed one-month basis) relating to System operations, which includes (in addition to other updated information) a statement of revenues, expenses, and changes in equity, balance sheet, statement of cash flows, updated investment portfolio, and certain key financial ratios. In the event that this information is no longer made publically available in the manner hereinbefore described, the Board will deliver to the Lender, on a monthly basis, a report or reports that includes substantively similar information to that which was previously disseminated in a public manner; and

(h) as soon as available, and in any event within 60 days following the beginning of the Fiscal Year, the adopted annual budget of the System.

Section 5.02 Access to Records. The Board will furnish to the Lender such information regarding the financial condition, results of operations, or business of the System as the Lender may reasonably request and will permit any officers, employees, or agents of the Lender to visit and inspect during the regular operating hours of the Board any of the properties of the System and to discuss matters reasonably pertinent to an evaluation of the credit of the Board, all at such reasonable times as the Lender may reasonably request. All information received by or provided to the Lender pursuant to this Agreement, unless otherwise made public by the Board, will be held as confidential information by the Lender.

Section 5.03 Limitation on Debt. The City will not issue any additional Debt except in accordance with the Ordinance and the City ordinances authorizing the issuance of the Senior Lien Obligations and Junior Lien Obligations.

Section 5.04 Proceeds of Commercial Paper Notes. The proceeds of the Notes will be used by the City, acting by and through the Board, solely for the purposes described in the Ordinance.

Section 5.05 No Amendment of Certain Contracts or Ordinances. The City will not consent to any amendment to or modification or waiver of any of the provisions of the Ordinance or the Related Documents without the prior written consent of the Lender. The City will give the Lender notice as promptly as practicable (but in no event less than ten Business Days) of any proposed amendments to or modifications or waivers of any provisions of the Ordinance and of any meeting of the Board or the City Council, as applicable, at which any of the foregoing will be discussed or considered.

Section 5.06 Rates, Sales of Obligations. The City shall, prior to any date on which principal of the Loan Note becomes due, fix, charge and collect rates and charges for the use and services of the System, or, to the extent permitted by law, use its best efforts to offer and sell bonds or other evidences of indebtedness, or undertake a combination of both of the foregoing, to produce amounts sufficient, together with other funds available therefor, to pay on such date the principal amount of the Loan Note which is due on such date plus accrued interest thereon and all other amounts due to the Lender hereunder in respect thereof or in respect of the Commitment, not previously paid from other funds available to the City.

Section 5.07 Other Covenants. The City shall fully and faithfully perform each of the covenants required of it pursuant to the provisions of the Ordinance.

Section 5.08 Taxes and Liabilities. The City will pay all the indebtedness and obligations of the System promptly and in accordance with its terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments, and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal, or mixed, or upon any part thereof, before the same shall become in default, except for those matters which are reasonably being contested in good faith by appropriate action or proceedings or for which the City, whether through itself or through the System, has established adequate reserves in accordance with generally accepted accounting principles applicable to governmental entities.

Section 5.09 Supplemental Ordinances and Further Assurances. The City will not adopt any supplemental ordinances, pursuant to the Ordinance, or otherwise, which would adversely affect the ability of the City to make payments of the Loan Note when due, or that would otherwise materially adversely affect the rights, remedies, security or interests of the Lender under this Agreement or the Ordinance. The City will at any and all times, insofar as it may be authorized so to do by law, pass, make, do, execute, acknowledge, and deliver all and every such further resolutions, acts, assignments, recordings, filings, transfers, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, and confirming all and singular the rights, revenues, and other funds and the Collateral hereby pledged or assigned to the payment of the Loan Note, or intended so to be, of which the City may become bound to pledge or assign.

Section 5.10 Efforts to Pay. In the event that any Loan is not paid at maturity, the City shall as quickly as possible take all action reasonably necessary to allow payment from any available System funds, including proceeds from Bonds.

Section 5.11 Restrictions on Use of Proceeds. The proceeds of the Loans will be applied by the City only to pay the principal of the Notes coming due during the Revolving Credit Period. None of the funds borrowed by virtue of this Agreement will be used in any manner or for any purpose except in the manner and for the purposes authorized by Texas law, this Agreement and the Ordinance. The City shall not use the proceeds of any credit extension relating to the System, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System.

Section 5.12 Performance and Compliance with Other Covenants. The City shall perform and comply with each of the covenants contained in the Related Documents.

Section 5.13 Compliance with Rules and Regulations. The City shall comply with all laws, ordinances, orders, rules, investment policies and guidelines and regulations (including, without limitation, any applicable environmental law, ordinance, order, rule or regulation) of duly constituted public authorities which if not complied with would have a materially adverse effect on the City's ability to perform its obligations hereunder and under the Related Documents.

Section 5.14 Maintenance and Operation of the System. The City covenants that it will at all times, acting by and through the Board, maintain the System, or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. In operating and maintaining the System, the City, acting by and through the Board, will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative or judicial body promulgating same, noncompliance with which would materially and adversely affect the operation of the System.

Section 5.15 Insurance. The City will keep the System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by political subdivisions of the State of Texas operating similar properties, to the extent that such insurance is available. All net proceeds of such insurance shall be applied to repair or replace the insured property that is damaged or destroyed, or shall be deposited in the System Fund (as defined in Section 4.03 of the Ordinance), or shall be used to redeem Outstanding Bonds. The cost of all such insurance, together with any additional insurance, shall be a Maintenance and Operation Expense.

Section 5.16 Rates and Charges. So long as the Commitment or any Loans remain Outstanding, the City shall fix, charge and collect rates and charges for the use and services of the System in accordance with the Ordinance.

Section 5.17 Investments Generally. The Board shall comply with the provisions of the Public Funds Investment Act (Chapter 2256, as amended, Texas Government Code) and, in addition, shall not:

(a) borrow money (by, without limitation, obtaining loans, issuing debt, purchasing securities on margin, entering into repurchase agreements or similar agreements) solely for the purpose of investment, in an amount at any time greater than 20% of the total of the Board's unleveraged investment portfolio; or

(b) knowingly maintain any of the Board's investment portfolio in a pool of investments managed by another person whose investment practices would result in the indirect violation of the limitation set forth in Subsection (a) above; or

(c) invest in any instrument or execute any agreement commonly known as a derivative (such as, by way of example, an inverse floater or any other variable rate or floating rate security the interest rate on which is not determined on a basis designed to result in a value of the security approximately equal to par) or invest in any other security with a derivative embedded in it (such as by way of example a structured note), except to the extent that any such investments or agreements do not exceed 20% of the Board's unleveraged investment portfolio and except that for the purposes of this subsection the term "derivative" shall not include principal or interest strips of direct obligations of the United States which, if held to maturity, would yield to the Board the face amount of such security; *provided, however*, notwithstanding the foregoing provision, the Board shall have the right to enter into transactions, agreements or investments without regard to the limitations set forth in this Subsection (c) for legitimate hedging purposes with respect to the Board's investment portfolio, consistent with sound investment practices for investors similarly situated.

In determining whether the Board's investment in a pool of investments described in Subsection (b) above would cause a violation of Subsection (a) above, the amount of the Board's investment in the pool will be considered borrowed money for the purposes of Subsection (a) above in an amount equal to the product of the amount of such investment times the percentage by which such pool is leveraged.

Section 5.18 Alternate Credit Facility. In the event that the Notes will at such time be outstanding (or shall be maturing and the City has not provided for their payment from another source), the City agrees to use its best efforts to obtain an Alternate Credit Facility to replace this Agreement in the event (i) the Lender shall decide not to extend the Final Date pursuant to Section 2.10 hereof or (ii) the City terminates this Agreement pursuant to Section 2.06 hereof. The City shall not cause an Alternate Liquidity Facility to become effective with respect to less than all the Notes then outstanding or to thereafter be outstanding without the prior written consent of the Lender.

The City agrees that, as a condition to the effectiveness of any Alternate Credit Facility, the City whether from its own funds or the provider of an Alternate Credit Facility shall provide funds to the extent necessary, in addition to other funds available, on the effective date of such Alternate Credit Facility, to make the payments set forth in Article II hereof to the Lender on such effective date; *provided, however*, that this Agreement does not create a lien or pledge of City funds other than as provided in the Ordinance and as described in Section 2.09 hereof. On such effective date, any and all obligations due hereunder and all principal and interest due on the Loan Note shall be payable in full to the Lender.

Section 5.19 Liens. The City shall not create or suffer to exist any lien upon or with respect to any of the funds or accounts created under the Ordinance except those liens specifically permitted under the Ordinance, and will cause the lien created under the Ordinance for the benefit of the payment of the principal of and interest on the Loan Note and all other amounts due under this Agreement to remain in full force and effect. The City shall not permit any lien on any of the funds or accounts created under the Ordinance securing any swap termination payments (other than with respect to Swap Agreements in existence on the date hereof) to be *pari passu* with or senior to the lien created under the Ordinance for the benefit of the Notes and the Lender.

Section 5.20 Maintenance of Tax-Exempt Status of Notes. The City will not take any action or omit to take any action, which, if taken or omitted, would adversely affect the exclusion of interest on the Notes (which are Tax-Exempt Notes (under the Ordinance) issued under the Ordinance from gross income for purposes of federal income taxation.

Section 5.21 Offering Memorandum. Other than the Offering Memorandum and its audited financial statements, the City shall not refer to the Lender in any official statement or any similar offering document or make any changes in reference to the Lender in any official statement or any similar offering document without the Lender's prior written consent thereto; *provided, however*, the City will not need to obtain such consent from the Lender to merely describe this Agreement and the financial transactions described herein, in any official statement or similar offering document of the City.

Section 5.22 Further Assurances. The City shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Lender all such instruments and documents as in the reasonable judgment of the Lender are necessary or advisable to carry out the intent and purpose of this Agreement and the other Related Documents.

Section 5.23 Credit Facilities. In the event that the City shall, directly or indirectly, enter into or otherwise consent to any amendment, supplement or other modification of any credit agreement, reimbursement agreement or other agreement or instrument under which, directly or indirectly, any Person undertakes to make or provide funds to make payment of, or to purchase, Debt of the City secured by Pledged Revenues which includes remedies not included in this Agreement or covenants that are more restrictive as to the City than those contained in this Agreement (excluding any additional or more restrictive (i) events of default under any agreement the remedy for which is an immediate termination or suspension of the obligations of the related liquidity provider and (ii) conditions to funding thereunder), the City shall give prompt written

notice thereof to the Lender and shall enter into an amendment or amendments to this Agreement to incorporate such remedies and covenants to the extent applicable hereto. Notwithstanding anything to the contrary set forth in this Agreement, the obligations of the Lender hereunder may not be immediately terminated or suspended other than as a result of a Special Event of Default or a Suspension Event (in each case, as such terms are defined as of the Effective Date or as amended pursuant to any amendment hereto and, in connection with such amendment, the then-current ratings on the Notes have been confirmed by each Rating Agency then rating the Notes). If this Agreement shall be amended to add any additional conditions to funding other than what is in Section 3.02 hereof on the Effective Date, such amendment shall not be effective until the then-current ratings on the Notes have been confirmed by each Rating Agency then rating the Notes.

Section 5.24 Litigation; Material Change. The City shall promptly notify the Lender of (i) the existence and status of any litigation which individually or in the aggregate could, in the event of an unfavorable outcome, have a material adverse effect on (A) the financial condition or operations of the System or its obligation to perform its obligations hereunder or under any of the Related Documents, (B) the Notes, (C) the payment of the principal of and interest on the Loan Note and all other amounts due under this Agreement, (D) its ability to establish, charge and collect Gross Revenues, or (E) the enforceability or validity of any of the Related Documents, or (ii) any change in any material fact or circumstance represented or warranted in this Agreement or in any of the Related Documents.

Section 5.25 Replacement of Certain Entities. The City shall obtain the prior written consent of the Lender to the replacement of the Issuing and Paying Agent or any Dealer, which consent shall not be unreasonably withheld or delayed.

Section 5.26 Total Outstanding. At no time shall the City permit the sum of (i) the aggregate principal amount of the Notes Outstanding to exceed the Available Commitment; and (ii) the sum of (A) the aggregate principal amount of the Notes Outstanding and all interest to accrue on the Notes through the maturity dates thereof, and (B) the aggregate principal amount of all outstanding and unpaid Loan Advances and Term Loans, to exceed the Commitment.

Section 5.27 Incorporation by Reference. From and after the date hereof and so long as this Agreement is in effect, except to the extent compliance in any case or cases is waived in writing by the Lender pursuant to the terms hereof, the City agrees that it will, for the benefit of the Lender, comply with, abide by, and be restricted by all of the agreements, covenants, obligations and undertakings of the City contained in the Ordinance and the Related Documents, which provisions, together with the related definitions, and ancillary provisions, are hereby incorporated herein by reference, and made a part hereof to the same extent and with the same force and effect as if the same had been herein set forth in their entirety and it will be deemed to continue in effect for the benefit of the Lender, without regard or giving effect to any amendment or modification of such provisions or any waiver of compliance therewith, no such amendment, modification or waiver are to any manner constitute an amendment, modification or waiver of the provisions thereof as incorporated herein.

Section 5.28 Commercial Paper Dealer. The City will appoint, or cause to be appointed, at all times, a Dealer which is reasonably acceptable to the Lender. The City agrees to cause the

Dealer to use its best efforts to sell Notes up to the maximum rate applicable to Notes in order to repay maturing Notes. If a Dealer fails to perform its duties under a Dealer Agreement or any Notes remain outstanding for a period of thirty (30) consecutive calendar days or any Dealer fails to sell Notes or otherwise fails to perform its duties under the related Dealer Agreement, after being directed to do so by the City (subject to the provisions of the applicable Dealer Agreement), at the written direction of the Lender the City shall cause the related Dealer (that has been unable to sell Notes or fails to perform its duties) to be replaced with a Dealer satisfactory to the Lender within thirty (30) calendar days of the receipt of such written direction; provided that so long as the remaining Dealer(s) for the Notes are satisfactory to the Lender, it shall be sufficient for the City only to remove the Dealer that has been unable to sell rollover Notes or fails to perform its duties. The City shall at all times exercise commercially reasonable efforts to cause each Dealer Agreement entered into after the date hereof, to contain satisfactory third-party beneficiary provisions in favor of the Lender. Any Dealer Agreement executed after the date hereof, and any amendment to any Dealer Agreement in effect on the date hereof, shall provide that (a) such Dealer may resign upon at least sixty (60) days prior written notice to the Issuing and Paying Agent, the Lender and the City, (b) such Dealer shall use its best efforts to sell the Notes without regard to the Advance Rate (*i.e.*, whether or not the rate to be on the Notes is less than the Advance Rate) and (c) the Lender is third party beneficiary of such Dealer Agreement. The City shall ensure that any Dealer that has not been appointed on or prior to the Effective Date shall be a Person with a minimum of \$250,000,000 of net available capital. The Lender hereby affirms the Dealers in place on the Effective Date are acceptable to the Lender.

Section 5.29 Performance of This and Other Agreements. The City shall punctually pay or cause to be paid all amounts payable under this Agreement, the Loan Note and the other Related Documents and observe and perform all of the conditions, covenants and requirements set forth in this Agreement, the Loan Note and the other Related Documents.

Section 5.30 Bonding Capacity. The City shall at all times maintain the ability under the Ordinance to issue Bonds and/or other additional indebtedness in an amount at least equal to the sum of (i) the aggregate principal amount of the Program Notes authorized under the Ordinance, plus (ii) the Obligations hereunder and under the Fee Agreement, plus (iii) any other obligations (other than with respect to principal and interest on commercial paper notes authorized under the Ordinance) owing to any credit enhancer or liquidity provider on any Parity Debt.

Section 5.31 Notices. The City, acting by and through the Board, will promptly notify the Lender of (i) the occurrence of any Default known to the City or which, with the exercise of reasonable diligence by the City, should have become known to the City, specifying the details of such Default and the action that the City proposes to take with respect thereto; (ii) the failure by the Issuing and Paying Agent or by any Dealer to perform in any material respect any of their respective obligations under the Issuing and Paying Agent Agreement or a Dealer Agreement; (iii) the (x) existence and status of any litigation or proceeding which individually or in the aggregate could, in the event of any unfavorable outcome, have a material adverse effect on or (y) passage of any state or local ordinance, law or rule not of general applicability to all Persons, either of which could reasonably be expected to have a material adverse effect on (A) the financial condition or operations of the City, (B) the Commercial Paper Notes or (C) the enforceability or validity of any of this Agreement or the Related Documents, and, if any of the following is reasonably likely

to materially and adversely affect the rights of the Lender under this Agreement, the City will promptly notify the Lender; (iv) any change in any material fact or circumstance represented or warranted in this Agreement or in any of the Related Documents; (v) any communications, reports or financial statements delivered or received by it from any taxing authority or rating agency with respect to the transactions described herein (together with a copy of such communication, report, or statement); (vi) any amendment to the Act or any governing instruments of the City, which would have a material adverse effect on the City, the Commercial Paper Notes, this Agreement, the pledge of the City's Pledged Revenues or the rights of the Lender hereunder or under the Loan Note, (vii) any proposed amendment, modification or supplement to the Ordinance at least ten (10) Business Days prior to the effective date of such amendment, modification or supplement, (viii) any proposed substitution of this Agreement and (ix) any other fact or situation which could be reasonably expected to result in a material adverse effect on the City or the System.

Section 5.32 Sovereign Immunity. To the extent permitted by applicable law and to the extent that it hereinafter has or acquires any such immunity, the City shall waive immunity on the grounds of sovereignty or similar grounds from relief by writ of mandamus to perform its obligations under this Agreement, the Fee Agreement, Loan Note or Notes.

ARTICLE VI.

DEFAULTS AND REMEDIES

Section 6.01 Events of Default. If one or more of the following events ("*Events of Default*") shall have occurred and be continuing:

(a) the City shall fail to pay (i) any normally scheduled interest on the Notes when due, (ii) any normally scheduled principal or interest on an Advance or the Loan Note when due, (iii) any principal or interest under the Loan Note which is declared due and payable pursuant to the provisions of this Section 6.01 or (iv) any Commitment Fee or any other amount payable hereunder or under the Fee Agreement and, with respect to clause (iv) hereof only, such failure shall continue for a period of five Business Days from the date of notice given by the Lender under Section 2.08(a);

(b) any representation, warranty, certification, or statement made by the City or the Board in this Agreement or in any certificate, financial statement, or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made;

(c) breach by the City or the Board of any covenant, agreement, or condition contained in Section 5.02 through Section 5.32;

(d) breach by the City or the Board of any other covenant, agreement, or condition (other than those referred to or contained in clauses (a), (b), or (c) above) contained in this Agreement or the Loan Note and the continuation thereof for more than ten days after written notice thereof has been given to the City or the Board, as applicable, by the Lender without cure or correction to the satisfaction of the Lender; *provided, however*, such breach shall not constitute an Event of Default after such ten day period of time, if in the sole reasonable judgment of the

Lender, the City or the Board, as applicable, is diligently pursuing a cure or correction of such breach; *provided, further*, that such cure period shall not exceed thirty (30) days from the date of such breach without prior receipt of the Lender's written consent to such extension;

(e) (i) a final unappealable judgment or order for the payment of money in excess of \$25,000,000 payable from the Net Revenues shall be rendered against the City or the Board and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days, or (ii) the City or the Board shall have failed promptly to lift any execution, garnishment, or attachment pursuant to such judgment or order as, in the written opinion of the System's Chief Executive Officer or Chief Financial Officer will impair the ability of the City, acting through the Board, to carry on System business;

(f) (i) default by the City in the payment of any Specified Debt when due or within any applicable grace period or the occurrence of any event under any ordinance, resolution, or instrument giving rise to any Specified Debt, which results in or would entitle the obligee thereof or a trustee on behalf of such obligee to pursue any remedies against the City, including the right to declare the acceleration of any maturity thereof, or upon the lapse of time or the giving of notice or both would entitle the obligee thereof or a trustee on behalf of such obligee to accelerate any maturity thereof, in each case, as a result of a payment default of any nature or (ii) default by the City in the payment of any Indebtedness (other than any Specified Debt) in excess of \$5,000,000 when due or within any applicable grace period or the occurrence of any event under any ordinance, resolution, or instrument giving rise to any such Indebtedness (other than any Specified Debt), which results in or would entitle the obligee thereof or a trustee on behalf of such obligee to pursue any remedies against the City, including the right to declare the acceleration of any maturity thereof, or upon the lapse of time or the giving of notice or both would entitle the obligee thereof or a trustee on behalf of such obligee to accelerate any maturity thereof, or which results in the forfeiture by the City of any of its rights under any such ordinance, resolution, or instrument;

(g) the City shall commence a voluntary case or other proceeding seeking (i) liquidation, reorganization, or other relief with respect to the System or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or (ii) the appointment of a receiver, liquidator, custodian, or other similar official with respect to the City or any substantial part of its property, or shall consent to or acquiesce in such relief or the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it;

(h) a receiver, liquidator, custodian, or other official, appointed in an involuntary case or proceeding commenced against the City, appointed without consent or acquiescence of the City, takes charge of a substantial part of the System and such action as to the System is not stayed, discharged, or vacated for a period of 60 days;

(i) the City shall make a general assignment for the benefit of creditors, or declare a moratorium with respect to the System's debts or its debts, or shall fail generally to pay the System's debts or its debts as they become due, or shall take any action to authorize any of the foregoing;

(j) an involuntary case or other proceeding shall be commenced against the City seeking (i) liquidation, reorganization, or other relief with respect to the City's debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect, or (ii) the appointment of a custodian, receiver, liquidator, trustee or other similar official of the System, or any substantial part thereof, and such proceeding or case shall not be dismissed or stayed within 90 days after the filing thereof or an order of relief shall be entered against the City under the federal bankruptcy laws as now or hereafter in effect;

(k) (i) any provision of this Agreement or any other Related Document relating to the City's ability to repay any Loan Advance or Term Loan to the Lender hereunder, to make payments on the Notes or to raise funds to meet such payment obligations or relating to the validity or enforceability of the lien on and pledge of Net Revenues shall at any time for any reason cease to be valid and binding on the City as a result of federal or state legislative or administrative action, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void, invalid, or unenforceable or (ii) any other material provision of this Agreement shall at any time for any reason cease to be valid and binding on the City as a result of federal or state legislative or administrative action, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void, invalid, or unenforceable, or (iii) the City shall publicly contest any provision of this Agreement or any other Related Document relating to the City's ability to make payments of principal or interest on the Notes as provided herein or relating to the validity or enforceability of the lien on and pledge of Net Revenues, or the City shall publicly deny that it has any obligation to make payments on the Notes;

(l) the powers of the City or the Board shall be limited in any way or the Ordinance shall be modified or amended in any way without the prior written consent of the Lender, in either case, which prevents the City or the Board from fixing, charging or collecting rates and charges for the use and services of the System in an amount sufficient to pay its Debts as they become due;

(m) S&P, Fitch and Moody's shall (i) to the extent then rating Specified Debt, assigned any Specified Debt a rating below BBB- (S&P and Fitch) and Baa3 (Moody's), or (ii) suspended or withdrawn their ratings of any Specified Debt for credit related reasons;

(n) S&P, Fitch or Moody's shall have assigned any Debt that is senior to or on a parity with the Notes a rating below A- (S&P and Fitch) or A3 (Moody's);

(o) any "event of default" under any Related Document (as defined respectively therein) shall have occurred; or

(p) any "event of default" under any agreement with one or more banks or financial institution providing liquidity or credit for, or the direct purchase or private placement of, the City's Series A Commercial Paper Notes or Series C Commercial Paper Notes.

then, and in any such event, other than an Event of Default specified in paragraphs (g) through (j) the Lender may declare the Loan Note, all accrued interest thereon, and all other amounts payable

under this Agreement to be forthwith due and payable, whereupon the Loan Note and such interest and all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the City and the Board. If any Event of Default specified in paragraphs (g) through (j) shall occur, without any notice to the City or the Board or any other act by the Lender, the Loan Note, together with accrued interest thereon, and all other amounts payable under this Agreement, shall become forthwith due and payable, without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by the City and the Board.

Upon the occurrence of any Special Event of Default, the Commitment shall terminate and the Lender shall have no obligation to make Loans to fund then outstanding Notes.

Upon the occurrence of an Event of Default that is not a Special Event of Default, the Lender may by notice to the City (in conjunction with the delivery of a No-Issuance Notice if one has not been previously delivered to the Issuing and Paying Agent) terminate the Commitment, if any (except as provided below), and the Commitment shall thereupon terminate, *provided however* the Commitment shall not terminate, and the right of the Lender to accelerate the maturity of the Loan Note shall not affect the obligation of the Lender to make Loans in the aggregate amount equal to the Commitment in accordance with the terms of Article II hereof, to the extent, but only to the extent, necessary for the City to make required payments of principal of the Notes issued and sold prior to the time a No-Issuance Notice is received by the Issuing and Paying Agent, provided further that if any Loans are made that would not have been made but for the application of the immediately preceding provision, such Loans shall be immediately due and payable on the date they are made.

Upon the occurrence of an Event of Default under Section 6.01(k) hereof, the obligations of the Lender to make Loans hereunder shall be suspended from the time of the occurrence of such Event of Default, and in the event any provision of this Agreement or any other Related Document related to the City's ability to make payments on the Notes as provided herein or relating to the validity or enforceability of the lien on and pledge of Net Revenues shall at any time for any reason cease to be valid and binding on the City as a result of a ruling, finding, decree, order, legislative act or similar action by a Government Authority having jurisdiction over the City, or it is determined that the City has no liability under this Agreement or any other Related Document, in either case by a court or other Governmental Authority with competent jurisdiction, then the obligations of the Lender under this Agreement will terminate in accordance with Section 6.01 hereof; *provided, however*, that if such provisions are upheld in their entirety, then the Lender's obligations to make Loans under this Agreement shall be automatically reinstated and the terms of this Agreement will continue in full force and effect (unless this Agreement shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. If the Event of Default which gave rise to the suspension of the obligations of the Lender hereunder has not been cured or does not cease to exist prior to the three-year anniversary of such occurrence, the obligations of the Lender hereunder shall be terminated upon written notice from the Lender, to the City, and thereafter the Lender shall have no further obligations hereunder.

Upon the occurrence of an event that with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default under Section 6.01(h) or (j) hereof,

the obligations of the Lender to make Loans hereunder shall be suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated, the obligations of the Lender to make Loans hereunder shall be reinstated and the terms of this Agreement will continue in full force and effect (unless the obligations of the Lender to make Loans hereunder shall have otherwise expired or terminated in accordance with the terms hereof or there has occurred a Special Event of Default) as if there had been no such suspension.

Failure to take action in regard to one or more Events of Default shall not constitute a waiver of, or the right to take action in the future in regard to, such or subsequent Events of Default.

Section 6.02 Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the Holder of the Loan Note shall be entitled to proceed to protect and enforce such Holders' rights by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit, in equity, or by action at law, whether for the specific performance of any covenant or agreement contained in this Agreement, or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the Holder by this Agreement or the Loan Note or by law. The provisions of this Agreement shall be a contract with each and every Holder and the duties of the City and the Board shall be enforceable by any Holder by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

Section 6.03 Cross Defaults. If there shall be an event of default under any other document evidencing a Debt by the City, the City shall not issue any additional Notes until such event of default is cured or remedied and made good.

Section 6.04 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by any Holder.

ARTICLE VII.

MISCELLANEOUS:

Section 7.01 Additional Costs. (a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, capital or liquidity ratio, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Lender or any Holder;

(ii) subject to the Lender or any Holder to any Tax of any kind whatsoever with respect to this Agreement, the Loan Note, any Loan made by it or the Notes, or change the basis of taxation of payments to the Lender or such Holder in respect

thereof (except for Indemnified Taxes or Other Taxes covered by Section 7.02 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Lender or such Holder); or

(iii) impose on the Lender or any Holder any other condition, cost or expense affecting this Agreement or the Notes;

and the result of any of the foregoing shall be to increase the cost to the Lender or such Holder of making Loans or maintaining the Commitment, or to reduce the amount of any sum received or receivable by the Lender or such Holder hereunder, the Loan Note, any Loan or under the Notes (whether of principal, interest or any other amount) then, upon written request of the Lender or such Holder, the City shall promptly pay to the Lender or such Holder, as the case may be, such additional amount or amounts as will compensate the Lender or such Holder, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If the Lender or any Holder determines that any Change in Law affecting the Lender or such Holder or the Lender's or such Holder's parent or holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Lender's or such Holder's or the Lender's or such Holder's parent or holding company holding, if any, as a consequence of this Agreement, or of making Loans or maintaining the Commitment, to a level below that which the Lender or such Holder or the Lender's or such Holder's parent or holding company could have achieved but for such Change in Law (taking into consideration the Lender's or such Holder's policies and the policies of the Lender's or such Holder's parent or holding company with respect to capital or liquidity adequacy), then from time to time upon written request of the Lender or such Holder the City shall promptly pay to the Lender or such Holder, as the case may be, such additional amount or amounts as will compensate the Lender or such Holder or the Lender's or such Holder's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Lender or any Holder setting forth the amount or amounts necessary to compensate the Lender or any such Holder or the Lender's or any such Holder's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section in reasonable detail setting forth the computation of such compensation (including the reason therefor), and delivered to the City, shall be conclusive absent manifest error. The City shall pay the Lender or any such Holder, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Lender or any such Holder to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's or any such Holder's right to demand such compensation.

Section 7.02 Taxes.

(a) *Payments Free of Taxes.* Any and all payments to the Lender or other Holder by or on account of any obligation of the City hereunder or under the Loan Note shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other

Taxes; provided that if the City shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender or such Holder receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) *Payment of Other Taxes by the City.* Without limiting the provisions of paragraph Section 7.02(a) above, the City shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) *Indemnification by the City.* The City shall indemnify the Lender and the other Holders, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender or such Holder and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the City by the Lender or such Holder shall be conclusive absent manifest error. In addition, the City shall indemnify the Lender and the other Holders, within ten (10) days after demand therefor, for any incremental Taxes that may become payable by the Lender as a result of any failure of the City to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Lender and the other Holders, pursuant to clause (d), documentation evidencing the payment of Taxes.

(d) *Evidence of Payments.* As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the City to a Governmental Authority, the City shall deliver to the Lender and such other Holder, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender or such Holder, as applicable.

(e) *Treatment of Certain Refunds.* If the Lender or any other Holder determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the City pursuant to this Section), it shall pay to the applicable indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender or such Holder, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the applicable indemnifying party, upon the request of the Lender or such Holder, as applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender or such Holder, as applicable, in the event the Lender or such Holder, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no

event will the Lender or such Holder, as applicable, be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the Lender or such Holder, as applicable, in a less favorable net after-Tax position than the Lender or such Holder, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Lender or such Holder, as applicable, to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the City or any other Person.

(f) *Survival.* Without prejudice to the survival of any other agreement of the City hereunder, the agreements and obligations of the City contained in this Section shall survive the termination of this Agreement and the payment in full of the Notes and the obligations of the City thereunder and hereunder.

Section 7.03 Notices and Accounts. Except as otherwise provided herein, all notices, requests, and other communications to any party hereunder shall be in writing (including email, facsimile, bank wire, or similar writing) and shall be given to such party at its address set forth on the signature pages hereof or such other address, email or facsimile number as such party may hereafter specify for the purpose of giving notice. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number hereafter specified by any party for the purpose of giving notice and the appropriate acknowledgment is received, (ii) if given by mail, 72 hours after such communication is deposited in the United States mail with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified in this Section; *provided, however,* that notices to the Lender under Article II hereof shall not be effective until received. Notices to other parties shall be given at the following addresses or facsimile numbers or such other address or facsimile number hereinafter specified by such parties:

If to the City:

City of San Antonio, Texas
c/o San Antonio Water System
2800 U.S. Highway 281 North,
P.O. Box 2449
San Antonio, Texas 78298
Attn: Doug Evanson, SVP/CFO
Telephone: (210) 233-3803
Email: Doug.Evanson@saws.org

If to the Issuing and Paying Agent:

The Bank of New York Mellon Trust
Company, N.A.
919 Congress Ave., Suite 500
Austin, Texas 78701
Attn: Robert Orona
Telephone: (512) 236-6506
Email: dorothy.miller@bnymellon.com

If to the Dealer:

If to the Lender:

Truist Bank
1400 Post Oak Blvd. 7th Floor
Houston, Texas 77056
Attn: Robert Orona
Telephone: (512) 784-1839
Email: Robert.Orona@truist.com

If to Fitch:

Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004
Attn: Municipal Structured Finance
Telephone: (212) 908-0500
Facsimile: (212) 480-4421
Email: rnsf.surveillance@fitchratings

If to Moody's:

Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
Public Finance Group, 23rd Floor
New York, NY 10007
Attn: MSPG Surveillance Team
Telephone: (214) 553-7738
Facsimile: (214) 233-6263
Email: MSPGSurveillance@moody.com

If to S&P:

S&P Global Ratings
55 Water Street, 38th Floor
New York, NY 10014-0003
Attn: Public Finance Department
Telephone: (214) 871-1400
Facsimile: (212) 438-0140
Email: USPF RatingRequest@spglobal.com

Section 7.04 No Waivers. No failure or delay by the Lender in exercising any right, power, or privilege hereunder or under the Loan Note or otherwise shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 7.05 Expenses. The City shall pay (i) to the Lender all reasonable out of pocket expenses of the Lender, including the costs of legal counsel to the Lender, in connection with the preparation of this Agreement as set forth in the Fee Agreement, (ii) the reasonable fees and disbursements of counsel to the Lender with respect to advising the Lender as to the rights and responsibilities under this Agreement and the Related Documents after the occurrence of a Default or an Event of Default, and (iii) all reasonable costs and expenses, if any, in connection with any amendment, modifications or waivers of the provisions hereof or the enforcement of this Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Lender. In addition, the City shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security described in the Related Documents and agrees, to the extent permitted by law, to hold the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. Additionally, the City agrees, to the extent permitted by applicable law, to pay, after the occurrence of an Event of Default, all costs and expenses (including, without limitation, attorneys' fees, costs of settlement and out-of-pocket travel expenses) incurred by the Lender in enforcing any obligations or in collecting any payments due from the City hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The amounts set forth in (i) and (ii) above are payable within 30 days of receipt by the City of an invoice of such fees and expenses (following final execution of this Agreement).

Section 7.06 Amendments or Modification. Any provision of this Agreement or the Loan Note may be amended or modified if, but only if, such amendment or modification is in writing and is signed by the City and the Lender. The City shall promptly notify Moody's, S&P and Fitch of any amendments or modifications of this Agreement.

Section 7.07 Severability. Any provision of this Agreement which is prohibited, unenforceable, or not authorized shall be ineffective to the extent of such prohibition, unenforceability, or nonauthorization without invalidating the remaining provisions hereof.

Section 7.08 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.09 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Complete sets of counterparts shall be lodged with the City, and the Lender.

Section 7.10 Payments in Dollars. All payments made or advanced under this Agreement shall be in United States currency only.

Section 7.11 GOVERNING LAWS; JURY TRIAL. (a) This Agreement shall be governed by, and construed in accordance with, the laws of the state of Texas.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 7.12 Successor and Assigns, Participation. (a) The Lender's rights and obligations under this Agreement may not be assigned by the Lender, other than by operation of law to a successor or merged institution, unless (i) the City has received written notice from all nationally recognized credit rating agencies then rating the Notes that the ratings of the Notes, if any, issued by such rating agencies will not be lowered or withdrawn as a result of such assignment; and (ii) the City has given its consent to such assignment, which consent shall be evidenced by a writing signed by an Authorized Representative and shall not be unreasonably withheld. If such conditions have been satisfied and the assignor and assignee have consummated the assignment, then (i) the assignee shall be a Lender for all purposes hereunder with a Commitment equal to the amount specified to the City, (ii) the assignor shall have no further obligation hereunder with respect to its Commitment; (iii) the assignor shall deliver its Loan Note to the City, (iv) the City shall pay the assignor all unpaid accrued interest on such Loan Note; (v) the City shall execute and deliver to the assignee a new Loan Note, payable to the order of the assignee, dated the date of such assignment and in the maximum principal amount of the assignee's Commitment; and (vi) if such assignment is not an assignment of all of the assignor's rights and obligations hereunder, then the City shall execute and deliver to the assignor a new Loan Note payable to the order of the assignor, dated the date of such assignment and in the maximum principal amount of the assignor's remaining Commitment.

(b) The City agrees, subject to the penultimate sentence of this paragraph, that the Lender may enter into participation agreements with Participants upon giving written notice to, but without the consent of, the City. The Lender promptly shall notify the City of the names of any Participants with whom the Lender enters into participation agreements. Accordingly, the City confirms that all of its representations, warranties, covenants, certifications, and obligations under this Agreement and the Loan Note as well as all rights under the lien and pledge securing the payment of the Loan Note and granted to the Lender pursuant to the Ordinance, as described in Section 2.09 of this Agreement, are for the benefit of the Participants as well as for the benefit of the Lender. No assignee, Participant, or other transferee of a Lender's rights shall be entitled to receive any greater payment under Section 7.01 than the Lender would have been entitled to receive with respect to the rights transferred, unless the transfer is made with the City's prior written consent to that effect. Any costs incurred by the City in connection with any assignment or participation of this Agreement shall be paid by the Lender making such assignment or granting

such participation. The Lender shall make all Loan Advances with its own funds whether or not it has entered into participation agreements. The Lender agrees that the City and the Issuing and Paying Agent shall only be required to deal with the Lender with respect to matters under this Agreement and the Related Documents.

Section 7.13 Liability of the Lender. As between the Lender and the City, the City assumes, to the extent permitted by applicable law, all risks of the acts or omissions of the issuing and paying agent and the dealer with respect to the use of any money made available by the Lender in accordance with this Agreement and shall not preclude the City from pursuing such rights and remedies as it may have against the Issuing and Paying Agent or the Dealer under any other agreements. Neither the Lender nor any of its officers or directors shall be liable or responsible for (a) the use which may be made of any money made available by the Lender in accordance with this Agreement or for any acts or omissions of the Issuing and Paying Agent, and the dealer in connection therewith; (b) the validity, sufficiency, or genuineness of any documents, determined in good faith by the Lender to be valid, sufficient or genuine, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent, or forged; (c) payment by the Lender against presentation of documents determined in good faith by the lender to be valid, sufficient or genuine, which do not strictly comply with the terms of this agreement; or (d) any other circumstances whatsoever in making or failing to make payment under this agreement, except only that the City shall have a claim against the Lender, and the Lender shall be liable to the City, to the extent, but only to the extent, of any direct, as opposed to consequential or punitive, damages suffered by the City which the City proves were caused by (i) the Lender's negligence or willful misconduct in determining whether documents presented under this agreement comply with the terms of this agreement or (ii) the Lender's negligent or willful failure to pay under this Agreement after the presentation to it by an authorized representative of documents strictly complying with the terms and conditions of this Agreement. In furtherance, and not in limitation of the foregoing, the Lender may accept documents that appear on their face to be in order without responsibility for further investigation unless the Lender has received actual notice or information to the contrary.

Section 7.14 Indemnification. With the mutual acknowledgment of and agreement by the parties to this Agreement that any payment obligation of the City arising under this Section 7.14 shall be subject to Section 2.09 hereof, in addition to any and all rights of reimbursement, indemnification, subrogation, or any other rights pursuant hereto or under law or equity, the City hereby agrees, to the extent permitted by law, to indemnify and hold harmless the Lender and its officers, directors, and agents (the "*Indemnified Parties*") from and against any and all claims, damages, losses, liabilities, reasonable costs, or reasonable expenses whatsoever (including reasonable attorneys' fees) which they may incur (or which may be claimed against them by any person or entity whatsoever) by reason of or in connection with (a) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the information supplied by the City to the Lender or to the dealer in connection with the performance of their duties under this Agreement or the related documents, including any disclosure document, or the omission or alleged omission to state in such information a material fact necessary to make such statements, in the light of circumstances under which they are or were made, not misleading; or (b) the execution, delivery and performance of this Agreement and the Loan Note and the other Related Documents and the transactions described herein and thereby or payment or failure to pay

under the Commitment; *provided, however*, that the City shall not be required to indemnify any indemnified party for any claims, damages, losses, liabilities, costs, or expenses to the extent, but only to the extent, caused by the Indemnified Party's negligence or willful misconduct. If any proceeding shall be brought or threatened against any indemnified party by reason of or in connection with the events described in clause (a) or (b), such indemnified party shall promptly notify the City in writing and the City shall assume the defense thereof, including the employment of counsel satisfactory to such indemnified party and the payment of all costs of litigation. Notwithstanding the preceding sentence, such indemnified party shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of such counsel shall have been authorized in writing by the City or (ii) the City, after due notice of the action shall not have employed counsel to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such indemnified party shall be borne by the City. The City shall not be liable for any settlement of any such action effected without its consent. Nothing under this section is intended to limit the City's payment obligations contained elsewhere in this agreement. This section shall survive the termination of this Agreement.

Section 7.15 Emailed Documents. At the request of the City, this Agreement provides that demands for payment hereunder may be presented to the Lender by, among other methods, email. The City acknowledges and assumes all risks relating to the use of such emailed demands for payment (i) which are emailed by the City or Issuing and Paying Agent by an authorized representative of such party.

Section 7.16 Term of the Agreement. The term of this Agreement shall be until the payment in full of all principal of and interest on the Loan Note the Commitment Fees, and all other amounts payable under this Agreement; *provided, however*, that notwithstanding any termination of this Agreement, the provisions of Sections 7.01, 7.02, 7.05 and 7.14 shall survive payment of the Loan Note and shall remain in full force and effect.

Section 7.17 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions described herein and supersedes and is in full substitution for any and all prior agreements and understandings between said parties relating to such transactions.

THIS AGREEMENT AND THE RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

Section 7.18 Patriot Act. Each Lender hereby notifies the City that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Lender to identify the City in accordance with the Patriot Act, and the City hereby agrees

to take any action necessary to enable the Lender to comply with the requirements of the Patriot Act.

Section 7.19 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender and its Affiliates are hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or any such affiliate to or for the credit or the account of the City or any other party against any and all of the obligations of the City or such party now or hereafter existing under this Agreement or any other Related Document to the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement or any other Related Document and although such obligations of the City or such party may be contingent or unmatured or are owed to a branch or office of the Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of the Lender and its affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that the Lender or its affiliates may have. The Lender agrees to notify the City promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 7.20 Payments Set Aside. To the extent that any payment by or on behalf of the City is made to the Lender, or the Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

Section 7.21 Assignment to Federal Reserve Bank. The Lender may assign and pledge all or any portion of the obligations owing to it hereunder, under the Notes, the Loan Note or under the Fee Agreement to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned obligations made by the City to the Lender in accordance with the terms of this Agreement shall satisfy the City's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Lender from its obligations hereunder.

Section 7.22 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the City acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lender are arm's length commercial transactions between the City, on the one hand, and the Lender on the other hand, (B) the City has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the City is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other

Related Documents; (ii) (A) the Lender has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor (including as a municipal advisor), agent or fiduciary for the City, or any other Person and (B) the Lender does not have any obligation to the City with respect to the transactions herein described except those obligations expressly set forth herein and in the other Related Documents; and (iii) the Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the City, and the Lender does not have any obligation to disclose any of such interests to the City. To the fullest extent permitted by laws of the State of Texas, the City hereby waives and releases any claims that it may have against the Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction herein described.

Section 7.23 No Boycott Israel. The Lender hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Lender understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Lender and exists to make a profit.

Section 7.24 Iran, Sudan and Foreign Terrorist Organizations. The Lender represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-listp.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Lender and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Lender understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Lender and exists to make a profit.

Section 7.25 No Boycott of Energy Companies. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Lender hereby verifies that it and its parent company, wholly- or majority-

owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code, as amended, does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and State law, or (B) does business with a company described by (A) above. The Lender understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Lender and exists to make a profit.

Section 7.26 No Discrimination of the Firearms Industry. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Lender hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

- (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and
- (2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code, as amended, does not contravene applicable State or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” (A) means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (1) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (2) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. The Lender understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Purchaser and exists to make a profit.

Section 7.27 Dissemination of Information; Electronically Signed Document. (a) The Lender may disseminate information relating to the City, this Agreement, the Fee Agreement or any other Related Document (i) in connection with any assignment or participation; (ii) upon the order of any court or otherwise to the extent required by statute, rule, regulation or judicial process; (iii) to bank examiners or upon the request or demand of any other administrative, regulatory agency or authority; or (iv) to any domestic or foreign branch, subsidiary or Affiliate, representative office or agent of the Lender and third parties selected by any of the foregoing entities, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes), or in connection with the Lender's performance, administration or enforcement of this Agreement.

(b) Delivery of an executed copy or signature page of this Agreement or the Fee Agreement by telecopy or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement or the Fee Agreement, as applicable.

Section 7.28 Acknowledgement Regarding Any Supported QFCs. To the extent that the Related Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, "*QFC Credit Support*", and each such QFC, a "*Supported QFC*"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "*U.S. Special Resolution Regimes*") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Related Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "*Covered Party*") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Related Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Related Documents were governed by the laws of the United States or a state of the United States.

Section 7.29 EMMA Postings. The City shall not file or submit or permit the filing or submission, of all or any portion of any document (or any summary thereof) entered into in connection with this Agreement or the other Program Documents to which the Lender is a party with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (or any successor continuing disclosure vehicle) unless such document or portion thereof (or summary

thereof), as applicable, to be so filed or submitted (i) has been provided to the Lender for review in advance of such filing or submission, and (ii) shall have been redacted to the extent reasonably requested by the Lender, provided that such redaction may be no greater than permitted under applicable federal securities law guidance, if any, as reasonably determined by the City. The City acknowledges and agrees that although the Lender may request review, edits or redactions of such materials prior to filing, the Lender is not responsible for the City's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure undertaking, similar agreement or applicable securities or other laws, including but not limited to those relating to SEC Rule 15c2-12.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CITY OF SAN ANTONIO, TEXAS

By: _____
Name: _____
Title: _____

TRUIST BANK

By: _____
Name: _____
Title: _____

EXHIBIT A
FORM OF LOAN NOTE

\$100,000,000

October 31, 2023

City of San Antonio, Texas
Water System Commercial Paper Notes, Series B

CUSIP No: _____

For value received, the City of San Antonio, Texas (the “*City*”), a home-rule city of the State of Texas, organized and existing under any virtue of the laws of the State of Texas, promises to pay, solely from the funds hereafter referred to, to the order of Truist Bank (the “*Lender*”), at the address provided, in the Agreement (hereinafter defined), the aggregate unpaid principal amount of all Loans hereunder and under the Agreement, not to exceed ONE HUNDRED MILLION AND NO/100 DOLLARS (\$100,000,000) in principal amount at any one time outstanding, made by the Lender to the City hereunder, in lawful money of the United States of America, in federal or other immediately available funds, and to pay interest at the rates set forth in the Agreement on the actual unpaid principal amount hereof for each day outstanding from the date hereof until this Loan Note is paid in full, in like money and funds at such office. Interest shall be payable on the dates set forth in the Agreement. Principal on this Loan Note shall be payable in accordance with the Agreement.

This Loan Note is subject to prepayment, and amounts prepaid prior to the last day of the Revolving Credit Period may be reborrowed, all pursuant to the terms and under the conditions of the Revolving Credit Agreement dated as of October 31, 2023, between the City and the Lender (the “*Agreement*,” the terms of which are hereby incorporated by reference in this Loan Note). All terms used herein and not defined shall have the same meaning as in the Agreement. Reference is made to the Agreement for provisions as to the prepayment hereof and for reborrowing. Reference is also made to the Agreement for provisions providing for additional interest and other amounts to be payable under certain circumstances. If the Holder enforces this Loan Note upon default, the City shall reimburse the Holder for reasonable costs and expenses incurred by the Holder in collection, including attorneys’ fees and expenses as set out in Section 7.05 of the Agreement. This Loan Note shall be construed under and governed by laws of the State of Texas but Chapter 346, Texas, Finance Code, as amended, shall not apply.

This Loan Note, including the interest hereon, is payable solely from and secured by a lien upon the pledge of certain revenues and certain other available funds and money of the City, pursuant to Section 2.10 of the Ordinance (as defined in the Agreement) and described in Section 2.09 of the Agreement. This Loan Note does not constitute a general obligation or indebtedness of the City within the meaning of any constitutional, charter, or statutory limitations or provisions (and the Holder hereof shall never have the right to require or compel the levy of ad valorem taxes for the payment of the principal of and interest on this Loan Note). Further reference is made to the Agreement and the Ordinance for the provisions relating to the security of this Loan Note and the duties and obligations of the City.

Made and executed as of the date and year first above written.

CITY OF SAN ANTONIO, TEXAS

By: _____
Mayor

ATTEST:

By: _____
City Clerk

(City Seal)

SCHEDULE FOR LOAN NOTE,

DATE OF LOAN	TYPE OF LOAN	AMOUNT OF LOAN	MATURITY OF LOAN	DATES OF PAYMENT	AMOUNT OF PAYMENT	NAMES AND SIGNATURE OF BANK OFFICER
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EXHIBIT B

NOTICE OF LOAN

To: Truist Bank, lender under the Revolving Credit Agreement, dated as of October 31, 2023, between Truist Bank and the City of San Antonio, Texas (the “City”) (the “Agreement”)

The City, acting herein by the undersigned Authorized Representative, pursuant to Section 2.02 and related provisions of the Agreement, issues this Notice of Loan to be made under the Agreement as follows:

1. Business Day on which Loan is to be made (“*Loan Date*”):
_____;
2. Aggregate Principal Amount of Loan:
_____;
3. Maturity Date:
_____;

The Loans shall be available for the account of Holders of the Notes at the Issuing and Paying Agent.

In connection with this Notice of Loan the City certifies to the Lender that at the issuance of this Notice of Loan no Special Event of Default or Suspension Event has occurred and is continuing. Capitalized terms herein are used with the meaning given in the Agreement.

Date of this Notice of Loan: _____

CITY OF SAN ANTONIO, TEXAS

By: _____
Name: _____
Title: _____

EXHIBIT B-1

REQUEST FOR TERM LOAN

To: Truist Bank, lender under the Revolving Credit Agreement, dated as of October 31, 2023, between Truist Bank and the City of San Antonio, Texas (the “City”) (the “Agreement”)

The City, acting herein by the undersigned Authorized Representative, pursuant to Section 2.02 and related provisions of the Agreement, issues this Request for Term Loan to be made under the Agreement as follows:

1. Loan Date:

_____;

2. Aggregate Principal Amount of Loan:

_____;

3. Term Loan Maturity Date:

_____;

The City acknowledges that the Lender’s obligations to make Term Loans to the City are subject to the satisfaction of the conditions set forth in Section 3.03 of the Agreement on the date a Loan is converted to a Term Loan.

Capitalized terms herein are used with the meaning given in the Agreement.

CITY OF SAN ANTONIO, TEXAS

By:_____

Name:_____

Title:_____

EXHIBIT C

NO-ISSUANCE NOTICE

_____, 20__

Ladies and Gentlemen:

Truist Bank, as the lender, and the City of San Antonio, Texas (the “*City*”), have entered into that certain Revolving Credit Agreement dated as of October 31, 2023 (the “*Agreement*”). Any term defined in the Agreement and used in this letter shall have the meanings ascribed to it in the Agreement.

[There exists a Default] [The representations and warranties of the City set forth in Article IV of the Agreement are not true and correct in all material respects on and as of the date of this No-Issuance Notice] and this letter constitutes your notice thereof pursuant to Section 2.14 of the Agreement. [Describe Default or untrue representation.] Effective as of the earlier of your receipt of this notice or your receipt of oral advice of the contents hereof, and until you receive written notice from the Lender that this notice has been rescinded, you are instructed not to authenticate or deliver any Notes.

Very truly yours,

TRUIST BANK

By: _____

Name: _____

Title: _____

EXHIBIT D
CLOSING CERTIFICATE AS REQUIRED BY
SECTION 3.01(a)(iv)
OF THE CREDIT AGREEMENT

I, the undersigned Authorized Representative of the City of San Antonio, Texas (the “City”), pursuant to the Revolving Credit Agreement, dated as of October 31, 2023, between the City and Truist Bank (the “*Credit Agreement*”), defined terms of which are herein incorporated by reference, does hereby certify as follows:

1. (a) Each of the representations and warranties of the City contained in the Credit Agreement is true and correct in all material respects on and as of the date hereof as though made on and as of this date, and (b) as of the date hereof no Default has occurred or is continuing;

2. Except as heretofore disclosed by the City or as disclosed in the Memorandum (hereafter defined), no litigation is pending in any court in Bexar County, Texas, or, to my knowledge, pending or threatened in an court to restrain or enjoin the issuance or delivery of the City of San Antonio, Texas Water System Commercial Paper Notes, Series B and the Loan Note issued in connection therewith (collectively, the “*Notes*”) or the collection of the revenues and assets of the City pledged or to be pledged to pay the principal of and interest on the Notes or the pledge thereof, or in any way contesting or affecting the validity of the Notes, the Ordinance authorizing the Notes (the “*Ordinance*”), or the Credit Agreement, or contesting the powers of the City or contesting the authorization of the Notes or the Ordinance or contesting in any way the accuracy, completeness, or fairness of the Offering Memorandum prepared in connection with the issuance of the Notes (the “*Memorandum*”).

3. In accordance with Section 3.01(a)(vii) of the Credit Agreement, attached hereto is a true and correct copy of the Issuing and Paying Agent Agreement and all amendments thereto and true and correct copies of each of the Dealer Agreements and all amendments thereto;

4. To the best of my knowledge, the statements and representations in the Memorandum are true and accurate (except for information provided by the Lender for inclusion in the Memorandum and the information regarding The Depository Trust Company), and insofar as the City and its affairs, including its financial affairs, are concerned, the Memorandum does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

5. There has not been any material and adverse change in the affairs or financial condition of the City, including particularly the System, including the Net Revenues derived therefrom, from that described in the Memorandum;

6. None of the Pledged Revenues or Net Revenues are pledged or encumbered to the payment of any debt or obligation of the City or the System, except (i) in connection with the outstanding Senior Lien Obligations and Junior Lien Obligations, (ii) in connection with the Notes, with such pledge securing the Loan Note being subordinate only to the lien on and pledge of

Pledged Revenues securing the payment of the Senior Lien Obligations and Net Revenues securing the payment of Junior Lien Obligations, and (iii) in connection with the Subordinate Lien Obligations and the Inferior Lien Obligations; and

7. All conditions to the Closing Date in the Credit Agreement have been met.

WITNESS MY HAND this ____ day of _____, 2023,

CITY OF SAN ANTONIO, TEXAS

By: _____

Name: _____

Title: _____

EXHIBIT E
FORM OF OPINION OF CITY ATTORNEY

_____, 2023

Truist Bank
1400 Post Oak Blvd. 7th Floor
Houston, Texas 77056

Re: City of San Antonio, Texas Water System Commercial Paper Notes, Series B (the “Notes”)

Ladies and Gentlemen:

I am the duly appointed City Attorney of the City of San Antonio, Texas (the “City”), and this opinion is rendered on behalf of the City pursuant to and in connection with the authorization of the Notes as defined in and authorized to be issued pursuant to the Third Amended and Restated Ordinance No. 2018-09-13-0729, adopted on September 13, 2018 by the City Council (the “Council”) of the City (the “Ordinance”) and the execution and delivery of the Revolving Credit Agreement, dated as of October 31, 2023 (the “Credit Agreement”) between the City and Truist Bank, as the lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

I or my designated attorneys have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials, and other instruments, and we have conducted such other investigation of fact and law as I have found necessary or advisable for the purpose of this opinion.

Under the Ordinance and the Credit Agreement, the proceeds of the loans made under the Credit Agreement are to be applied to the payment of the principal of the Notes.

I have also made such further investigation of law and facts as I have deemed necessary or advisable for purposes of the opinions herein expressed.

Based upon the foregoing, I am of the opinion that:

1. The City (a) is an incorporated city operating under a home-rule charter adopted pursuant to Article XI, Section 5, of the Constitution of Texas; (b) has full power and authority to execute, deliver, and perform the Credit Agreement, the Loan Note, the Ordinance and the Notes and to borrow under the Notes, the Loan Note and the Credit Agreement; (c) has all requisite power and authority to own and operate the System; and (d) has all requisite power and authority to pledge and grant a lien on the Net Revenues to the Loan Note to secure payment of the Loans and has lawfully exercised such power.

2. The System is a municipally owned utility as defined in the Act; the Notes have been or shall be issued, sold, and delivered to finance the costs and expenses incurred in relation to the acquisition and construction of improvements, additions, and extensions for an “eligible

project” (as defined in the Act) and for the payment of previously issued obligations; the Notes are or will be when issued “obligations” (as defined in the Act) and were duly authorized to be issued by the Council, which is authorized by law to issue bonds for or on behalf of the City and is the “governing body”(as defined in the Act) of the City; and the Council has authorized and approved the Credit Agreement and the Loan Note as “credit agreements” (as such term is defined in the Act) in connection with the issuance, security, and payment of the Notes.

3. The execution, delivery, and performance of the Credit Agreement, the Loan Note, the Notes, and the borrowing under the Credit Agreement, the Loan Note and the Notes by the City have been duly authorized by all necessary action of the City and the Council.

4. All authorizations, consents, approvals, licenses, permissions, and registrations, if any, of or with any person, including any governmental authority and the residents of the City, required in connection with (a) the execution, delivery, and performance of the Credit Agreement, the Loan Note and the Notes and (b) the passage of the Ordinance by the Council authorizing the execution, delivery, and performance of the Credit Agreement, the Loan Note and the Notes have, in each case, been obtained.

5. The Credit Agreement (a) is a valid and binding obligation of the City enforceable in accordance with its terms except as limited by principles of sovereign immunity and by bankruptcy, insolvency, moratorium, and similar laws affecting creditors’ rights generally and except to the extent enforceability thereof may be limited under Texas law with respect to the indemnification provisions; (b) will not result in a default under or a breach of any ordinance of the City or, to the best of my knowledge, any other agreement or instrument binding upon the City or the System; and (c) will not conflict with or result in any violation of any legal requirement.

6. The Ordinance is in full force and effect and to the best of my knowledge there exists no breach, default, or event of default thereunder or any event which with the lapse of time or action by a third party could result in a breach, default, or event of default thereunder.

7. To the best of my knowledge and except as set forth in the Offering Memorandum delivered in connection with the issuance of the Notes, there is no litigation or legal or administrative proceeding pending, or threatened against, or any outstanding judgment, order, writ, injunction, decree, or award affecting the City before any court, governmental authority, or arbitral body (a) which prohibits or affects, or if adversely determined could reasonably be expected to prohibit or affect, the ability or authority of the City to execute, deliver, or perform any part of the Credit Agreement or (b) which in the aggregate have, or if adversely determined would have, any material adverse effect on the System. To the best of my knowledge, the City is not in default with respect to any order, writ, injunction, or decree of any court or other governmental authority which would adversely affect the City’s ability to execute, deliver, or perform any part of the Credit Agreement, the Loan Note, the Notes, or the Ordinance. The liens on and pledges of the Net Revenues of the System created pursuant to the Ordinance and the Credit Agreement are legal, valid and binding liens on and pledges of such Net Revenues.

The opinions expressed above are qualified to the extent that the enforceability of the rights and remedies set forth in the Credit Agreement and the Related Documents may be limited by bankruptcy, reorganization, or other similar laws of general application relating to or affecting the

enforcement of creditors' rights. I express no opinion as to the extent to which any indemnification provision contained in the Credit Agreement or any other document used in connection with the issuance of the Notes is enforceable under Texas law or as to the specific remedy that any court, governmental authority, or board of arbitration may grant, impose, or render in connection with the above-described instruments.

The opinions herein expressed and the statements herein made are limited in all respects to the laws of the State of Texas and applicable federal law. This opinion is solely for the benefit of and may be relied upon by the addressees. This opinion may not be relied upon by any other person, without my written consent.

Very truly yours,

City Attorney

EXHIBIT F
FORM OF OPINION OF BOND COUNSEL

EXHIBIT G
FORM OF OPINION OF COUNSEL TO THE LENDER

EXHIBIT H
FORM OF FINAL DATE EXTENSION REQUEST

[Date]

Truist Bank
1400 Post Oak Blvd. 7th Floor
Houston, Texas 77056

Re: City of San Antonio, Texas Water System Commercial Paper Notes, Series B Final Date
Extension Request

Ladies and Gentlemen:

Pursuant to Section 2.10 of that certain Revolving Credit Agreement, dated as of October 31, 2023, between the City of San Antonio, Texas (the “City”) and Truist Bank, the City requests that the Final Date (as defined in the Revolving Credit Agreement) be extended to _____.

Very truly yours,

By: _____
Authorized Representative