Executive Summary
Cost Savings: FY20 Financing Plan
March 25, 2019 Board of Trustees Meeting

ACTION REQUIRED:
- Board approval of two (2) Resolutions
- Should you have any questions or need any additional information, please contact:
  Cory Kuchinsky at 210-353-5176 or Shannon Albert at 210-353-3818.

CONTENTS: Enclosed are copies of the following documents, which are in final form:
- Cost Savings: FY20 Financing Plan Presentation
- A Board Resolution inclusive of the following recommended transactions (~ $765M), all of which are estimated to provide savings compared to our approved FY20 Budget:
  - Refunding Commercial Paper (CP), up to $345M
  - Refunding of New Series 2012 (Rio Nogales) ~ $120M
  - Refunding of Sr. Lien 2010A BABs ~ $100M
  - Refunding of Jr. Lien 2010B BABs ~ $200M
- A Board Resolution delegating authority to Authorized Officials for the execution of CP Liquidity Facility Agreements, Dealer agreements & related documents over the next twelve months.

BACKGROUND OF TRANSACTIONS:
A. Refunding of Commercial Paper, up to $345M - As longer term rates have continued to remain below historical averages, CPS Energy may refund outstanding CP to take advantage of lower long-term rates and enhance liquidity metrics. This transaction is estimated to provide $5M additional savings compared to budget, as a result of delaying the timing of the transaction until the last quarter of the year.

B. Refunding of New Series 2012 (Rio Nogales), ~ $120M – These bonds were issued to purchase Rio Nogales. At the time of purchase, the Plant’s generation was utilized for wholesale sales, which is why taxable bonds were issued. Now that the Rio Nogales Plant is being utilized for native load (not wholesale sales) we can refund the taxable bonds with tax-exempt bonds for an estimated $4M in savings.

C. Refunding of Sr. Lien 2010A & Jr. Lien 2010B BABs, ~ $300M - Build America Bonds (BABS) were issued as taxable bonds, under the American Recovery and Reinvestment Act of 2009 (Obama Administration). Later this year, we will be able to refund them at a tax-exempt rate for an estimated $16.4M in savings.

D. Execute New CP Liquidity Facilities & Dealer Agreements, not to exceed $700M – In February 2019, staff issued a Request for Proposal to solicit responses for liquidity facilities, dealer services and other financing options in an effort to obtain improved pricing and bring better value to CPS Energy. Our current CP program authorization is $600M. The increase of $100M is requested in anticipation of a reduction in a like amount of liquidity elsewhere in CPS Energy’s debt portfolio (i.e., Flex Rate Revolving Note). Staff estimates approximately $700,000 annually in savings based on potentially lower facility fees.
COST SAVINGS:
FY20 FINANCING PLAN

INTRODUCTION BY:
Delores Lenzy-Jones
Chief Financial Officer

PRESENTED BY:
Shannon Albert
Senior Director, Capital Markets & Cash Management

March 25, 2019

Requesting Approval
AGENDA

- OUR FOCUS
- MARKET UPDATE
- DEBT OVERVIEW
- FY 2020 FINANCING TRANSACTIONS
- TODAY’S REQUEST OF THE BOARD
OUR FOCUS

Our financing decisions continually remain focused on:

- Driving strategic value
- Controlling costs
- Maintaining key financial metrics

All of the debt service costs fit within our current approved budget & will provide additional savings that will impact our bottom line.

Our objective today is to obtain Board approval of the FY20 Financing Plan.
MARKET UPDATE

AAA MMD\(^1\) Yield Curve

- The Fed last raised its benchmark rate Dec. 2018 up to between 2.25% & 2.50%.
- Up to 2 rate increases are expected this calendar year.

We monitor what is happening in the market, as it can impact our cost of borrowing.

SOURCE: Thompson Reuters from PFM Financial Advisors, LLC.
1 – Municipal Market Data (see Glossary).
**DEBT OVERVIEW**

We focus on ensuring we have a diversified debt portfolio.

### Portfolio by Debt Type

<table>
<thead>
<tr>
<th>Debt Type</th>
<th>Par Outstanding $\text{ (1)}$</th>
<th>% of Total</th>
<th>WAC $\text{ (2)}$</th>
<th>WAL $\text{ (3)}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr. Lien Fixed</td>
<td>$3,740,500</td>
<td>66%</td>
<td>3.88%</td>
<td>14.6</td>
</tr>
<tr>
<td>Jr. Lien Fixed</td>
<td>1,156,205</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jr. Lien Variable</td>
<td>582,700</td>
<td>10%</td>
<td>3.88%</td>
<td></td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>205,000</td>
<td>4%</td>
<td></td>
<td>&lt;1</td>
</tr>
<tr>
<td>Flex Rate Rev. Note</td>
<td>-</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Portfolio</strong></td>
<td>$5,684,405</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Data as of February 1, 2019, $s$ in thousands.
(2) Weighted Average Cost. (see Glossary).
(3) Weighted Average Life. (see Glossary).

Fixed Rate Debt $4.9B, 86%
Variable Rate Debt $0.8B, 14%
During this period, we consciously managed a better debt position by taking advantage of lower interest rates to save money for our customers.

We have refinanced $3.1B of debt resulting in over $382M of savings!

(1) All numbers unaudited; FY2020 data as of February 1, 2019.
# FINANCING PLAN SAVINGS

Our FY20 Financing Plan provides savings for our customers!

## Additional Savings

($s in millions)

<table>
<thead>
<tr>
<th>Transaction Description</th>
<th>Impact on Net Income</th>
<th>FY20(1)</th>
<th>FY21</th>
<th>Outer Yrs.</th>
<th>Outer Yrs.</th>
<th>Execution</th>
<th>Estimated Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Refund Commercial Paper (CP) Notes</td>
<td>+</td>
<td>$5.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>Up to $345M</td>
</tr>
<tr>
<td>2) Jr. Lien 2010B BABs Refunding</td>
<td>+</td>
<td>-</td>
<td>$0.3</td>
<td>$12.0</td>
<td></td>
<td>Fall 2019</td>
<td>$200M</td>
</tr>
<tr>
<td>3) Sr. Lien 2010A BABs Refunding</td>
<td>+</td>
<td>-</td>
<td>0.1</td>
<td>4.0</td>
<td></td>
<td></td>
<td>$100M</td>
</tr>
<tr>
<td>4) Sr. Lien 2012 Taxable Refunding (Rio Nogales)</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>4.0</td>
<td></td>
<td></td>
<td>$120M</td>
</tr>
<tr>
<td>5) Execute New Liquidity Facilities &amp; Dealer Agreements (Current Commercial Paper (CP) Program $600M + $100M Flexible Revolving Rate Note = 700M) (2)</td>
<td>+</td>
<td>0.4</td>
<td>0.7</td>
<td>3.0</td>
<td></td>
<td>Implementation May 2019</td>
<td>Up to $700M</td>
</tr>
</tbody>
</table>

**TOTAL** $5.4 | $1.1 | $23.0

(1) Assumes potential savings compared against the approved Budget.
(2) Assumes annual run rate savings of 10bps on entire credit facility: $700k/yr. for 5 years.
(3) FY20 savings are effective for half the yr.
FY 2020 FINANCING
KEY DATES

- **March 25, 2019** – Request CPS Energy Board Approval of Resolutions
- **April 11, 2019** – Request CoSA City Council Approval of Ordinances
TODAY’S REQUEST

Approve Two (2) Resolutions:

1. To present an Ordinance to the CoSA City Council:
   Delegating authority to Authorized Officials* for execution of the transactions noted below (~ $765M) over the next twelve months:
   - Refunding Commercial Paper, up to $345M
   - Refunding of New Series 2012 (Rio Nogales) ~ $120M
   - Refunding of Sr. Lien 2010A BABs ~ $100M
   - Refunding of Jr. Lien 2010B BABs ~ $200M

2. To present an Ordinance to the CoSA City Council:
   Delegating authority to Authorized Officials* for the execution of CP Liquidity Facility Agreements, Dealer agreements & related documents over the next twelve months.

*President & CEO, CFO, Secretary or Asst. Secretary, Treasurer or Asst. Treasurers
Thank You
<table>
<thead>
<tr>
<th>Business Term</th>
<th>Acronym (if applicable)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis Point</td>
<td>bps</td>
<td>Basis point (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as follows: 1% change = 100 basis points, and 0.01% = 1 basis point.</td>
</tr>
<tr>
<td>Build America Bonds</td>
<td>BABs</td>
<td>Build America Bonds are taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder.</td>
</tr>
<tr>
<td>Fed Funds</td>
<td></td>
<td>The federal funds rate is the interest rate at which depository institutions (banks and credit unions) lend reserve balances to other depository institutions overnight, on an uncollateralized basis.</td>
</tr>
<tr>
<td>Municipal Market Data</td>
<td>MMD</td>
<td>The yield curve of the highest-rated (AAA) municipal bonds as published by Thomson Reuters on a daily basis.</td>
</tr>
<tr>
<td>Weighted Average Cost (of Debt)</td>
<td>WAC</td>
<td>This measures the weighted average interest rate the Company is paying by type of debt outstanding. i.e., Senior Lien Fixed. It takes the total amount of interest the Company is paying for each debt / loan outstanding. It then divides this number by the total amount of principal. For instance, if the Company has a $1M loan with 5% interest outstanding and a $2M loan with 4% interest outstanding, the weighted average cost of debt is calculated as follows: (($1M \times 5%) + ($2M \times 4%) / ($1M + $2M) = 4.33%)</td>
</tr>
<tr>
<td>Weighted Average Life (of Debt)</td>
<td>WAL</td>
<td>This measures the weighted average time until principal is repaid. The debt outstanding for a portfolio may have different amortizing periods for each type of debt, which is where the principal is due. For instance, if a 30 year bond has most of its principal amortizing in year 25, instead of year 30, the average life of that debt will be closer to 25 years rather than 30 years.</td>
</tr>
</tbody>
</table>
RESOLUTION 1
A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF REFUNDING OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS” AND AS FURTHER DESIGNATED BY SERIES, STYLE, LIEN PRIORITY, TAX TREATMENT, AND METHOD OF CALCULATING INTEREST RATE (WHETHER FIXED OR VARIABLE); THE APPROVAL OF SEPARATE OFFERING DOCUMENTS RELATING TO EACH SERIES OF OBLIGATIONS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances previously passed by the City Council (the City Council) of the City of San Antonio, Texas (the City), authorizing the issuance of the currently outstanding first lien revenue bonds and junior lien revenue bonds, respectively (the Senior Lien Obligations and the Junior Lien Obligations, respectively, and collectively, the Outstanding Bonds), the complete management and control of the electric and gas systems (the Systems) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the Board), during the period of time any of the Outstanding Bonds are outstanding and unpaid; and

WHEREAS, the Board has determined that one or more series of revenue refunding obligations designated as “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds”, and as further distinguished by series, year of issuance, purpose of issuance, lien priority, federal tax treatment, and method of calculating interest rate (whether fixed or variable rate) for distinction in the event of multiple issuances (together, the Bonds), in the approximate aggregate maximum principal amount of $765,000,000 should now be issued by the City to provide funds for the purposes, as applicable, of (i) refunding the Refunding Candidates (as such term is defined in the hereinafter-defined Ordinance) and (ii) paying costs of issuance of the Bonds; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable ordinances of the City prescribing the terms and conditions upon which the issuance of additional bonds secured by and payable from a lien on and pledge of the net revenues of the Systems on a level of priority in accordance with the applicable provisions of the Ordinance and that will be on parity with certain of the heretofore issued Outstanding Bonds secured by and payable from, on a series by series basis, a lien on and pledge of net revenues of specified priority, it is necessary and proper for the Board to formally request the City Council to authorize and sell the Bonds, consent to the issuance of the same, approve the ordinance authorizing each series of the Bonds (the Ordinance), including the approval and distribution of the disclosure documents relating thereto, and agree to comply with all the terms and provisions of the Ordinance, including, but not limited to, those relating to the operation of the Systems and the handling of the proceeds of the Bonds; and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,
BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

1. The City Council is hereby formally requested to authorize and sell the Bonds in one or more series, and as designated by series, style, purpose, lien priority, and federal tax treatment in the manner hereinafter described, in the aggregate principal amount of approximately $765,000,000, and the Board by the adoption of this Resolution hereby evidences its consent to the issuance and sale of the Bonds and the payment thereof from a lien on and pledge of the Net Revenues of the Systems (such level of priority determined in accordance with the applicable provisions of the Ordinance) and its approval of the Ordinance authorizing the issuance of the Bonds (as further designated to distinguish among series in accordance with the Ordinance) if issued in one or more series, substantially in the form attached to this Resolution as Exhibit A, such Ordinance being incorporated herein by reference for all purposes.

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems and the disposition of the revenues therefrom. Any authority included in the Ordinance authorizing a Board representative to establish the final terms and conditions governing the sale of each series of Bonds shall expire not later than the date of expiration that is specified in the Ordinance.

3. The Preliminary Official Statement relating to each series of Bonds in substantially the form or forms presented at this meeting are hereby approved and deemed final for the purpose of complying with the United States Securities and Exchange Commission’s Rule 15c2-12 and the President and Chief Executive Officer of the Board, Secretary or Assistant Secretary of the Board, Chief Financial Officer of the Systems, and any Treasurer or Assistant Treasurer of the Board (each an Authorized Official and, together, the Authorized Officials) is authorized to prepare or approve any changes or additions to these disclosure documents which shall be deemed appropriate or necessary, and the Chair or Vice Chair of the Board or the President and Chief Executive Officer, or any of them, is authorized to execute each final Official Statement on behalf of the Board.

4. The Purchase Contract, as applicable, pertaining to each series of Bonds (collectively, the Purchase Contract), dated as of the date of the sale of the applicable series of Bonds and among the underwriter or underwriters named therein, the City, and the Board in the form presented at this meeting is hereby approved, and any Authorized Official is hereby authorized to execute the Purchase Contract on behalf of the Board and to deliver it to the other parties thereto.

5. In lieu of a Purchase Contract for each respective series of Bonds, the Board reserves the right to alter the method of sale for any series of Bonds to a competitively bid sale for such series of Bonds. Such decision by the Board shall include execution of an official bid form (the Official Bid Form) relating to a particular series of Bonds, to be dated as of the date of the sale of the applicable series of Bonds and among the purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and each Authorized Official is hereby authorized to execute the applicable Official Bid Form relating to a particular series of Bonds on behalf of the Board and to deliver it to the other parties thereto.
6. The Board recognizes that provisions of the Ordinance, completed with respect to a series of Bonds, contain representations, covenants, and obligations of the City relating to the Bonds and, as and if applicable, the preservation of tax-exempt treatment of the interest on such series of Bonds for federal income tax purposes. Since the proceeds of the applicable series of Bonds will be entirely within the control and disposition of the Board, the Board specifically adopts the representations, covenants, and obligations of the City or those to be made by the City Council in that section of the Ordinance.

7. The Board recognizes that provisions of the Ordinance relating to “Continuing Disclosure of Information”, contains covenants of the City relating to the Bonds. Since certain financial information, financial status, operating data, and annual audits of the Systems will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the City Council in those provisions of the Ordinance.

8. In order to comply with various provisions of Texas law, various certificates must be provided to co-bond counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other documents, relating to the issuance, sale, and delivery of each series of Bonds.

9. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the sale, issuance, and delivery of each series of Bonds and the funding of the escrow established in connection with the issuance of a series of Bonds, a purpose of which is the refunding of any Refunding Candidates (including engagement of an escrow bidding agent to facilitate the acquisition of eligible securities to fund such escrow). This delegation shall last through the period of expiration as set forth in the Ordinance.

10. The Board hereby authorizes PFM Financial Advisors LLC and Estrada Hinojosa & Company, Inc., as its co-financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and Norton Rose Fulbright US LLP and Kassahn & Ortiz, P.C., as co-bond counsel. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

11. Capitalized terms used herein without definition shall have the respective meaning ascribed thereto in the Ordinance.

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

13. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.
PASSED AND ADOPTED on the 25th day of March, 2019.

CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO, TEXAS

______________________________
Chair, Board of Trustees

ATTEST

______________________________
Secretary, Board of Trustees
EXHIBIT A

Bond Ordinance

See Tab No. 1
RESOLUTION 2
A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS REQUESTING THE CITY COUNCIL OF SAN ANTONIO, TEXAS APPROVE AN AMENDED AND RESTATED ORDINANCE AUTHORIZING THE ISSUANCE OF OBLIGATIONS FROM TIME TO TIME UNDER AN INTERIM FINANCING PROGRAM, IN AN AGGREGATE PRINCIPAL AT ANY ONE TIME OUTSTANDING NOT TO EXCEED $700,000,000 AND THE EXECUTION OF ONE OR MORE CREDIT AGREEMENTS, DEALER AGREEMENTS, AND OTHER DOCUMENTATION IN CONNECTION WITH PROGRAMMATIC MODIFICATIONS RELATED THERETO; APPROVING AN UPDATED OFFERING MEMORANDUM RELATED THERETO; ESTABLISHING AN EFFECTIVE DATE; AND RESOLVING OTHER MATTERS IN CONNECTION WITH THE FOREGOING

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances (the Senior Lien Obligations Ordinances) previously approved by the City Council (the Council) of the City of San Antonio, Texas (the City), authorizing the issuance of currently outstanding first lien revenue bonds (the Senior Lien Obligations), the complete management and control of the electric and gas systems (the Systems) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the Board), during the period of time any of the Senior Lien Obligations are outstanding and unpaid; and

WHEREAS, the Council, by Ordinance No. 2012-10-11-0816 (the Commercial Paper Ordinance), heretofore authorized the issuance of up to $600,000,000 in obligations in varying form, including those obligations designated, in multiple series, as “City of San Antonio Electric and Gas Systems Commercial Paper Notes” (the Notes), in order to continue an interim financing program (the Program) for certain eligible project costs with respect to the Systems and to refund and pay the Notes theretofore issued; and

WHEREAS, the City utilizes the Program to assist in the financing of capital improvements to the Systems, provide working capital and funds for fuel acquisition, pay interest on resold Notes, refund outstanding Notes on maturity, and to redeem certain other Systems’ obligations; and

WHEREAS, the City, at the request of the Board, previously obtained third party liquidity support for Notes from a syndicate of banks and entered into multiple credit agreements for the purpose of maintaining diversification of liquidity support related thereto; and

WHEREAS, the existing credit agreements expire in accordance with their respective terms on June 21, 2019, and as such, the Systems’ staff issued a request for proposals to solicit qualified responses (the Responses) related to the provision of liquidity for the Notes and additionally requested respondents offer further information related to the provision of dealer services and nontraditional financing options for the Program; and

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WHEREAS, in conjunction with the receipt and execution of the Responses, the Board desires to expand the Program, with respect to the aggregate principal amount of Notes at any one time outstanding to accommodate an anticipated reduction of a like amount of liquidity elsewhere in the Systems’ debt portfolio, and to extend the Program’s permitted date of final maturity; and

WHEREAS, to accommodate the foregoing, the Board requests the City adopt an ordinance amending and restating, in its entirety, the Commercial Paper Ordinance to provide for the implementation of the Responses most advantageous to the Systems, the issuance of Notes in an aggregate principal amount at any one time outstanding not to exceed $700,000,000, and the extension of the maturity date of any Notes issued under the Program to not later than April 11, 2049; and

WHEREAS, the Board hereby finds and determines that the adoption of this Resolution is in the best interests of the ratepayers of the City; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems, it is necessary and proper for the Board to formally request the Council authorize and approve an ordinance authorizing the foregoing matters; and now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

1. The Board requests that the Council adopt an ordinance (the Restated Ordinance), in substantially the form attached hereto as Exhibit A, amending and restating, in its entirety, the Commercial Paper Ordinance to provide for the issuance of Notes in an aggregate principal amount at any one time outstanding not to exceed $700,000,000 (the Program Authorization) (representing an increase in the authorized aggregate principal amount of Notes by $100,000,000 under the Commercial Paper Ordinance) and to provide for Notes issued under the Program to finally mature not later than April 11, 2049 (representing an extension of the final maturity date specified in the Commercial Paper Ordinance of November 1, 2042).

2. In addition to the items described in Section 1 above, the Restated Ordinance will also approve the City’s entering into separate credit agreements, dealer agreements, and any other necessary documentation (collectively, the Program Documentation), each with substantially similar terms and forms of which are attached to the Restated Ordinance as exhibits thereto, with financial institutions (individually, a Bank and, collectively, the Banks), selected pursuant to a competitive process and qualified to provide related support (e.g., liquidity, dealer, or other services associated with the Program) to the City, as further set forth and identified in the Restated Ordinance. Under the respective Program Documentation, the identified Bank(s) will provide liquidity support for Notes in a combined amount (principal only; not interest) not to exceed the Program Authorization for all Notes.

3. The President and Chief Executive Officer of the Board, Secretary or Assistant Secretary of the Board, Chief Financial Officer of the Systems, and any Treasurer or Assistant
Treasurer of the Board (each, an Authorized Official), or their designees, are hereby authorized to finalize and approve an Updated Offering Memorandum relating to the Notes that are authorized to be publically marketed and sold, and are further authorized to take any and all other actions consistent with the provisions of this Resolution, which includes the preparation, finalization, and distribution of the Updated Offering Memorandum related thereto.

4. The Board recognizes that certain provisions of the Program Documentation impose duties and obligations on the City, the performance of which are necessary for the City to remain compliant therewith. Because these duties and obligations primarily pertain to the operation of the Systems and the administration of the Notes, compliance is entirely within the control and disposition of the Board and the Systems staff. As a result, the Board specifically adopts and assumes as its own those duties and obligations of the City arising under the Program Documentation, including the ability to negotiate with the appropriate Bank(s) and other counterparties involved in the Program.

5. The Board delegates to each Authorized Official the authority to (i) take any and all other actions consistent with the provisions of this Resolution, the Program Documentation, and the Restated Ordinance to be adopted by the Council to implement the actions which are the subject of this Resolution (including the selection of qualified Responses to provide the solicited services as set forth in the related requests), (ii) evidence adoption of this Resolution, and (iii) do any and all things necessary or convenient to give effect to the intent of this Resolution and to effectuate the Program Documentation. Any action taken by an Authorized Official to effectuate the foregoing, including (without limitation) execution of agreements and other documentation on behalf of the Board, shall serve as the act and deed of the Board for any and all purposes.

6. The Board hereby authorizes its co-financial advisors, PFM Financial Advisors LLC and Estrada Hinojosa & Company, Inc. to coordinate these financial matters in consultation with System staff, City staff, Norton Rose Fulbright US LLP and Kassahn & Ortiz, P.C. (as co-bond counsel), and the legal counsel of the counterparties selected pursuant to the competitive processes described herein. This Resolution is required to provide for the payment of necessary professional fees incurred in connection with matters that are the subject of this Resolution or are related thereto. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by the Systems staff.

7. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

8. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

9. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.
10. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

11. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

[The remainder of this page intentionally left blank.]
PASSED AND ADOPTED on the 25th day of March, 2019.

CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO, TEXAS

_____________________________
Chair, Board of Trustees

ATTEST

_______________________________
Secretary, Board of Trustees
EXHIBIT A

CITY COUNCIL ORDINANCE

See Tab No. 1
DRAFT PLAN OF
FINANCE
ORDINANCE
AN ORDINANCE

AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF NOT TO EXCEED $765,000,000 “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS”; PROVIDING THE TERMS, CONDITIONS, AND SPECIFICATIONS FOR SUCH BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF ONE OR MORE OFFERING DOCUMENTS PERTAINING THERETO; MAKING PROVISIONS FOR THE PAYMENT AND SECURITY THEREOF ON A PARITY WITH CERTAIN CURRENTLY OUTSTANDING OBLIGATIONS; STIPULATING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF ADDITIONAL REVENUE BONDS ON A PARITY THERewith; AUTHORIZING THE EXECUTION OF ONE OR MORE PAYING AGENT/REGISTRAR AGREEMENTS, TENDER AGENT AGREEMENTS, ESCROW AGREEMENTS, AND BOND PURCHASE AGREEMENTS; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE CITY PUBLIC SERVICE BOARD STAFF TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE BONDS; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING AN EFFECTIVE DATE

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

WHEREAS, this Ordinance (hereinafter defined) will approve the issuance of revenue refunding bonds of the City designated as “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2019” (the New Series 2019 Bonds); and

WHEREAS, the City has heretofore issued, sold, and delivered, and there are currently outstanding the hereinafter-defined Refunded Obligations in the aggregate principal amount of $__________, being the obligations set forth on Schedule I hereto, which Schedule I is incorporated by reference for all purposes to this ordinance; and
WHEREAS, the City Council of the City has heretofore issued, and there are currently outstanding, revenue bonds (herein referred to as Junior Lien Obligations) supported by a junior lien on and pledge of the Net Revenues of the Systems which are categorized as the “Prior Lien Bonds” in the ordinance authorizing the issuance of the currently outstanding Commercial Paper Obligations (hereafter defined); and

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

WHEREAS, pursuant to the provisions of Chapters 1207 and 1371, as amended, Texas Government Code (Chapter 1207 and Chapter 1371, respectively, and, together, the Act), the City Council is authorized to issue the New Series 2019 Bonds, provide for the satisfaction of the portion of the Reserve Amount attributable to the New Series 2019 Bonds with the Surety Bond, and deposit the proceeds of sale under an escrow agreement to provide for the payment of the Refunded Obligations, and such deposit, when made in accordance with Chapter 1207, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 permits that the proceeds from the sale of the New Series 2019 Bonds may be deposited directly with any designated escrow agent for the Refunded Obligations that is not the depository bank of the City; and

WHEREAS, The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, currently serves as the paying agent for the Refunded Obligations and The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, will serve as the Paying Agent/Registrar (hereinafter defined) and Escrow Agent (hereinafter defined) for the New Series 2019 Bonds; and

WHEREAS, the City Council also hereby finds and determines that the obligations identified in [_____________] of Schedule I hereto (together, the Refunded Bonds) are scheduled to mature or are subject to being redeemed, not more than twenty (20) years from the date of the New Series 2019 Bonds herein authorized and the refunding of such Refunded Bonds will result in a net present value savings of $__________ or ___% to the City and a gross savings of $__________, including the cash transfer from the Retirement Account (defined herein) by the Board (hereinafter defined) of $__________; and

WHEREAS, the City has heretofore issued, sold, and delivered, and there are currently outstanding obligations in the aggregate principal amount of at least $__________ in Commercial Paper, being the obligations set forth and indicated as “Refunded Commercial Paper” on Schedule I hereto (the Refunded Commercial Paper and, together with the Refunded Bonds, the Refunded Obligations); and
WHEREAS, City Council also hereby finds and determines that the refunding of the Refunded Commercial Paper will convert such Refunded Commercial Paper into long term obligations and thereby increase the capacity of the System’s Commercial Paper program and, as permitted by the provisions of Section 1207.008, as amended, Texas Government Code, it is not practicable to calculate the savings from the conversion from short term variable rate to long term variable rate debt; and

WHEREAS, the City Public Service Board of San Antonio, Texas (the Board) has pursuant to a resolution adopted on March 25, 2019 recommended that the New Series 2019 Bonds should be issued by the City; and

WHEREAS, in full recognition and consideration of all covenants and conditions prescribed in the proceedings and instruments pertaining to the outstanding and unpaid New Series Bonds, pursuant to authority conferred by the laws of the State of Texas and at the request of the Board, the City Council of the City deems it necessary to issue and sell the New Series 2019 in the total principal amount of $__________ for the purpose of providing funds for (i) the discharge and final payment of the Refunded Obligations and (ii) paying the costs of issuance related thereto, which New Series 2019 Bonds shall be payable from the same source and secured in the same manner as the previously issued New Series Bonds; and

WHEREAS, this City Council has further found and determined that all the terms and conditions for the issuance of the New Series 2019 Bonds and any Additional Parity Bonds on a parity with the outstanding New Series 2019 Bonds can be met and satisfied in that (1) the Board by resolution has consented to the plan of finance evidenced by the issuance of the New Series 2019 Bonds herein proposed to be issued and sold and the payment thereof from the Net Revenues of the Systems and has further agreed to comply with all the terms and provisions of this Ordinance with relation to the operation of such Systems and the disposition of the Systems’ revenues; (2) a Designated Financial Officer (defined herein) of the Board will execute a certificate that the City is not in default as to any covenant, obligation, or undertaking contained in any ordinance or other document relating to the issuance of any obligations now outstanding which are payable from and secured by a lien on and pledge of the Net Revenues of the Systems, and each of the funds and accounts created and established for the sole purpose of paying the principal of and interest on such obligations contains the amount now required to be on deposit therein; (3) the Board can secure from an independent certified public accountant a certificate evidencing his determination that the Net Revenues of the Systems (including earnings from investments of Systems’ funds) were, during the last completed Fiscal Year (as hereinafter defined) or for any consecutive twelve-month period during the last fifteen consecutive months prior to the adoption of this Ordinance, equal to at least one and one-half times the maximum annual principal and interest requirements on the currently outstanding Previously Issued Parity Bonds and the New Series 2019 Bonds authorized to be issued by this Ordinance; (4) the New Series 2019 Bonds authorized to be issued by this Ordinance will be stated to mature on February 1 in each of the years they are scheduled to mature; and (5) pursuant to the purchase of the Surety Bond (hereafter defined), provision is made in this Ordinance that the amount to be accumulated and maintained in the Retirement Account as the Reserve Amount will be an amount equal to not less than the average
annual requirements for the payment of principal of and interest on all Parity Bonds which will be outstanding after giving effect to the issuance of the New Series 2019 Bonds authorized by this Ordinance; and

WHEREAS, this City Council is now authorized and empowered to proceed with the passage and adoption of this Ordinance authorizing (i) the issuance of the New Series 2019 Bonds, when combined with all other series of Bonds (defined herein) herein authorized to be issued from time to time, in the total principal amount of not to exceed $765,000,000, (ii) the execution and delivery of the Paying Agent/Registrar Agreement, Escrow Agreement, Bond Purchase Agreement, and the Letter of Representations, each relating to the New Series 2019 Bonds and similar documentation relating to any other series of Bonds, (iii) providing notice of redemption for each series of the Refunded Bonds, (iv) the approval of the Official Statement relating to the New Series 2019 Bonds and any similar documentation relating to any other series of Bonds, (v) certain powers and duties to be exercised and performed by the Board, acting through a Designated Financial Officer, including the execution of the Approval Certificate setting forth the final pricing terms and a bond insurance policy, if any, and (vi) the recognition of the existing Surety Bond from Assured Guaranty Municipal Corp.; and

WHEREAS, the City Council hereby finds and determines that the issuance of the New Series 2019 Bonds and the adoption of this Ordinance is in the best interests of the citizens of the City; NOW THEREFORE:

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

Section 1. Authorization. In order to provide funds for the purposes of (i) [refunding certain outstanding commercial paper notes to lock in current long-term tax exempt interest rates/refunding the Refunded Obligations selected by a Designated Financial Officer from the Refunding Candidates] and (ii) paying costs of issuance of the Bonds, the City Council of the City of San Antonio, Texas, acting pursuant to the laws of the State of Texas, particularly the Act, has determined that there shall be issued and there is hereby ordered to be issued one or more series of revenue refunding bonds (any such series, the Bonds), such initial series now issued, to be designated “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2019”, in the principal sum of __________________________ AND __/__ DOLLARS ($__________) (the New Series 2019 Bonds).

As authorized by Chapter 1207 and Chapter 1371, each Designated Financial Officer is hereby authorized, appointed, and designated as the officers of the City authorized to act on behalf of the City in selling and delivering a series of Bonds issued pursuant to this Ordinance and carrying out the procedures specified in this Ordinance, including approval of the following terms and provisions for each series of Bonds:

1. The identification and selection of which Refunding Candidates shall be included as the Refunded Obligations refunded with proceeds of such applicable series of Bonds.
2. The treatment of such series of Bonds under applicable federal tax law, including a determination (based on the advice of the Board’s Co-Financial Advisors and Co-Bond Counsel, respectively) of whether the interest earnings on such series of Bonds is or is not exempt from the calculation of gross income of the holders thereof under section 103 of the Internal Revenue Code of 1986, as amended (the Code), for the purposes of income taxation.

3. The style of each series of Bonds, which style indicates with respect to each series of Bonds the use of proceeds thereof, the convention of interest calculation (if variable), federal tax treatment (if taxable), the priority of lien on revenues securing their repayment (if Additional New Series Bonds or Additional Junior Lien Obligations), and the calendar year of issuance, and to include (if necessary or desired) a letter or other sequential identification indicating that multiple series of Bonds of the same or similar type have been or will be issued hereunder during a particular calendar year.

4. The priority of the lien on and pledge of the revenues of the Systems pledged as security therefor, by issuance as additional New Series Bonds or Junior Lien Obligations, of each series of Bonds.

5. The aggregate principal amount of each series of Bonds, as well as the principal amount of each stated maturity within a series of Bonds.

6. The rate of interest to be borne on the principal amount of each stated maturity within a series of Bonds, whether such interest rate shall be fixed or variable, and if interest is to be paid periodically, the interest payment dates for such series of Bonds.

7. The Bond Date for each series of Bonds.

8. The optional, extraordinary optional, and mandatory redemption provisions applicable, if at all, to each series of Bonds.

9. The selection of method of sale for each series of Bonds (whether competitive or negotiated) and, if a negotiated sale, then selection of a senior managing underwriter and the co-managers to serve as the syndicate of underwriters selling the applicable series of Bonds.

10. Pricing for each series of Bonds, including generation and use of original issue reoffering premium and/or discount, determination of underwriters’ compensation (if any), and applicable costs of issuance.

11. Selection of a bond insurer, if any, for a series of Bonds.
Each series of Bonds authorized by this Ordinance shall be issued within the following parameters:

1. All series of Bonds issued hereunder shall not exceed an aggregate principal amount of $765,000,000.

2. The maximum maturity of any series of Bonds shall not exceed February 1, 2059.

3. The true interest rate (federal arbitrage yield) on any series of Bonds shall not exceed a rate greater than 6.00% per annum, provided, however, that if issued in variable rate mode, such series of Bonds shall at no time bear interest at a rate that is higher than the maximum interest rate that at such time is permitted under applicable Texas law.

4. For Bonds refunding those Refunding Candidates identified in Section 6.V.(1)-(3) herein, the City will receive a net present value savings, on a per series basis and based on the debt service of such Refunding Candidates refunded by such series of Bonds, including the Board’s cash contribution; no such savings requirement is required for a refunding of Refunding Candidates identified in Section 6.V.(4) herein.

5. The final series of Bonds issued hereunder must be sold not later than April 11, 2020 (though the closing of a particular series of Bonds sold in accordance with this provision may occur after April 11, 2020 so long as such closing period is determined by a Designated Financial Officer to be of reasonable duration).

Each Designated Financial Officer is acting for and on behalf of the City, authorized to execute the Approval Certificate attached hereto as Schedule II evidencing the sale of a series of Bonds hereunder. The execution of an Approval Certificate shall evidence the sale date of the Bonds by the City to the Purchasers thereof in accordance with the provisions of the Act. Upon execution of an Approval Certificate, Co-Bond Counsel is authorized to complete a copy of this Ordinance as evidence of the issuance of a series of Bonds pursuant to the delegated authority granted hereunder and to reflect such final terms for such series of Bonds, which includes (A) completion of the preamble to this Ordinance, including deletion of those recitals that are not applicable to the particular series of Bonds then being issued and addition of any necessary recital that are so applicable, (B) provision of appropriate terms to reflect interest rate convention (fixed or variable), lien priority (to reflect Bonds issued as Additional New Series Bonds or Additional Junior Lien Obligations), and federal income tax treatment of interest (whether taxable or tax-exempt) (with such additional modifications to any of such forms to reflect the final transaction structure and terms of sale evidenced in an applicable Approval Certificate and incorporated herein as though originally included and made a part of, and having the same effect as being originally included and made a part of, this Ordinance), (C) completion of Schedule I with those Refunding Candidates selected as Refunded Obligations to be refunded with the proceeds a particular series of Bonds, and (D) such other necessary technical modifications to this Ordinance (including the renumbering of sections hereof) to accommodate all other terms and provisions of this Section 1.
4/11/19
Item No. __

It is further provided, however, that notwithstanding the foregoing provisions, no series of Bonds shall be delivered, unless prior to delivery, such series of Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371. Upon execution of an Approval Certificate, Co-Bond Counsel is authorized to complete this Ordinance to reflect such final terms relative to the applicable series of Bonds.

Section 2. Bond Date-Denomination-Stated Maturities-Redemption Option. The New Series 2019 Bonds shall be issued as fully registered obligations, without coupons, totaling $_______ in aggregate principal amount and be dated ____________, 2019.

The New Series 2019 Bonds shall be in denominations of Five Thousand Dollars ($5,000) or any integral multiple (within a stated maturity) thereof, shall be lettered “R” and numbered consecutively from One (1) upward. The New Series 2019 Bonds herein authorized to be issued shall bear interest on the unpaid principal amounts from the Closing Date or from the most recent interest payment date to which interest has been duly paid or provided and principal shall become due and payable on February 1 in each of the years and in amounts in accordance with the following schedule. Said interest shall be payable to the registered owner of any such New Series 2019 Bond in the manner provided and on the dates stated in the FORM OF DEFINITIVE BOND set forth in this Ordinance.

<table>
<thead>
<tr>
<th>Stated Maturities</th>
<th>Principal Amounts ($)</th>
<th>Interest Rates (%)</th>
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Redemption Provisions:
(a) **Mandatory Sinking Fund Redemption of Bonds.** The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity from money required to be deposited in the interest and sinking fund portion of the Retirement Account (but not the reserve fund portion of the Retirement Account) for such purpose and shall be redeemed in part, at random and by lot, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 1 in each of the years as set forth below:

<table>
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<tr>
<th>Term Bonds</th>
<th>Stated to Mature on February 1, 20__</th>
<th>(__ % coupon)</th>
<th>Term Bonds</th>
<th>Stated to Mature on February 1, 20__</th>
<th>(__ % coupon)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Principal Amount ($)</td>
<td>Year</td>
<td>Principal Amount ($)</td>
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Term Bonds
Stated to Mature on February 1, 20__
( __% coupon)

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Term Bonds
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*Payable at Stated Maturity

The principal amount of a New Series 2019 Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any New Series 2019 Bonds of such stated maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the interest and sinking fund of the Retirement Account (but not the reserve fund portion of the Retirement Account), or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and therefore not credited against a mandatory redemption requirement.
Optional Redemption. The City reserves the right to redeem, at its option, the New Series 2019 Bonds stated to mature on and after February 1, 20__ in whole or in part and by lot, on February 1, 20__ or any date thereafter at the price of par plus accrued (but unpaid) interest to such date of redemption.

Notice of Redemption. At least thirty (30) days prior to the date any such New Series 2019 Bonds are to be redeemed, a notice of redemption, authorized by appropriate resolution passed by the governing body of the City, shall be given in the manner set forth below. A written notice of such redemption shall be given to the registered owner of each New Series 2019 Bonds or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books (hereinafter defined) kept by the Paying Agent/Registrar. By the date fixed for any such redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for the New Series 2019 Bonds or the portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is given, and if due provision for such payment is made, all as provided above, the New Series 2019 Bonds, or the portions thereof which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, shall not bear interest after the date fixed for their redemption, and shall not be regarded as being Outstanding (as hereinafter defined) except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the New Series 2019 Bonds or any portion thereof. If a portion of any New Series 2019 Bonds shall be redeemed, a substitute New Series 2019 Bonds or New Series 2019 Bonds having the same stated maturity date, bearing interest at the same interest rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in this Ordinance.

Section 3, Payment of New Series 2019 Bonds - Paying Agent/Registrar.

A. The principal of, premium, if any, and the interest on the New Series 2019 Bonds shall be payable, without exchange or collection charges to the owner or holder thereof, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The New Series 2019 Bonds shall bear interest at the per annum rates shown above in Section 2, computed on the basis of a 360-day year of twelve 30-day months, and interest thereon shall be payable on February 1 and August 1 of each year, commencing __________, ____.

The selection and appointment of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, to serve as Paying Agent/Registrar for the New Series 2019 Bonds is
hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the office of the Paying Agent/Registrar books and records (the \textit{Registration Books}) for the registration, payment, and transfer of the New Series 2019 Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement (in substantially the form attached hereto as Exhibit A, which Paying Agent/Registrar Agreement is hereby authorized to be executed and delivered) and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the New Series 2019 Bonds are paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change (which shall be at the sole discretion of the City) in the Paying Agent/Registrar for the New Series 2019 Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the New Series 2019 Bonds by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of, premium, if any, and interest on the New Series 2019 Bonds, due and payable by reason of stated maturity, redemption, or otherwise, shall be payable only to the registered owner of the New Series 2019 Bonds (the \textit{Bondholder} or \textit{Bondholders}) appearing on the Registration Books (i) on the Record Date (as hereinafter defined) for purposes of paying interest thereon and (ii) on the date of surrender of the New Series 2019 Bonds for purposes of paying principal at stated maturity or the redemption thereof. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Bondholder as the owner of a New Series 2019 Bond for purposes of receiving payment and all other purposes whatsoever, and, to the extent permitted by law, neither the City nor the Paying Agent/Registrar, nor any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the New Series 2019 Bonds shall be payable only upon presentation and surrender of the New Series 2019 Bonds to the Paying Agent/Registrar at its corporate trust office. Interest on the New Series 2019 Bonds shall be paid to the Bondholder whose name appears in the Registration Books at the close of business on the Record Date (the 15th day of the month next preceding each interest payment date) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar to the address of the Bondholder appearing in the Registration Books or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Bondholder at the Bondholder’s risk and expense.

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

B. **Registration - Transfer - Exchange of New Series 2019 Bonds - Predecessor Bonds.**

The Registration Books relating to the registration, payment, and transfer or exchange of the New Series 2019 Bonds shall at all times be kept and maintained by the City at the corporate trust office of the Paying Agent/Registrar, and the Paying Agent/Registrar shall obtain, record, and maintain in the Registration Books the name and address of each registered owner of the New Series 2019 Bonds issued under and pursuant to the provisions of this Ordinance. Any New Series 2019 Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for New Series 2019 Bonds of other authorized denominations upon the Registration Books by the Bondholder, in person or by his duly authorized agent, upon surrender of such New Series 2019 Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Bondholder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any New Series 2019 Bond at the corporate trust office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more New Series 2019 Bonds executed on behalf of, and furnished by, the City of authorized denominations and having the same stated maturity, bearing the same rate of interest, and of a like aggregate principal amount as the New Series 2019 Bond or New Series 2019 Bonds surrendered for transfer.

At the option of the Bondholder, New Series 2019 Bonds may be exchanged for other New Series 2019 Bonds of authorized denominations and having the same stated maturity, bearing the same rate of interest and of like aggregate principal amount as the New Series 2019 Bonds surrendered for exchange, upon surrender of the New Series 2019 Bonds to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any New Series 2019 Bonds are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver replacement New Series 2019 Bonds executed on behalf of, and furnished by, the City to the Bondholder requesting the exchange.

All New Series 2019 Bonds issued upon any transfer or exchange of New Series 2019 Bonds shall be delivered at the corporate trust office of the Paying Agent/Registrar, or sent by United States mail to the Bondholder, and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the New Series 2019 Bonds surrendered in such transfer or exchange.

All transfers or exchanges of New Series 2019 Bonds pursuant to this Section shall be made without expense or service charge to the Bondholder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.
New Series 2019 Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be “Predecessor Bonds”, evidencing all or a portion, as the case may be, of the same debt evidenced by the replacement New Series 2019 Bond or New Series 2019 Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any mutilated, lost, destroyed, or stolen New Series 2019 Bond in lieu of which a replacement New Series 2019 Bond has been registered and delivered pursuant to Section 27 hereof which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen New Series 2019 Bond.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Bondholder any New Series 2019 Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption of such New Series 2019 Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the Bondholder of the unredeemed balance of a New Series 2019 Bond called for redemption in part.

Section 4. Execution - Authentication - Initial Bond. The New Series 2019 Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and attested by the City Clerk. The signature of said officers on the New Series 2019 Bonds may be manual or facsimile. New Series 2019 Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the New Series 2019 Bonds to the initial purchasers and with respect to New Series 2019 Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No New Series 2019 Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such New Series 2019 Bond either a certificate of registration substantially in the form provided in Section 5, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of authentication substantially in the form provided in Section 5, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any New Series 2019 Bond shall be conclusive evidence, and the only evidence, that such New Series 2019 Bond has been duly registered or authenticated and delivered.

The New Series 2019 Bonds shall be issued initially either (i) as a fully registered New Series 2019 Bond in the total aggregate principal amount of $__________ with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as one (1) fully registered New Series 2019 Bond for each year of stated maturity in the applicable principal amount, interest rate, and denomination and to be numbered consecutively from T-1 and upward (the Initial Bond) and, in either case, the Initial Bond shall be registered in the name of the initial purchasers or their designee. The Initial Bond shall be the New Series 2019 Bonds submitted to the Office of the Attorney General of the State of Texas for approval and certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas. At any time after the delivery of the Initial Bond to the initial purchasers, the Paying Agent/Registrar,
upon written instructions from the purchasers, or their designee, shall cancel the Initial Bond and exchange therefor definitive New Series 2019 Bonds of authorized denominations, stated maturities, principal amounts, and bearing applicable interest rates for transfer and delivery to the registered owners named and at the addresses identified therefor, all in accordance with and pursuant to such written instructions from the initial purchasers, or their designee, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

Section 5. Form of New Series Bond. The form of all New Series 2019 Bonds, including the form of the Paying Agent/Registrar’s Certificate of Authentication, the Form of Assignment, and the form of the Comptroller’s Registration Certificate to accompany the New Series 2019 Bonds on the initial delivery thereof, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance:

A. FORM OF DEFINITIVE BOND:

REGISTERED PRINCIPAL AMOUNT
NO. _____ $___________

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

CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BOND,
NEW SERIES 2019

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

REGISTERED OWNER: ______________________________________________________

PRINCIPAL AMOUNT: ________________________ AND NO/100 DOLLARS

ON THE STATED MATURITY DATE SPECIFIED ABOVE, THE CITY OF SAN ANTONIO, IN BEXAR, COMAL, AND MEDINA COUNTIES, TEXAS, a municipal corporation of the State of Texas (the City), hereby promises to pay to the order of the Registered Owner specified above, or to the registered assignee thereof (either being hereinafter called the Registered Owner or Bondholder), the Principal Amount specified above and to pay interest thereon, from the Closing Date (anticipated to be __________, 20__) , or from the most recent interest payment date to which interest has been paid or duly provided, at the rate of interest per annum specified above, with said interest being payable on each February 1 and August 1, commencing ________, ____.
THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at stated maturity or upon the date fixed for its redemption prior to stated maturity, at the corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the Paying Agent/Registrar for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the Record Date which is the 15th day of the month next preceding such interest payment date, either (i) by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on the appropriate date of payment to the Registered Owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Registered Owner hereof at the Registered Owner’s risk and expense. The City covenants with the Registered Owner of this Bond that no later than each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a Special Record Date) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the Special Payment Date - which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

THIS BOND is one of a series of bonds of like tenor and effect except as to number, principal amount, interest rate, and stated maturity, aggregating _______________ AND NO/100 DOLLARS ($____________) (the Bonds), issued for the purposes of providing funds for (i) [refunding certain outstanding commercial paper notes to lock in current long-term tax exempt interest rates/the discharge and final payment of the Refunded Obligations] and (ii) paying certain costs of issuance relating thereto, in accordance with the laws of the State of Texas, particularly Chapters 1207, 1371, and 1502, as amended, Texas Government Code, and pursuant to an ordinance passed by the City Council of the City and duly recorded in the minutes of said
City Council (the *Ordinance*). The Bonds are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of $5,000.

THE BONDS are subject to mandatory sinking fund redemption prior to their Stated Maturity from money required to be deposited in the interest and sinking fund portion of the Retirement Account (but not the reserve fund portion of the Retirement Account) for such purpose and shall be redeemed in part, at random and by lot, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 1 in each of the years as set forth below:

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<th>Term Bonds</th>
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<td>on February 1, 20___</td>
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*Payable at Stated Maturity

THE PRINCIPAL AMOUNT of a Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Bonds of such stated maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the
Paying Agent/Register at the request of the City with money in the interest and sinking fund portion of the Retirement Account (but not the reserve fund portion of the Retirement Account), or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and therefore not credited against a mandatory redemption requirement.

The City reserves the right to redeem, at its option, the New Series 2019 Bonds stated to mature on and after February 1, 20__ in whole or in part and by lot, on February 1, 20__ or any date thereafter at the price of par plus accrued (but unpaid) interest to such date of redemption.

AT LEAST 30 days prior to the date fixed for any redemption, a notice of redemption, authorized by appropriate resolution passed by the governing body of the City shall be given in the manner set forth below. A written notice of such redemption shall be given to the Registered Owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class, postage prepaid, addressed to each such Registered Owner at his address shown on the Registration Books of the Paying Agent/Register. By the date fixed for any such redemption, provision shall be made by the City with the Paying Agent/Register for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, shall not bear interest after the date fixed for its redemption, and shall not be regarded as being Outstanding except for the right of the Registered Owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Register out of funds provided for such payment. The Paying Agent/Register shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same stated maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

AS PROVIDED in the Ordinance and subject to certain limitations contained therein, this Bond is transferable only on the Registration Books of the City, upon surrender of this Bond for transfer at the corporate trust office of the Paying Agent/Register, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Register duly executed by the Registered Owner hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same stated maturity date, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees. If called for redemption, in whole or in part, the City and the Paying Agent/Register shall not be required to issue or transfer this Bond to an assignee of the Bondholder within 45 days of the redemption date therefor; provided, however, such limitation of transfer shall not be applicable to an exchange by the Bondholder of the unredeemed balance hereof in the event of its redemption in part.
THE CITY and the Paying Agent/Registrar, and any agent of either, shall treat the Registered Owner hereof whose name appears on the Registration Books (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its stated maturity date or its date of redemption, in whole or in part, and (iii) on any date as the owner hereof for all other purposes, and, to the extent permitted by law, neither the City nor the Paying Agent/Registrar, nor any such agent of either, shall be affected by notice to the contrary.

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

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

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

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

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

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

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

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

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

CITY OF SAN ANTONIO, TEXAS

By: _________________________________
Mayor

ATTEST:

City Clerk

(SEAL)
4/11/19
Item No. __

[The remainder of this page intentionally left blank.]
B. FORM OF PAYING AGENT/REGISTRAR’S AUTHENTICATION CERTIFICATE.

PAYING AGENT/REGISTRAR’S AUTHENTICATION CERTIFICATE

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

Dated: ___________________________  THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL ASSOCIATION

as Paying Agent/Registrar

By: _______________________________  Authorized Representative

*NOTE TO PRINTER: Print on Definitive Bonds.

[The remainder of this page intentionally left blank.]
FORM OF ASSIGNMENT.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): ________________________________

(Social Security or other identifying number):  ________________________________________

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: ____________________________

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

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

[The remainder of this page intentionally left blank.]
D. FORM OF COMPTROLLER’S CERTIFICATE ATTACHED TO THE NEW SERIES 2019 BONDS UPON INITIAL DELIVERY THEREOF.

OFFICE OF THE COMPTROLLER

STATE OF TEXAS

REGISTER NO. _____________

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

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

____________________________________
Comptroller of Public Accounts
of the State of Texas

(SEAL)

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

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

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

(iii) the first paragraph shall read as follows:

ON THE STATED MATURITY DATES SPECIFIED BELOW, THE CITY OF SAN ANTONIO, IN BEXAR, COMAL, AND MEDINA COUNTIES, TEXAS, a municipal corporation of the State of Texas (the City), hereby promises to pay to the order of the Registered Owner specified above, or to the registered assignee thereof (either being hereinafter called the Registered Owner or Bondholder) on February 1 of the years and in the Principal Amounts specified below and to pay interest thereon, from the Closing Date (anticipated to be _________ __, 2019), or from the most recent interest payment date to which interest has been paid or duly provided, at the rates of interest per annum specified in accordance with the following schedule:
## Stated Maturities

<table>
<thead>
<tr>
<th>Principal Amounts ($)</th>
<th>Interest Rates (%)</th>
</tr>
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</table>

(Information to be inserted from schedules in Section 2)

said interest shall be payable semiannually on each February 1 and August 1, commencing [_______], ___.

### F. INSURANCE LEGEND

If bond insurance is obtained by the City for any New Series 2019 Bond, the appropriate definitive New Series 2019 Bonds and the Initial Bond shall bear an appropriate legend as provided by the insurer.

### Section 6. Definitions

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

#### A. Additional Junior Lien Obligations

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

#### B. Additional Parity Bonds

- bonds or other obligations authorized to be issued under the provisions of Section 17, including refunding bonds, which are secured by a lien on and pledge of the Net Revenues of the Systems on a parity with Previously Issued Parity Bonds and the New Series 2019 Bonds.

#### C. Board of Trustees, Board, or City Public Service Board

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

#### D. Bond Date

- shall mean [_______], 2019.

#### E. City or Issuer

- the City of San Antonio, Texas.
F. **Closing Date** – the date of physical delivery of the Initial Bond in exchange for the payment in full by the Purchasers.

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

   (1) City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, as further described by applicable series, authorized in the aggregate principal amount of [$____________], including amounts owed under the Credit Agreement (as defined in the City ordinance authorizing the issuance of the Commercial Paper Obligations); and

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

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

I. **Designated Financial Officer** – the following employees of the City, acting in concert or individually, to-wit: the Mayor of the City, City Clerk of the City, any City Manager of the City, Chief Financial Officer of the City, President and Chief Executive Officer of the Board, Secretary or Assistant Secretary of the Board, Chief Financial Officer of the Systems, any Treasurer or Assistant Treasurer of the Board, any party succeeding to substantially all or part of the responsibilities and duties of either of the foregoing regardless of title, or such other officer or employee of the City authorized by the City Council to act as an Authorized Representative, or such other financial or accounting official of the Board so designated by the City Council.

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

K. **Government Securities** – (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized
investment rating firm not less than AAA or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the New Series 2019 Bonds.

L. **Inferior Lien Obligations** – (i) any bonds, notes, warrants, certificates of obligation, or other similar debt currently outstanding or hereafter issued by the City that are payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledges thereof securing payment of the currently outstanding Parity Bonds, the Junior Lien Obligations, the Commercial Paper Obligations, and any Additional Parity Bonds and Additional Junior Lien Obligations hereafter issued by the City, including the “City of San Antonio, Texas Electric and Gas Systems Tax Exempt Flexible Rate Revolving Notes, Series A” and the “City of San Antonio, Texas Electric and Gas Systems Taxable Flexible Rate Revolving Notes, Series A”, authorized in an aggregate principal amount at any one time outstanding not to exceed $100,000,000, (ii) any obligations that are issued subject to the limitations in Section 1502.052, as amended, Texas Government Code, and (iii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by such an inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

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

1. “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Taxable Series 2010A (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of $300,000,000;
2. [“City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of $200,000,000;]
3. “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2013”, originally authorized in the aggregate principal amount of $375,000,000;
4. “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2014”, originally authorized in the aggregate principal amount of $200,000,000;
5. “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Series 2014”, originally authorized in the aggregate principal amount of $262,530,000;
(6) “City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015A”, originally authorized in the aggregate principal amount of $125,000,000;

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

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

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

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

N. **Maintenance and Operating Expenses** – those expenses required by law (Section 1502.056, as amended, Texas Government Code) to be a first lien on and charge against the income of the Systems, including the cost of insurance; the purchase and carrying of stores, materials, and supplies; the purchase, manufacture, and production of gas and electricity for distribution and resale; the payment of salaries; and the payment of all other expenses properly incurred in operating and maintaining the Systems and keeping them in good repair and operating condition (classed as a maintenance and operating expense as opposed to a capital expenditure under the Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners). Depreciation on the properties of the Systems shall not be considered or included as Maintenance and Operating Expenses in the determination of Net Revenues of the Systems.

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


Q. **Outstanding** – as of the date of determination, all Parity Bonds theretofore issued and delivered except:
(1) those Parity Bonds theretofore canceled by the respective paying agents for such Parity Bonds or delivered to such paying agents for cancellation;

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

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

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

R. Parity Bonds or New Series Bonds – the Previously Issued Parity Bonds, the New Series 2019 Bonds, and any Additional Parity Bonds.

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

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

(1) [“City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2010A (Direct Subsidy-Build America Bonds)”, dated February 1, 2010 and originally issued in the principal amount of $380,000,000;]

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

(3) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2012”, dated June 1, 2012 and originally issued in the principal amount of $655,370,000;

(4) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2015”, dated August 1, 2015 and originally issued in the principal amount of $320,530,000;
(5) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, New Series 2015”, dated November 1, 2015 and originally issued in the principal amount of $235,000,000;

(6) City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2016”, dated July 1, 2016 and originally issued in the principal amount of $544,260,000;

(7) City of San Antonio, Texas Electric and Gas Systems Revenue and Refunding Bonds, New Series 2017”, dated April 1, 2017 and originally issued in the principal amount of $308,005,000;

(8) City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2017”, dated August 1, 2017 and originally issued in the principal amount of $194,980,000;

(9) Upon issuance, the New Series 2019 Bonds; and

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


V. **Refunding Candidates** – shall mean:

(1) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2010A (Direct Subsidy - Build America Bonds)”, dated February 1, 2010 and originally issued in the principal amount of $380,000,000;

(2) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of $200,000,000;

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

(4) “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series A, Series B, or Series C”, in the aggregate, currently outstanding principal amount of $345,000,000.

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

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

Z. **Systems** – the entire electric light and power plants and systems and gas distribution system and all property of every kind appurtenant to and used or acquired in connection with said electric light and power plant and systems and gas distribution system owned by the City, together with all property of every kind now and hereafter owned or acquired by the City as a part of or for use in the operation of the City’s electric light and power plants and systems and gas distribution system. Notwithstanding the foregoing, upon payment in full, or provision for such payment, of the Previously Issued Parity Bonds issued before May 29, 1997, and the defeasance of the ordinances authorizing the issuance of such Previously Issued Parity Bonds, the term Systems shall not mean or include facilities of any kind which are declared not to be a part of the Systems and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of **Special Facilities Bonds**, which are hereby defined as being special revenue obligations of the City which are not payable from Net Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Parity Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

Section 7. Pledge.

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

B. Chapter 1208, Texas Government Code, applies to the issuance of the New Series 2019 Bonds and the pledge of Net Revenues granted by the City under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Parity Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Parity Bonds the perfection of the security interest in this pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

Section 8. Rates and Charges. The City hereby agrees and reaffirms its covenants to the holders of the Parity Bonds that it will at all times maintain rates and charges for the sale of electric
energy, gas, or other services furnished, provided, and supplied by the Systems to the City and all other consumers which shall be reasonable and nondiscriminatory and which will produce income and revenues sufficient to pay:

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

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

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

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

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

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

Section 9. General Account. The City, acting through the Board of Trustees, hereby covenants with respect to the holders of the Parity Bonds that all revenues of every nature received through the operation of the Systems shall be deposited as received in the “City of San Antonio Electric and Gas Systems General Account” (the General Account), which shall be kept separate and apart from all other funds of the City. Revenues received for the General Account shall be deposited from time to time as received in such Depository as may be selected by the Board of Trustees in accordance with applicable laws relating to the selection of City depositories.

Section 10. Flow of Funds. The City, acting through the Board of Trustees, hereby agrees and reaffirms its covenant to the holders of the Parity Bonds that funds in the General Account shall be pledged and appropriated to the following uses and in the order of priority shown below:
FIRST: to the payment of reasonable and proper Maintenance and Operating Expenses of the Systems upon approval by the Board of Trustees;

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

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

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

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

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

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

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

Section 11. Parity Bond Retirement Account. For purposes of paying the principal of and interest on the Parity Bonds, when and as the same shall become due, and providing a reserve to prevent a default in the payment of such principal and interest on Parity Bonds, the City, acting through the Board of Trustees, hereby reaffirms the creation and establishment of a special account known as the “City of San Antonio Electric and Gas Systems Parity Bond Retirement Account” (the Retirement Account), which account shall continue to be kept separate and apart from all other funds or accounts of the Systems or of the City. The City hereby reaffirms its covenant that the Retirement Account shall be established and kept at such Depository as the Board of Trustees shall designate and funds deposited therein shall be used only for the purpose of paying the principal of and interest on the Parity Bonds.

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

In addition to the deposits required to be made in the interest and sinking fund portion of the Retirement Account to pay the annual debt service requirements of the Previously Issued Parity Bonds, the Board is hereby directed to deposit in said Account the following amounts to pay the principal of and interest on the New Series 2019 Bonds:

A. **Deposits for payment of interest**—on or before the 15th day of the month to occur following the date of delivery of the New Series 2019 Bonds to the Purchasers thereof and on or before the 15th day of each following month through January 15, [_____] an equal amount of money with such deposits totaling not less than the amount of the installment of interest coming due on the New Series 2019 Bonds on February 1, [____], and on or before February 15, [____] and on or before the 15th day of each following month, until the New Series 2019 Bonds are no longer Outstanding, an amount of money equal to not less than one-sixth (1/6) of the next semiannual installment of interest to become due on said New Series 2019 Bonds; provided, that to the extent there is money available in the interest and sinking fund portion of the Retirement Account to pay interest on said New Series 2019 Bonds on February 1, [____], such deposits may be reduced by the amount of the aforesaid money available to pay said interest on said New Series 2019 Bonds.

B. **Deposits for payment of principal**—on or before the 15th day of the month to occur following the date of delivery of the New Series 2019 Bonds to the Purchasers thereof and on or before the 15th day of each following month through January 15, [____] an equal amount of money with such deposits totaling not less than the amount of the installment of interest coming due on the New Series 2019 Bonds on February 1, [____], and on or before the 15th day of each following month and during each of the twelve-month periods preceding the dates the New Series 2019 Bonds are stated to mature, or are required to be redeemed prior to scheduled maturity, not less than one-twelfth (1/12) of the principal amount required herein to be paid at stated maturity or to be redeemed prior to scheduled maturity.

In compliance with the provisions of the ordinances authorizing the issuance of the Previously Issued Parity Bonds and this Ordinance, the Board of Trustees shall cause to be accumulated and maintained in the Retirement Account a Reserve Amount equal to not less than the average annual principal and interest requirements of the Previously Issued Parity Bonds and the New Series 2019 Bonds, such Reserve Amount to be determined on the basis of cash on deposit and the book value of securities in which money in the reserve fund portion of the Retirement Account is invested, and to be in addition to the amount on deposit in the Retirement Account for purposes of paying the annual debt service requirements of the Outstanding Parity Bonds. The Reserve Amount equals not less than the average annual principal and interest requirements of the Previously Issued Parity Bonds and the New Series 2019 Bonds. Whenever the amount in the
reserve fund portion of the Retirement Account equals less than the total amount required to be on
deposit therein in accordance with the provisions of this Ordinance, monthly deposits in an amount
equal to the sum of the monthly deposits previously required under the provisions of the ordinances
authorizing the Previously Issued Parity Bonds, shall be resumed and continued to be made on or
before the 15th day of each month until the total amount required to be on deposit in the reserve
fund portion of the Retirement Account has been fully restored; provided, however, that the City
expressly reserves the right in this Ordinance to fund the Reserve Amount, in whole or in part, by
purchasing a Surety Policy.

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

Accrued interest, if any, received from the initial purchasers of Parity Bonds which is
deposited in the interest and sinking fund portion of the Retirement Account and income and
profits received from the investment of funds in the Retirement Account may be taken into
consideration and reduce the monthly deposits which would otherwise be required to be placed in
the interest and sinking fund portion and reserve fund portion of the Retirement Account from the
pledged Net Revenues of the Systems.

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

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

Section 12. Repair and Replacement Account. The City reaffirms its covenant with the holders of Parity Bonds that a special fund or account shall be created and established to be known as the “City of San Antonio Electric and Gas Systems Repair and Replacement Account” (the Repair and Replacement Account) at such Depository as may be designated by the Board of Trustees. Money on deposit in the Repair and Replacement Account shall be used for the following purposes: providing extensions, additions, and improvements to the Systems; meeting contingencies of any nature in connection with the operations, maintenance, improvement, replacement, or restoration of properties of the Systems; and paying bonds or other obligations for which other funds are not available, or for any or all of such purposes, as, from time to time, may be determined by the Board of Trustees.

From the Net Revenues remaining in the General Account after payments in accordance with Section 10 of this Ordinance and after payment and provisions for payments and additions to the Retirement Account in accordance with the provisions of Section 11, there shall be paid into the Repair and Replacement Account an annual sum equal to six percent (6%) of the gross revenues of the Systems for the then current Fiscal Year. This annual payment to the Repair and Replacement Account shall be accumulated each Fiscal Year by monthly installments, such monthly installments to be based on each month’s gross revenues to the extent funds in the General Account are available each month; provided, however, should the total annual payment to the Repair and Replacement Account in any Fiscal Year exceed six percent (6%) of the gross revenues of the Systems, as shown by the Systems’ audited annual financial statement, proper year-end adjustments shall be made (on or before March 1 after the close of each Fiscal Year) by causing any excess amount deposited therein to be transferred to the General Account.

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

Section 13. Payments or Credits to the General Fund of the City. In accordance with the provisions of the ordinances authorizing the issuance of the Previously Issued Parity Bonds and this Ordinance, and after the payments to the Retirement Account and the Repair and Replacement Account (for purposes of accumulating therein an amount equal to six percent (6%))
of the annual gross revenues of the Systems (for general purposes of the City), to the extent Net Revenues of the Systems are available in the General Account and in monthly installments, an amount in cash not to exceed 14% of the gross revenues of the Systems for the month next preceding the month in which the monthly deposit is made, less the value of gas and electric services of the Systems used by the City for municipal purposes and the amounts expended for additions to the street lighting system for the month for which such payment is being made. The maximum amount in cash to be transferred or credited to the General Fund of the City from the Net Revenues of the Systems during any Fiscal Year shall not exceed 14% of the gross revenues of the Systems less the value of gas and electric services of the Systems used by the City for municipal purposes and the amounts expended during the Fiscal Year for additions to the street lighting system. The percentage of gross revenues of the Systems to be paid over or credited to the General Fund of the City each Fiscal Year shall be determined (within the 14% limitation) by the governing body of the City.

Section 14. Investments. Funds on deposit in the General Account, the Construction Account (hereinafter defined), the Retirement Account and the Repair and Replacement Account may be, at the option of the Board of Trustees, invested in any investment permitted by the provisions of the Board of Trustees’ Investment Policy and the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or in any other investment authorized under applicable laws of the State of Texas from time to time, including time deposits, certificates of deposit, guaranteed investment contracts or similar contractual agreements. Any obligations, or evidences of ownership of said obligations, in which funds on deposit in the aforementioned Accounts are so invested shall be kept in escrow in the respective Depositories for such Accounts, and such investments shall be promptly sold when required and the proceeds of the sale applied to the making of payments required to be made from the Account from which the investment was made whenever such payments are necessary to be made. All income and profits received from the investment of funds in the Repair and Replacement Account shall be transferred and credited to the General Account. During the period of time the Reserve Amount in the Retirement Account totals not less than the total amount required to be on deposit therein, all income and profits received from the investment of such funds shall be transferred to the interest and sinking fund portion of the Retirement Account, thereby reducing the amount required to be deposited therein, to meet the debt service requirements of Parity Bonds; otherwise income and profits received from investments of the funds constituting the Reserve Amount shall be retained as a portion of the Reserve Amount. Income and profits received from investments of funds on deposit in the interest and sinking fund portion of the Retirement Account shall be used only for the purposes of paying the principal of and interest on the Parity Bonds, as and when the same shall become due.

Section 15. Transfer of Funds to the Paying Agent/Registrar. On or before an interest or principal payment date of any Parity Bonds, the Treasurer of the Board shall make transfer of funds on deposit in the Retirement Account to the paying agent or paying agents (including the Paying Agent/Registrar) in the amounts calculated as fully sufficient to pay and discharge promptly, as due, each installment of interest and principal pertaining to the Parity Bonds then Outstanding. In making such transfers, the Treasurer of the Board shall take into account any
money on deposit with the any paying agent/registrar relating to a series of Parity Bonds irrevocably designated as refundable tax credit bonds under the Code (including, but not limited to, any Parity Bonds designated as “build America bonds” and “qualified bonds” under the Code). In the event Parity Bonds may be called for redemption prior to stated maturity, the Treasurer of the Board shall cause amounts calculated as sufficient to pay and discharge the Parity Bonds (including accrued interest) so called for redemption to be transferred to the paying agent or paying agents (including the Paying Agent/Registrar) on or before the date fixed for the redemption of such bonds.

Section 16. Security of Funds. All money on deposit in the special Accounts for which this Ordinance makes provision (except any portions thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds.

Section 17. Issuance of Additional Parity Bonds. In addition to the right to issue obligations of inferior lien, as authorized by the laws of the State of Texas, the City reserves the right to issue additional revenue obligations payable from the same source and equally and ratably secured in the same manner as the Previously Issued Parity Bonds and the New Series 2019 Bonds, and such additional revenue obligations, the Previously Issued Parity Bonds, and the New Series 2019 Bonds shall in all respects be of equal dignity. The amount of additional revenue obligations for Systems improvements and extensions to be issued from time to time shall be based upon the difference between the estimated costs of planned extensions and improvements and the total amount of funds available and estimated to be available for extensions and improvements to the Systems; and it shall be the duty of the Board of Trustees to request the City Council to authorize and provide for the issuance and sale of additional revenue obligations in the amount necessary to meet the cost of such planned extensions and improvements, such request to be evidenced by resolution of the Board of Trustees; and upon receipt of such request, it shall be the duty of the City Council to review such request and to provide for the issuance and sale of such Additional Parity Bonds as the City Council may deem necessary in order that the planned extensions and improvements may be made. It is hereby covenanted and agreed that no additional refunding bonds or other obligations shall be issued or incurred on a parity with the New Series 2019 Bonds unless and until the following conditions can be satisfied and met:

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

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

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

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

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

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

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

Section 18. No Obligation of Lien Superior to that of the Parity Bonds. The City will not hereafter issue any additional bonds or create or issue evidences of indebtedness for any purpose possessing a lien on Net Revenues superior to that to be possessed by the Parity Bonds. The City, however, retains the right to create and issue evidences of indebtedness whose lien on Net Revenues shall be subordinate to that possessed by the Parity Bonds.

Section 19. Management of the Systems. In accordance with the provisions of the ordinances authorizing the Previously Issued Parity Bonds and this Ordinance, the City hereby agrees, covenants, and reaffirms that during such time as any Parity Bonds issued hereunder are
Outstanding and unpaid, the complete management and control of the Systems, pursuant to the authority contained in Section 1502.070, as amended, Texas Government Code, shall be vested in a Board of Trustees consisting of five citizens (one of whom shall be the Mayor of the City) of the United States of America permanently residing in Bexar County, Texas, to be known as the “City Public Service Board of San Antonio, Texas”. The Mayor of the City shall be a voting member of the Board, shall represent the City Council thereon, and shall be charged with the duty and responsibility of keeping the City Council fully advised and informed at all times of any actions, deliberations and decisions of the Board and its conduct of the management of the Systems.

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

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

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

Except as otherwise specifically provided in this Ordinance, the Board of Trustees shall have absolute and complete authority and power with reference to the control, management, and operation of the Systems and the expenditure and application of the revenues of the Systems subject to the provisions contained in this Ordinance, all of which shall be binding upon and shall govern the Board of Trustees. In connection with the management and operation of the Systems and the expenditure and application of the revenues therefrom, the Board of Trustees shall be vested with all of the powers of the City with respect thereto, including all powers necessary or appropriate for the performance of all of the covenants, undertakings, and agreements of the City contained in this Ordinance, and shall have full power and authority to make rules and regulations governing the furnishing of electric and gas service to customers and for the payment of the same, and for the discontinuance of such services upon failure of customers to pay therefor, and, to the extent authorized by law, shall have full authority with reference to making of extensions, improvements, and additions to the Systems and the acquiring by purchase or condemnation of properties of every kind in connection therewith.

The Board of Trustees, in exercising the management powers granted herein, will ensure that policies adopted affecting research, development, and corporate planning will be consistent with City Council policy, and policies adopted by the Board of Trustees pertaining to such matters will be subject to City Council review.

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

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

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

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

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

Section 20. Method of Amendment. The City hereby reserves the right to amend ordinances authorizing the issuance of Parity Bonds subject to the following terms and conditions:

A. The holders of Parity Bonds aggregating in principal amount sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of then Outstanding Parity Bonds shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that without the consent of the holders of the Parity Bonds the provisions of the Certificate as to Tax Exemption executed in connection with the initial delivery of the New Series 2019 Bonds may be amended at any time if the City receives an opinion from a nationally recognized bond counsel stating that such amendment would not adversely affect the status for federal income tax purposes of interest on the New Series 2019 Bonds and provided further that nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in the bonds so as to:

(1) make any change in the stated maturity of Outstanding Parity Bonds;
reduce the rate of interest borne by any of the Outstanding Parity Bonds;

(3) reduce the amount of the principal of, or redemption premium, if any, payable on any Outstanding Parity Bonds;

(4) modify the terms of payment of principal or of interest or redemption premium on Outstanding Parity Bonds or any of them or impose any condition with respect to such payment;

(5) affect the rights of the holders of less than all of the Parity Bonds then Outstanding; or

(6) change the minimum percentage of the principal amount of bonds necessary for consent to such amendment.

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

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

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

E. Any consent given by the holder of an Outstanding Parity Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the publication of the notice provided for in this Section and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after six (6) months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the City Clerk of the City, but such revocation shall not be effective if the holders of sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the then Outstanding Parity Bonds as in this Section defined, have, prior to the attempted revocation, consented to and approved the amendment.
F. Except as provided in G. below for the Registered New Series 2019 Bonds, for the purposes of establishing ownership of Parity Bonds, the fact of the holding of Parity Bonds by any Bondholder, the amount and numbers of such bonds, and the dates of their holding such bonds, may be proved by the affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, or other depository the bonds described in such certificate. The City may conclusively assume that such ownership continues until notice to the contrary is served on the City.

G. For the purposes of establishing ownership of the Registered New Series 2019 Bonds, the City shall rely solely upon the registration of the ownership of such bonds on the Registration Books kept by the Paying Agent/Registrar, as provided in this Ordinance, notwithstanding anything to the contrary contained in the ordinances authorizing Previously Issued Parity Bonds dated on or after November 1, 1983, or in this Ordinance.

Section 21. Maintenance and Operation--Insurance. The City hereby agrees and reaffirms that the Systems shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Parity Bonds are Outstanding, the City, acting by and through the Board of Trustees, agrees to maintain insurance of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business.

Section 22. Records--Accounts--Accounting Reports. The City, acting by and through the Board of Trustees, hereby agrees, covenants, and reaffirms that so long as any Parity Bonds, or any interest thereon, remain Outstanding and unpaid, a proper and complete set of records and accounts pertaining to the operation of the Systems shall be kept and maintained separate and apart from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Systems as provided in Chapter 1502, as amended, Texas Government Code, and that the holder or holders of any of the Parity Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto and to inspect the Systems and all properties comprising the same. The Board of Trustees shall, so far as practicable and to the extent consistent with the provisions of this Ordinance, keep its books and records in the manner prescribed in the Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners. It is further agreed that as soon after the close of each Fiscal Year as may reasonably be done, the City (acting by and through the Board of Trustees) will cause an annual audit of such books and accounts to be made by an independent firm of certified public accountants. Each such audit, in addition to whatever other matters may be thought proper by the accountants, shall reflect the revenues and expenses of the Systems for said Fiscal Year, and the assets, liabilities, and financial condition of the Systems (in reasonable detail) at the close of such Fiscal Year.

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

Section 23. Remedies in the Event of Default. In addition to all of the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payments to be made to the Retirement Account as required by this Ordinance, or (ii) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the following remedies shall be available:

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

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

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

Section 24. Special Covenants. The City hereby further covenants as follows:

A. The City has secured from the Board of Trustees a resolution acknowledging its duties, responsibilities, and obligations under this Ordinance and agreeing to fully comply with all its terms and provisions, including the administration and operation of the Systems and the disposition of revenues of the Systems.

B. It has the lawful power to pledge the revenues supporting the New Series 2019 Bonds and has lawfully exercised said power under the laws of the State of Texas, including said power existing under the Act, and the New Series 2019 Bonds, the Previously Issued Parity Bonds, and Additional Parity Bonds, when issued, shall be equally and ratably secured under said pledge of income in such manner that one bond shall have no preference over any other bond of said issues.
C. Other than for the payment of the New Series 2019 Bonds, the Previously Issued Parity Bonds, the Junior Lien Obligations, the Commercial Paper, and the Inferior Lien Obligations, the rents, revenues and income of the Systems have not in any manner been pledged to the payment of any debt or obligation of the City or of the Systems, except that certain reimbursement agreements, indemnity agreements, credit facility agreements, and other financial or contractual arrangements which have been or may be entered into by the City grant a subordinate and inferior lien on and pledge of the Net Revenues of the Systems to secure the payment obligations of the City or the Board under these agreements which lien is subordinate and inferior to the lien on and pledge thereof securing the payment of any Maintenance and Operating Expenses, the debt service requirements on the Parity Bonds, the Prior Lien Bonds (including the Junior Lien Obligations), the Notes, and the Inferior Lien Obligations, and any other provision of the ordinances authorizing the issuance of these obligations.

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

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

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

Section 25. New Series 2019 Bonds are Special Obligations. The New Series 2019 Bonds and any Additional Parity Bonds are special obligations of the City payable from the pledged Net Revenues, and the holders thereof shall never have the right to demand payment out of funds raised or to be raised by taxation.

Section 26. Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the New Series 2019 Bonds or any Additional Parity Bonds, at the times and in the manner stipulated in this Ordinance, then the lien on and the pledge of Net Revenues and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.
New Series 2019 Bonds, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such New Series 2019 Bonds or the principal amount(s) thereof at stated maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on or prior to the stated maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. In the event of a defeasance of the Bonds, the City shall deliver a certificate from an independent accounting firm, one of its financial advisors, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. As and to the extent applicable, if at all, the City covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 30 hereof).

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the New Series 2019 Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the New Series 2019 Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity or applicable redemption date of the New Series 2019 Bonds, such money was deposited and is held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased New Series 2019 Bonds or any Additional Parity Bonds that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased New Series 2019 Bonds or any Additional Parity Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased New Series 2019 Bonds or any Additional Parity Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased New Series 2019 Bonds or any Additional Parity Bonds, after
taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased New Series 2019 Bonds or any Additional Parity Bonds.

Section 27. Damaged, Mutilated, Lost, Stolen, or Destroyed New Series 2019 Bonds.

A. In the event any Outstanding New Series 2019 Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, stated maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed New Series 2019 Bond, in replacement for such New Series 2019 Bond in the manner hereinafter provided.

B. Application for replacement of damaged, mutilated, lost, stolen, or destroyed New Series 2019 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a New Series 2019 Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a New Series 2019 Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such New Series 2019 Bond, as the case may be. In every case of damage or mutilation of a New Series 2019 Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the New Series 2019 Bond so damaged or mutilated.

C. Notwithstanding the foregoing provisions of this Section, in the event any such New Series 2019 Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the New Series 2019 Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated New Series 2019 Bond) instead of issuing a replacement New Series 2019 Bond, provided security or indemnity is furnished as above provided in this Section.

D. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such New Series 2019 Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any New Series 2019 Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City, whether or not the lost, stolen, or destroyed New Series 2019 Bond shall be found at any time or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other New Series 2019 Bonds duly issued under this Ordinance.

E. In accordance with Chapter 1201, as amended, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty to replace such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 3(b) of this Ordinance for New Series 2019 Bonds issued in conversion and exchange for other New Series 2019 Bonds.
Section 28. Ordinance to Constitute Contract. The provisions of this Ordinance shall constitute a contract between the City and the holder or holders from time to time of the New Series 2019 Bonds or any Additional Parity Bonds, and, after the issuance of any of said bonds, no change, variation, or alteration of any kind in the provisions of this Ordinance may be made, unless as herein otherwise provided, until all of said bonds issued hereunder shall have been paid as to both principal and interest.

Section 29. Approval by Attorney General and Registration by the Comptroller of Public Accounts. The Mayor of the City and Chief Executive Officer of the Board are hereby authorized to have control and custody of the New Series 2019 Bonds or any Additional Parity Bonds and all necessary records and proceedings pertaining thereto pending the sale of the New Series 2019 Bonds or any Additional Parity Bonds and the initial delivery thereof to the initial purchasers thereof, and the Mayor and other officers and employees of the City and the Board are hereby authorized and instructed to make such certifications, execute such instruments, and perform such acts as may be necessary to assure the proper investigation, examination and approval thereof by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Account of the State of Texas, and to accomplish delivery of said bonds to the purchasers thereof.

Section 30. Covenants to Maintain Tax-Exempt Status.

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

“Closing Date” shall mean the date of physical delivery of the Initial Bond in exchange for the payment of the agreed purchase price for the New Series 2019 Bonds.

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

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of the New Series 2019 Bonds.

“Investment” has the meaning set forth in section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the New Series 2019 Bonds are invested and which is not acquired to carry out the governmental purposes of the New Series 2019 Bonds.
“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the New Series 2019 Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

(1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and

(2) the New Series 2019 Bonds has the meaning set forth in section 1.148-4 of the Regulations.

B. Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any New Series 2019 Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any New Series 2019 Bond, the City shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except to the extent that it will not cause the New Series 2019 Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last stated maturity of New Series 2019 Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the New Series 2019 Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements such as take, take or pay, certain requirements and other similar output contracts or arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and
(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the New Series 2019 Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(3) not allow any nonqualified amount (as defined in section 141(b)(8) of the Code) of the New Series 2019 Bonds to exceed the excess of (i) $15,000,000 over (ii) the aggregate nonqualified amounts with respect to all prior tax-exempt bonds, five percent or more of the proceeds of which are or will be used with respect to any facility financed by the New Series 2019 Bonds (or any other facility which is part of the same project as a facility financed by the New Series 2019 Bonds), all within the meaning of section 141(b)(4) of the Code; and

(4) not allow more than the lesser of (i) $5,000,000 or (ii) five percent of the proceeds of the New Series 2019 Bonds to acquire nongovernmental output property, as defined in section 141(d)(2) of the Code, except if 95 percent or more of the output from such facility will be consumed in a qualified service area (as defined in section 141(d)(3) of the Code) of the City or in a qualified annexed area (as defined in section 141(d)(3) of the Code) of the City.

D. **No Private Loan.** Except to the extent that it will not cause the New Series 2019 Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the New Series 2019 Bonds to make or finance loans to any person or entity other than a state or local government.

E. **Not to Invest at Higher Yield.** Except to the extent that it will not cause the New Series 2019 Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final stated maturity of the New Series 2019 Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the New Series 2019 Bonds.

F. **Not Federally Guaranteed.** Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the New Series 2019 Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

G. **Information Report.** The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.
H. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding New Series 2019 Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the New Series 2019 Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the New Series 2019 Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the bond fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, any Rebate Amount in the manner and on or before the dates specified in section 148(f) of the Code and the Regulation and rulings thereunder. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) of the Regulations.

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the stated maturity or final payment of the New Series 2019 Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm’s length and had the Yield of the New Series 2019 Bonds not been relevant to either party.

(1)  The City reasonably expected to spend at least 85% of the spendable proceeds of the Refunded Obligations within three years after each issue of such Refunded Obligations was issued.

(2)  Not more than 50% of the proceeds of each issue of the Refunded Obligations was invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

K.  Qualified Current Refunding.  The New Series Bonds are issued, to refund the Refunded Obligations, and the New Series 2019 Bonds will be issued, and certain proceeds thereof used, within 90 days after the Closing Date for the redemption of the Refunded Obligations.  In the issuance of the New Series 2019 Bonds, the City has employed no “device” to obtain a material financial advantage (based on arbitrage), within the meaning of section 149(d)(4) of the Code.  The City has complied with the covenants, representations, and warranties contained in the documents executed in connection with the issuance of the Refunded Obligations.  Accordingly, the City expects to invest the New Series Bond proceeds to be used to refund the Refunded Obligations without regard to Yield restrictions.

L.  Elections.  The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Clerk, City Manager, City Attorney, City’s Chief Financial Officer, any Designated Financial Officer, or any combination of the foregoing, to make such elections in the Certificate as to Tax Exemption or similar or other appropriate certificate, form, or document permitted or required pursuant to the provisions of the Code, or Regulations as they deem necessary or appropriate in connection with the New Series 2019 Bonds, and other transactions related to any Parity Bonds.  Such elections shall be deemed to be made on the Closing Date.

Section 31.  Printed Legal Opinion on New Series 2019 Bonds.  The initial purchasers’ obligation to accept delivery of the New Series 2019 Bonds is subject to their being furnished a final opinion of Co-Bond Counsel, Norton Rose Fulbright US LLP and Kassahn & Ortiz, P.C., San Antonio, Texas, approving certain legal matters pertaining to the New Series 2019 Bonds, said opinion to be dated and delivered as of the date of delivery and payment for such bonds.  Printing of a true and correct copy of said opinion on the reverse side of each of such bonds with appropriate certificate pertaining thereto executed by facsimile signature of the City Clerk is hereby approved and authorized.

Section 32.  CUSIP Numbers.  CUSIP numbers may be printed on the New Series 2019 Bonds.  It is expressly provided, however, that the presence or absence of CUSIP numbers on the New Series 2019 Bonds shall be of no significance or effect as regards the legality thereof, and neither the City nor attorneys approving said bonds as to legality are to be held responsible for any CUSIP number incorrectly printed on the New Series 2019 Bonds.

Ordinance are hereby sold by the City to __________________________, as the authorized representative of a group of underwriters (the Purchasers, having all the rights, benefits, and obligations of a holder) in accordance with the provisions of a Bond Purchase Agreement dated ___________, 20__ (the Purchase Contract), attached hereto as Exhibit B and incorporated hereby by reference as a part of this Ordinance for all purposes. The pricing and terms of the sale of the New Series 2019 Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the City. The Initial Bond shall be registered in the name of ____________________. Each Designated Financial Officer is hereby authorized and directed to execute the Purchase Contract for and on behalf of the City and as the act and deed of the City Council, and in regard to the approval and execution of the Purchase Contract, the City Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained in the Purchase Contract are true and correct in all material respects and shall be honored by the City. Delivery of the New Series 2019 Bonds to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Purchase Contract.

Furthermore, the City hereby ratifies, confirms, and approves in all respects (i) the City’s prior determination that the Preliminary Official Statement was, as of its date, “deemed final” in accordance with the Rule (hereinafter defined) and (ii) the use and distribution of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the New Series 2019 Bonds. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale, attached as Exhibit A to the Purchase Contract (together with such change approved by the Mayor or Mayor Pro Tem and City Clerk of the Governing Body, any Designated Financial Officer, or any one or more of said officials) are hereby authorized to use and distribute the final Official Statement, dated ___________, ____, in the reoffering, sale and delivery of the New Series 2019 Bonds to the public. The Mayor and/or City Clerk, or any Designated Financial Officer, are further authorized and directed to manually execute and deliver for and on behalf of the City copies of the Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

Section 34. Escrow Agreement Approval and Execution. The Escrow Agreement dated as of April 11, 2019 (the Escrow Agreement) by and between the City and The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the Escrow Agent), attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and the Escrow Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by a Designated Financial Officer and on behalf of the City and as the act and deed of this City Council; and the Escrow Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Escrow Agreement herein approved.
Furthermore, the Mayor, Mayor Pro Tem, City Manager, City Clerk, any Designated Financial Officer, or any one or more of said officials, and the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Escrowed Securities referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the New Series 2019 Bonds to the Purchasers for deposit to the credit of the “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS ESCROW FUND, NEW SERIES 2019” (the Escrow Fund), including the execution of any subscription forms, if any, for the purchase and issuance of the “United States Treasury Securities - State and Local Government Series” for deposit to the Escrow Fund; all as contemplated and provided by the provisions of the Act, this Ordinance, and the Escrow Agreement.

Section 35. Proceeds of Sale; Contribution from Board. Proceeds from the sale of the New Series 2019 Bonds shall, promptly upon receipt by the City, be applied as follows:

A. The amount of $____________, to be paid from a [net] reoffering premium generated from the sale of the New Series 2019 Bonds, shall be used for the payment of (1) certain costs of issuance relating to the New Series 2019 Bonds in the amount of $__________, (2) the underwriter’s discount in the amount of $__________, and (3) the contingency amount of $__________;

B. $____________ of proceeds from the sale of the New Series 2019 Bonds (derived from the remaining portion of the [net] reoffering premium generated from the sale of the New Series 2019 Bonds and principal of the New Series 2019 Bonds in the amount of $____________) to establish an Escrow Fund, in combination with the Board contribution of $_________ authorized under this Section 35, to refund the Refunded Bonds, as more fully provided in the Escrow Agreement;

C. $____________ of the proceeds from the sale of the bonds (derived from the original issue reoffering premium generated from the sale of the New Series 2019 Bonds and principal of the New Series 2019 Bonds in the amount of $____________) to establish an Escrow Fund, in combination with the Board contribution of $_________ authorized under this Section 35, to refund the Refunded Commercial Paper, as more fully provided in the Escrow Agreement.

Additionally, on or immediately prior to the date of the initial delivery of the New Series 2019 Bonds to the Purchasers, any Designated Financial Officer shall cause to be transferred in immediately available funds to the Escrow Agent from money on deposit in the Retirement Account maintained for the payment of the Refunded Obligations and other lawfully available funds representing the Board’s cash contribution to accomplish the refunding of the Refunded Obligations.

Section 36. Payment of Certain Refunded Bonds. The Refunded Bonds that are Refunded Bonds, as described in Schedule I attached hereto, are subject to redemption prior to their stated maturities at the price of par, premium, if any, and accrued interest to the dates of
redemption. The Mayor hereby gives written notice to the Escrow Agent that these Refunded Bonds have been called for redemption, and the City Council ordains that such obligations are called for redemption on the dates shown on Schedule I hereto, and such direction to redeem these Refunded Bonds on the dates herein specified shall be irrevocable upon the delivery of the New Series 2019 Bonds. A copy of each notice of redemption pertaining to these Refunded Bonds is attached to this Ordinance as Exhibit D and is incorporated herein by reference for all purposes.

Section 37. Further Actions. The officers and employees of the City and the officers and employees of the Board are hereby authorized to execute such certificates, opinions, or other documents deemed necessary to carry out the purposes of this Ordinance.

Section 38. Inconsistent Provisions. All ordinances, orders, or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 39. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 40. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 41. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 42. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, Co-Bond Counsel, the Purchasers, and the Registered Owners of the New Series 2019 Bonds any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar, Co-Bond Counsel, the Purchasers, and the Registered Owners of the New Series 2019 Bonds.

Section 43. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 44. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City or of the Paying Agent/Registrar shall
most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

Section 45. No Recourse Against City or Board Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any New Series 2019 Bonds or for any claim based thereon or on this Ordinance against any official of the City, the Board, or any person executing any New Series 2019 Bonds.

Section 46. Authorization of Paying Agent/Registrar Agreement. The City Council of the City hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement pertaining to the registration, transferability, and payment of the New Series 2019 Bonds. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

Section 47. Incorporation of Preamble Recitals. The recitals contained in the preamble to this Ordinance are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council of the City.

Section 48. Continuing Disclosure Undertaking.

A. Definitions.

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

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

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

MSRB means the Municipal Securities Rulemaking Board.

Rule means SEC Rule 15c2-12, as amended from time to time.
Undertaking means the City’s continuing disclosure undertaking, described in Paragraphs B through E below, hereunder accepted and entered into by the City’s for the purpose of compliance with the Rule.

SEC means the United States Securities and Exchange Commission.

B. Annual Reports.

The Board, on behalf of the City, shall file annually with the MSRB, within six months after the end of each Fiscal Year ending in or after [2020], financial information and operating data with respect to the Board of the general type included in the final Official Statement authorized by Section 33 of this Ordinance being the information described in Exhibit E hereto. All such information must be filed with the MSRB pursuant to its Electronic Municipal Access (EMMA) System. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit E hereto, or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation and (ii) audited, if the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Board shall file unaudited financial statements within such period and audited financial statements for the applicable Fiscal Year with the MSRB, when and if the audit report on such statements becomes available.

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

C. Notice of Certain Events. The Board, on behalf of the City, shall file notice of any of the following events with respect to the New Series 2019 Bonds, to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the New
Series 2019 Bonds, or other material events affecting the tax status of the New Series 2019 Bonds;

(7) modifications to rights of holders of the New Series 2019 Bonds, if material;
(8) New Series 2019 Bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the New Series 2019 Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership, or similar event of the City or the Board, which shall occur as described below;
(13) the consummation of a merger, consolidation, or acquisition involving the City or the Board or the sale of all or substantially all of the assets of the City or the Board, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;
(15) Incurrence of a Financial Obligation of the City or the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or the Board, any of which affect security holders, if material; and
(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or the Board, any of which reflect financial difficulties.

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

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

D. Limitations, Disclaimers, and Amendments. The City and the Board, on behalf of the City, shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the New Series 2019 Bonds within the meaning of the Rule, except that the Board on behalf of the City in any event will give notice of any deposit made in accordance with the laws of the State of Texas that causes the New Series 2019 Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the New Series 2019 Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board, on behalf of the City, undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. Neither the City nor the Board makes any representation or warranty concerning such information or its usefulness to a decision to invest in or sell New Series 2019 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY OR THE BOARD BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NEW SERIES 2019 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY OR THE BOARD, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change
in the identity, nature, status, or type of operations of the City or the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell New Series 2019 Bonds in the primary offering of the New Series 2019 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding New Series 2019 Bonds consent to such amendment or (b) a person that is unaffiliated with the City or the Board (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the New Series 2019 Bonds. The City may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling New Series 2019 Bonds in the primary offering of the New Series 2019 Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City so amends the provisions of this Section, the Board, on behalf of the City, shall include with any amended financial information or operating data next provided in accordance with subsection B of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

E. Information Format – Incorporation by Reference.

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

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

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

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

Section 49. Book-Entry Only System. The New Series 2019 Bonds shall initially be registered so as to participate in a securities depository system (the DTC System) with the Depository Trust Company, New York, New York, or any successor entity thereto (DTC), as set forth herein. Each stated maturity of the New Series 2019 Bonds shall be issued (following cancellation of the Initial Bond described in Section 4) in the form of a separate single definitive New Series 2019 Bond. Upon issuance, the ownership of each such New Series 2019 Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding New Series 2019 Bonds shall be registered in the name of Cede & Co., as the nominee of DTC. The City and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the DTC Letter of Representations attached hereto as Exhibit F (the Representation Letter).

With respect to the New Series 2019 Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the PayingAgent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the New Series 2019 Bonds from time to time as securities depository (a Depository Participant) or to any person on behalf of whom such a Depository Participant holds an interest in the New Series 2019 Bonds (an Indirect Participant). Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the New Series 2019 Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the New Series 2019 Bonds, as shown on the Registration Books, of any notice with respect to the New Series 2019 Bonds, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a holder of a New Series 2019 Bond, of any amount with respect to principal of, premium, if any, or interest on the New Series 2019 Bonds. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a New Series 2019 Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to
interest checks or drafts being mailed to the holder, the word “Cede & Co.” in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the City determines that it is in the best interest of the beneficial owners of the New Series 2019 Bonds that they be able to obtain certificated New Series 2019 Bonds, the City shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the New Series 2019 Bonds shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the City may determine that the New Series 2019 Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the City, or such depository’s agent or designee, and if the City and the Paying Agent/Registrar do not select such alternate securities depository system then the New Series 2019 Bonds may be registered in whatever name or names the holders of New Series 2019 Bonds transferring or exchanging the New Series 2019 Bonds shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any New Series 2019 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such New Series 2019 Bond and all notices with respect to such New Series 2019 Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 50. Further Procedures. The officers and employees of the City and the Board are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the New Series 2019 Bonds or any Additional Parity Bonds, the Paying Agent/Registrar Agreement, the Escrow Agreement, the Purchase Contract, and the Official Statement. In addition, prior to the initial delivery of the New Series 2019 Bonds, the Mayor, the City Manager, the City’s Chief Financial Officer, and any Designated Financial Officer and Co-Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the New Series 2019 Bonds by the Texas Attorney General’s office. In case any officer of the City or the Board whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.
Section 51. Retirement Account Reserve Amount Surety Bond Provisions. The following provisions shall be effective as long as the reserve fund portion of the Retirement Account relating to the Previously Issued Parity Bonds, the New Series 2019 Bonds, and certain Additional Parity Bonds is insured by Assured Guaranty Municipal Corp. (AGM) pursuant to the Surety Policy:

A. The City shall repay any draws under the Surety Policy and pay all related reasonable expenses incurred by AGM. Interest shall accrue and be payable on such draws and expenses from the date of payment by AGM at the Late Payment Rate. “Late Payment Rate” means, subject to the limitations of Chapter 1204, as amended, Texas Government Code, the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (Prime Rate) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Previously Issued Parity Bonds, the New Series 2019 Bonds, and certain Additional Parity Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 365 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify.

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

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

All cash and investments in the reserve fund portion of the Retirement Account (the Reserve Fund) shall be transferred to the debt service fund for payment of debt service on the Previously Issued Parity Bonds, the New Series 2019 Bonds, and certain Additional Parity Bonds before any drawing may be made on the Surety Policy or any other credit facility credited to the Reserve Fund in lieu of cash (Credit Facility). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Surety Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

B. If the City shall fail to pay any Policy Costs in accordance with the requirements of Paragraph A hereof, AGM shall be entitled to exercise any and all legal and equitable remedies
available to it, including those provided under the Ordinance other than (i) acceleration of the maturity of the Previously Issued Parity Bonds, the New Series 2019 Bonds, and certain Additional Parity Bonds or (ii) remedies which would adversely affect owners of the Previously Issued Parity Bonds, the News Series Bonds, and certain Additional Parity Bonds.

C. The Ordinance shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The City’s obligation to pay such amounts shall expressly survive payment in full of certain of the Previously Issued Parity Bonds, the New Series 2019 Bonds, and certain Additional Parity Bonds.

D. The Paying Agent/Registrar shall ascertain the necessity for a claim upon the Surety Policy and to provide notice to AGM in accordance with the terms of the Surety Policy at least five business days prior to each date upon which interest or principal is due on the Previously Issued Parity Bonds, the New Series 2019 Bonds, and certain Additional Parity Bonds.

E. The Surety Policy shall expire on December 31, 2049.

Section 52. City’s Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the Texas MAC), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Designated Financial Officer, Co-Bond Counsel to the City, and/or Co-Financial Advisors to the City to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the New Series 2019 Bonds; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the New Series 2019 Bonds.

Section 53. Delegation Authorization Pursuant to HB 1295. Though such parties may be identified, and the entry into a particular contract may be authorized, herein, pursuant to the Act, and any other applicable law, the City Council hereby delegates to each Designated Financial Officer the authority to independently select the counterparty to any agreement with the Paying Agent/Registrar, rating agency, bond insurer, securities depository, Escrow Agent, open market securities bidding agent, escrow fund winning bidders, or any other contract that is determined by a Designated Financial Officer, the Co-Financial Advisors, or Co-Bond Counsel to be necessary or incidental to the issuance of the New Series 2019 Bonds as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code (collectively, the Ancillary Bond Contracts) and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the City. The City Council has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.
Section 54. Effective Date. The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Ordinance shall take effect immediately if passed by the affirmative vote of at least eight members of the City Council, otherwise the same shall take effect on the tenth day after the date of its passage by the City Council.

[The remainder of this page intentionally left blank.]
PASSED AND ADOPTED by an affirmative vote of _____ members of the City Council of the City of San Antonio, Texas, this the 11th day of April, 2019.

CITY OF SAN ANTONIO, TEXAS

M A Y O R
Ron Nirenberg

ATTEST:

__________________________
City Clerk

(CITY SEAL)

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

APPROVED AS TO FORM:

_________________________
Andrew Segovia, City Attorney,
City of San Antonio, Texas
Index of Schedules and Exhibits

Schedule I – Table of Refunded Obligations
Schedule II – Approval Certificate
Exhibit A – Paying Agent/Registrar Agreement
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Schedule I

Table of Refunded Obligations

1. [“City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2010A (Direct Subsidy-Build America Bonds)”, dated February 1, 2010 and originally issued in the principal amount of $380,000,000, stated to mature on February 1 in each of the years ____ and ____, and called for redemption on ______________];

2. [“City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of $200,000,000, stated to mature on February 1 in each of the years ____ and ____, and called for redemption on ______________];

3. [“City of San Antonio, Texas Electric and Gas Systems Revenue Bonds Taxable, New Series 2012” dated March 1, 2012 and originally issued in the total aggregate principal amount of $521,000,000, stated to mature on February 1 in each of the years ____ and ____, and called for redemption on ______________];

4. [“City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series A, Series B, or Series C”, in the aggregate, currently outstanding principal amount of $ ______________].
Schedule II

Approval Certificate

See Tab No. ___
EXHIBIT A

Paying Agent/Registrar Agreement

See Tab No. __
EXHIBIT B

Bond Purchase Agreement

See Tab No. ___
EXHIBIT C

Escrow Agreement

See Tab No. __
EXHIBIT D

Notices of Redemption

See Tab No. ___
EXHIBIT E

Description of Annual Financial Information

The following information is referred to in Section 48 of this Ordinance.

Annual Financial Statements and Operating Data

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

1. The Board’s audited financial statements for the most recently concluded fiscal year or unaudited financial statements for such period to the extent that audited financial statements are not available.


Accounting Principles

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

DTC Letter of Representation

See Tab No. ___
EXHIBIT G
General Policies and Procedures Concerning Compliance with the Rule

I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Section 48 of the Ordinance. “Bonds” refers to the Bonds that are the subject of the Ordinance to which this Exhibit is attached.

II. As a capital markets participant, the City is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the Effective Date), and the City, acting by and through the Board, has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the City’s compliance with the Rule.

III. The City is aware that the Rule was amended as of the Effective Date (the Rule Amendment) and has accommodated this amendment by adding subparagraphs (15) and (16) to Section 48 of the Ordinance, which provisions are a part of the Undertaking.

IV. The City is aware that “participating underwriters” (as such term is defined in the Rule) of the Bonds must make inquiry and reasonably believe that the City is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.

V. The City now establishes the following general policies and procedures (the Policies and Procedures) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the City’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the City’s obligations under the Rule, the advice from and discussions with the City’s internal senior staff (including staff charged with administering the City’s financial affairs), its municipal or financial advisors, its legal counsel (including Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the Compliance Team):

(a) The Chief Financial Officer of the Systems (the Compliance Officer) shall be responsible for satisfying the City’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;

(b) the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the City’s information of the type described in Section 48 of the Ordinance;
the Compliance Officer shall promptly determine the occurrence of any of the events described in Section 48 of the Ordinance;

the Compliance Officer shall work with external consultants of the City, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the City and notice of the occurrence of any of the events referenced in Clauses 2 and 3 above, respectfully, the foregoing being required to satisfy the terms of the Undertaking;

the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the Issuer, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Bonds;

upon identification of any Financial Obligation meeting the materiality standard identified in Clause 5 above, the Compliance Officer shall establish a process for identifying and monitoring any City agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;

the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the City; and

the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the City’s internal staff identified by the Compliance Officer to assist with the City’s satisfaction of the terms and provisions of the Undertaking.
DRAFT CP
ORDINANCE
ORDINANCE NO. __________________

AN ORDINANCE CONTINUING AND EXPANDING A FINANCING PROGRAM FOR THE CITY’S ELECTRIC AND GAS SYSTEMS BY AMENDING AND RESTATING ORDINANCE NO. 2012-10-11-0816, AND APPROVING AND AUTHORIZING THE ISSUANCE OF OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $700,000,000 TO PROVIDE INTERIM FINANCING TO PAY PROJECT COSTS FOR ELIGIBLE PROJECTS RELATING TO THE CITY’S ELECTRIC AND GAS SYSTEMS AND THE PAYMENT OF CERTAIN OUTSTANDING OBLIGATIONS; AUTHORIZING SUCH OBLIGATIONS TO BE ISSUED, SOLD, AND DELIVERED IN ONE OR MORE SERIES AND IN VARIOUS FORMS, WHETHER TAXABLE OR TAX EXEMPT, INCLUDING COMMERCIAL PAPER NOTES, BOND ANTICIPATION NOTES, VARIABLE RATE NOTES, AND CREDIT NOTES, AND PRESCRIBING THE TERMS, FEATURES, AND CHARACTERISTICS OF SUCH INSTRUMENTS; APPROVING AND AUTHORIZING THE EXECUTION OF AGREEMENTS FOR PROGRAMMATIC MODIFICATIONS IN CONNECTION THERewith; RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSuANCE, SALE, SECURITY, AND DELIVERY OF SUCH OBLIGATIONS; APPROVING THE USE OF AN UPDATED OFFERING MEMORANDUM IN CONNECTION WITH THE PUBLIC SALE OF CERTAIN OF SUCH OBLIGATIONS; APPROVING AND AUTHORIZING CERTAIN OFFICERS AND EMPLOYEES TO ACT ON BEHALF OF THE CITY AND THE CITY PUBLIC SERVICE BOARD IN THE SELLING AND DELIVERY OF SUCH OBLIGATIONS, WITHIN THE LIMITATIONS AND PROCEDURES SPECIFIED HEREIN; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THERewith; RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSuANCE, SALE, SECURITY, AND DELIVERY OF SUCH OBLIGATIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of San Antonio, Texas (the City) is a “Home-Rule City”, acting as such under the Constitution and general laws of the State of Texas, has a population in excess of 50,000, and has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation (without regard to credit enhancement); and

WHEREAS, the City Council of the City (the City Council) by Ordinance No. 2012-10-11-0816 (the Commercial Paper Ordinance), heretofore authorized the issuance of obligations in varying form, including those obligations designated, in multiple series, as “City of San Antonio Electric and Gas Systems Commercial Paper Notes” (the Commercial Paper Notes), in order to
continue an interim financing program (the *Program*) for certain eligible project costs with respect to the City’s electric and gas systems (the *Systems*) and to refund and pay the obligations theretofor issued; and

WHEREAS, the City Council, at the request of the City Public Service Board of San Antonio, Texas (the *Board*), previously adopted the Commercial Paper Ordinance to effectuate the issuance, from time to time, of short term obligations, including the Commercial Paper Notes, in an aggregate principal amount at any one time outstanding not to exceed $600,000,000 (the *Program Capacity*) and whose repayment is secured by and payable from certain Systems’ revenues; and

WHEREAS, in addition to the Notes, the City has heretofore issued, and there is currently outstanding (among other revenue bonds of varying lien levels), a class of revenue bonds (hereinafter defined as *New Series Bonds*) supported by a first lien on and pledge of the Net Revenues of the Systems; and

WHEREAS, the City intends to fund or refund the Notes from time to time through the issuance of its revenue bonds on a parity with or subordinate to the New Series Bonds; and

WHEREAS, the City Council hereby finds and determines that the issuance of the Notes, including Commercial Paper Notes, variable rate notes, bond anticipation notes, and credit notes, subject to the terms, conditions, and limitations hereinafter prescribed, should be again approved and authorized at this time, with such programmatic changes as hereinafter specified; and

WHEREAS, the City, at the request of the Board, previously obtained third party liquidity support for Notes from a syndicate of banks and entered into multiple liquidity agreements for the purpose of maintaining diversification of liquidity support related thereto; and

WHEREAS, the existing liquidity agreements expire in accordance with their respective terms on June 21, 2019, and as such, the Systems’ staff issued a request for proposals to solicit qualified responses (the *Responses*) related to the provision of Program liquidity and additionally requested respondents offer further information related to the provision of dealer services and nontraditional financing options for the Program; and

WHEREAS, in conjunction with the receipt and execution of the Responses, the City desires to expand the Program, with respect to the Program Capacity at any one time outstanding to accommodate an anticipated reduction of a like amount of liquidity elsewhere in the Systems’ debt portfolio and extend the Program’s permitted date of final maturity; and

WHEREAS pursuant to 6.01(a)(3) of the Commercial Paper Ordinance, the City is permitted to amend the Commercial Paper Ordinance without the consent of the Holders of the Notes or make such other changes in the provisions thereof as the City may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Notes and the adoption of this Ordinance will not adversely affect the interest of the Holders; and

WHEREAS, at the request of the Board (by resolution thereof adopted on March 25, 2019), the City Council hereby determines to amend and restate, in its entirety, the Commercial Paper Ordinance, to provide for the issuance of Notes in an aggregate principal amount at any
one time outstanding not to exceed $700,000,000, the extension of the maturity date of any Notes issued under the Program to not later than April 11, 2049, and other matters herein specified; and

WHEREAS, the City intends to ultimately refund then-outstanding Notes through the issuance of its revenue refunding bonds secured by a lien on and pledge of certain revenues of the Systems pursuant to the provisions of Chapter 1207, as amended, Texas Government Code, and, therefore (and in accordance with Section 1371.057(c), as amended, Texas Government Code, the City shall treat the Notes as having the intended term and payment schedule of such revenue refunding bonds; now, therefore,

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

ARTICLE I
DEFINITIONS

SECTION 1.01. DEFINITIONS. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this ordinance or any ordinance amendatory or supplemental hereto, shall be construed, are used, and are intended to have the following meanings, to wit:

Act shall mean, collectively, Chapters 1371 and 1502, as amended, Texas Government Code.

Additional Junior Lien Obligations shall mean (1) any bonds, notes, warrants, certificates of obligation, or other Debt hereafter issued by the City that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues that is junior and inferior to the lien on and pledge of the Net Revenues that have or will be granted as security for the Parity Bonds, on a parity with the lien on and pledge of the Net Revenues that have been or are being granted as security for the currently outstanding Previously Issued Junior Lien Obligations and Additional Junior Lien Obligations hereafter issued, and prior and superior to the lien on and pledge of the Net Revenues that have or will be granted as security for any Debt incurred under this Ordinance and the Inferior Lien Obligations issued by the City and (2) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by such a junior and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

Additional Parity Bonds means (1) any bonds, notes, warrants, certificates of obligation, or other evidences of indebtedness which the City reserves the right to issue or enter into, as the case may be, in the Bond Ordinance and which are equally and ratably secured solely by a prior and first lien on and pledge of the Net Revenues of the Systems and on parity with the lien on and pledge of the Net Revenues that have been granted as security for the Previously Issued Parity Bonds and Additional Parity Bonds hereafter issued and (2) any obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and secured by a prior and first lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.
Agreement shall mean, as applicable, the Series A Agreement, the Series B Agreement, the Series C Agreement, or any Credit Agreement hereafter authorized to be executed by an Authorized Representative, and, together, the Series A Agreement, the Series B Agreement, the Series C Agreement, and any Credit Agreement hereafter authorized to be executed by an Authorized Representative.

Authorized Investments shall mean any or all of the authorized investments described in the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, in which the City or the Board may purchase, sell and invest its funds and funds under its control or any other authorized investments as provided by the laws of the State of Texas.

Authorized Representative shall mean one or more of the following officers or employees of the City, acting in concert or individually, to-wit: the Mayor of the City, City Clerk of the City, any City Manager of the City, Chief Financial Officer of the City, President and Chief Executive Officer of the Board, Secretary or Assistant Secretary of the Board, Chief Financial Officer of the Systems, any Treasurer or Assistant Treasurer of the Board, any party succeeding to substantially all or part of the responsibilities and duties of either of the foregoing regardless of title, or such other officer or employee of the City authorized by the City Council to act as an Authorized Representative.

Available Commitment shall mean the aggregate liquidity commitment available in support of Project Notes (of a particular Series or Subseries if such Project Notes are Commercial Paper Notes) at any time under the respective terms of all Credit Agreements at such time valid and in effect (and relative to a particular Series or Subseries if such Project Notes are Commercial Paper Notes).

Available Revenues shall mean that portion of the Net Revenues deposited pursuant to Section 2.13 into the Note Payment Fund.

Bank shall mean, as applicable, the Series A Bank, the Series B Bank, the Series C Bank, or any financial institution hereinafter designated by an Authorized Representative and, together, the Series A Bank, the Series B Bank, the Series C Bank, and any financial institution hereinafter designated by an Authorized Representative, each of which is an obligated financial institution under a current, substitute, or additional Credit Agreement entered into under Section 2.18 hereof; Bank shall also refer to a syndicate of financial institutions, the financial institution identified as the representative or agent of such syndicate of financial institutions, or any individual financial institution that is a part of such syndicate, as applicable or as identified by an Authorized Representative.

Board shall mean the City Public Service Board of San Antonio, Texas, existing and functioning pursuant to the New Series Bond Ordinance.

Bond Anticipation Note shall mean a Note issued pursuant to the provisions of this Ordinance, having the terms and characteristics contained in Section 2.05 and issued in substantially the form described in Section 2.07(b).

Bond Ordinance shall mean collectively the New Series Bond Ordinance and any City ordinance authorizing Systems Revenue Priority Obligations.
Bonds shall mean a series or issue of bonds or similar obligations (other than the Notes, Short Term Obligations or a Credit Agreement (including any Credit Notes)) issued by the City subsequent to the date of passage of this Ordinance and, which bonds or similar obligations are payable from and secured by a lien on and pledge of the Net Revenues of the Systems, on a parity in rank and dignity, or subordinate in rank and dignity to the lien and pledge securing the payment of the Parity Bonds.

Business Day shall mean any day when banks are not authorized to be closed in New York, New York or San Antonio, Texas or any other day defined as a “Business Day” in a Credit Agreement that is valid and in effect as of such date of determination.

City shall mean the City of San Antonio, Texas.

City Council shall mean the governing body of the City.

Co-Bond Counsel shall mean Norton Rose Fulbright US LLP and Kassahn & Ortiz, P.C., or any other nationally recognized bond counsel firm selected by the Board.

Commercial Paper Note shall mean a Note of a Series or Subseries issued pursuant to the provisions of this Ordinance, having the terms and characteristics specified in Section 2.03 and in the form described in Section 2.07(a).

Commercial Paper Ordinance shall mean 2012-10-11-0816 adopted by the City Council on October 11, 2012.

Credit Agreement shall mean a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Debt, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of Debt, and which includes the Agreement.

Credit Notes shall mean a “Bank Note” or similar instrument issued pursuant to a Credit Agreement that evidences Loans from time to time made thereunder.

Debt shall mean:

(1) all indebtedness payable from Net Revenues incurred or assumed by the City for borrowed money (including Credit Notes and other indebtedness payable from Net Revenues arising under a Credit Agreement) and all other financing obligations of the Systems payable Net Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness payable from Net Revenues (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations pertaining to the System that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an
agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered) or otherwise.

For the purpose of determining “Debt”, there shall be excluded any particular Debt if, upon or prior to the maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the Systems in prior Fiscal Years.

**Eligible Project** shall mean the acquisition or construction of improvements, additions, or extensions for the Systems, including capital assets and facilities incident and related to the operation, maintenance, and administration thereof and also including, but not limited to, fuel acquisition and development and facilities for the transportation thereof, or to refinance or refund any principal and/or interest payment relating to any Debt or with respect to the payment of any obligation of the Systems pursuant to any Credit Agreement as permitted by the provisions of Section 1371.051, as amended, of the Act.

**Fee Letter** has the meaning ascribed thereto in a related Credit Agreement.

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

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

**Government Obligations** shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America, or (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws.
of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Notes.

_Holder or Noteholder_ shall mean the Registered Owner of any Note and any person, firm, association, or corporation who is in possession of any Note issued to the order of bearer or in blank.

_Inferior Lien Obligations_ shall mean (i) any bonds, notes, warrants, certificates of obligation, or other similar debt currently outstanding or hereafter issued by the City that are payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledges thereof securing payment of the currently outstanding Parity Bonds, the Junior Lien Obligations, the Commercial Paper Notes, and any Additional Parity Bonds and Additional Junior Lien Obligations hereafter issued by the City, including the “City of San Antonio, Texas Electric and Gas Systems Tax Exempt Flexible Rate Revolving Notes, Series A” and the “City of San Antonio, Texas Electric and Gas Systems Taxable Flexible Rate Revolving Notes, Series A”, authorized in an aggregate principal amount at any one time outstanding not to exceed $100,000,000, (ii) any obligations that are issued subject to the limitations in Section 1502.052, as amended, of the Act, and (iii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by such an inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

_Issuing and Paying Agent or Registrar_ shall mean the agent appointed pursuant to Section 2.02, or any successor to such agent.

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

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

2. “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)”, originally authorized in the aggregate principal amount of $200,000,000;

3. “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2013”, originally authorized in the aggregate principal amount of $375,000,000;

4. “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2014”, originally authorized in the aggregate principal amount of $200,000,000;
(5) “City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Series 2014”, originally authorized in the aggregate principal amount of $262,530,000;

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

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

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

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

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

Maintenance and Operating Expenses shall mean those expenses required by law (Chapter 1502, as amended, Texas Government Code) to be a first lien on and charge against the income of the Systems, including the cost of insurance, the purchase and carrying of stores, materials and supplies, the purchase, manufacture and production of gas and electricity for distribution and resale, the payment of salaries, and the payment of all other expenses properly incurred in operating and maintaining the Systems and keeping them in good repair and operating condition (classed as a maintenance and operating expense as opposed to a capital expenditure under the Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners). Depreciation on the properties of the Systems shall not be considered or included as Maintenance and Operating Expenses in the determination of Net Revenues of the Systems.

Maximum Interest Rate shall mean the lesser of (a) the maximum nonusurious rate of interest permitted to be charged by applicable federal or Texas law (whichever shall permit the higher lawful rate) from time to time in effect and (b) 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 (currently prescribed by Chapter 1204, as amended, Texas Government Code, or any successor provision).

Maximum Maturity Date shall mean April 11, 2049.

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

Net Revenues shall mean all income and revenues from the operation of the Systems after the deduction of Maintenance and Operating Expenses.

New Series Bond Ordinance shall mean, collectively, the City ordinances authorizing the Previously Issued Parity Bonds.

Note shall mean the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Ordinance and shall include a Commercial Paper Note, Bond Anticipation Note, Variable Rate Note, or Credit Note as appropriate.

Note Payment Fund shall mean the Fund identified and confirmed in Section 2.11 hereof.

Parity Bonds or New Series Bonds shall mean the Previously Issued Parity Bonds and any Additional Parity Bonds.

Previously Issued Junior Lien Obligations shall mean the outstanding and unpaid revenue bonds issued by the City as of the date of this Ordinance which are secured by and payable from a lien on and pledge of the Net Revenues of the Systems that is junior and subordinate to the lien thereon and pledge thereof securing the Parity Bonds but senior and superior to the lien thereon and pledge thereof securing any Debt incurred under the applicable ordinance authorizing their issuance.

Previously Issued Parity Bonds shall mean the outstanding and unpaid revenue bonds issued by the City as of the date of this Ordinance which are secured by and payable from a first lien on and pledge of the Net Revenues of the Systems.

Prior Lien Bonds shall mean the outstanding and unpaid obligations of the City that are payable solely from and equally and ratably secured by a prior and first lien on and pledge of the Net Revenues of the Systems, identified as follows:

(1) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2010A (Direct Subsidy-Build America Bonds)”, dated February 1, 2010 and originally issued in the principal amount of $380,000,000;

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

(3) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2012”, dated June 1, 2012 and originally issued in the principal amount of $655,370,000;
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(4) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2015”, dated August 1, 2015 and originally issued in the principal amount of $320,530,000;

(5) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, New Series 2015”, dated November 1, 2015 and originally issued in the principal amount of $235,000,000;

(6) City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2016”, dated July 1, 2016 and originally issued in the principal amount of $544,260,000;

(7) City of San Antonio, Texas Electric and Gas Systems Revenue and Refunding Bonds, New Series 2017”, dated April 1, 2017 and originally issued in the principal amount of $308,005,000;

(8) City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2017”, dated August 1, 2017 and originally issued in the principal amount of $194,980,000; and

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

Project Costs shall mean all costs and expenses incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Notes, including without limitation design, planning, engineering and legal costs, acquisition costs of land, interests in land, rightsof-way and easements, construction costs, costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project, financing costs, including interest during construction, underwriter’s discount and/or fees, legal, financial, and other professional services, and reimbursement for such Project Costs attributable to Eligible Projects incurred prior to their issuance of any Notes.

Project Note shall mean, as appropriate, a Note or all the Notes other than a Credit Note or the Credit Notes.

Rating Agency shall mean any nationally-recognized municipal bond rating agency then maintaining a rating on the Project Notes at the request of the City, which as of the date of passage of this Ordinance includes Fitch, Moody’s, and S&P.

Registered Owner shall mean the person or entity in whose name any Note is registered in the Registration Books (as defined in Section 2.02).

S&P shall mean S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board and acceptable to the Bank.
Series shall mean, as applicable, the Series A Commercial Paper Notes, the Series B Commercial Paper Notes, the Series C Commercial Paper Notes, and any additional Series hereafter designated by an Authorized Representative; Series shall also refer to any Subseries collectively designated by an Authorized Representative within a single Series.

Series A Agreement shall mean the applicable Credit Agreement between the City and the Series A Bank, relating to the Series A Commercial Paper Notes, including the Credit Agreement approved and authorized pursuant to this Ordinance, as from time to time amended or supplemented, or a substitute Credit Agreement provided in lieu thereof in accordance with the provisions of this Ordinance.

Series A Bank shall mean the party that from time to time provides liquidity support for the Series A Commercial Paper Notes.

Series A Commercial Paper Notes shall mean the “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series A” as well as any Commercial Paper Notes from time to time designated as a Subseries of such Series, which Note or Notes are issued pursuant to the provisions of this Ordinance and have the terms, characteristics, and form as specified herein.

Series B Agreement shall mean the applicable Credit Agreement between the City and the Series B Bank, relating to the Series B Commercial Paper Notes, including the Credit Agreement approved and authorized pursuant to this Ordinance, as from time to time amended or supplemented, or a substitute Credit Agreement provided in lieu thereof in accordance with the provisions of this Ordinance.

Series B Bank shall mean the party that from time to time provides liquidity support for the Series B Commercial Paper Notes.

Series B Commercial Paper Notes shall mean the “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series B” as well as any Commercial Paper Notes from time to time designated as a Subseries of such Series, which Note or Notes are issued pursuant to the provisions of this Ordinance and have the terms, characteristics, and form as specified herein.

Series C Agreement shall mean the applicable Credit Agreement between the City and the Series C Bank, relating to the Series C Commercial Paper Notes, including the Credit Agreement approved and authorized pursuant to this Ordinance, as from time to time amended or supplemented, or a substitute Credit Agreement provided in lieu thereof in accordance with the provisions of this Ordinance.

Series C Bank shall mean the party that from time to time provides liquidity support for the Series C Commercial Paper Notes.

Series C Commercial Paper Notes shall mean the “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series C” as well as any Commercial Paper Notes from time to time designated as a Subseries of such Series, which Note or Notes are issued
pursuant to the provisions of this Ordinance and have the terms, characteristics, and form as specified herein.

_Short Term Obligations_ shall mean revenue bonds or other evidences of indebtedness hereafter issued and incurred by the City (other than Parity Bonds, Junior Lien Obligations, Debt incurred under this Ordinance, and Inferior Lien Obligations) payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources securing the Notes, or any portion thereof.

_Systems_ shall mean the entire electric light and power plants and systems and gas distribution system and all property of every kind appurtenant to and used or acquired in connection with said electric light and power plant and systems and gas distribution system owned by the City, together with all property of every kind now and hereafter owned or acquired by the City as a part of or for use in the operation of the City’s electric light and power plants and systems and gas distribution system. Notwithstanding the foregoing, upon payment in full, or provision for such payment, of the Previously Issued Parity Bonds issued before May 29, 1997, and the defeasance of the City ordinances authorizing the issuance of such Previously Issued Parity Bonds, the term Systems shall not mean to include facilities of any kind which are declared not to be a part of the Systems and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of “Special Facilities Bonds”, which are hereby defined as being special revenue obligations of the City which are not payable from Net Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Parity Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

_Systems Revenue Obligations_ shall mean collectively any obligations of the City heretofore or hereafter issued in connection with an Eligible Project which are secured by and payable, in whole or in part, from a lien on and/or pledge of the Net Revenues, including without limitation, the Systems Revenue Priority Obligations, Debt incurred under this Ordinance, and Inferior Lien Obligations.

_Systems Revenue Priority Obligations_ shall mean collectively, the Parity Bonds, the Junior Lien Obligations, and any Prior Lien Bonds hereafter issued which are secured by and payable from a lien on and pledge of the Net Revenues prior in rank and dignity to the lien thereon and pledge thereof securing the payment of Debt incurred under this Ordinance.

_Tax-Exempt Notes_ shall mean any Commercial Paper Note the interest on which is excludable from gross income for federal income tax purposes.

_Taxable Notes_ shall mean Commercial Paper Notes that are not obligations described in section 103(a) of the Code (as hereinafter defined in Section 4.08) or are obligations which constitute “specified private activity bonds” within the meaning of section 141(b) of the Code.

_Variable Rate Note_ shall mean a Note issued pursuant to the provisions of this Ordinance, having the terms and characteristics specified in Section 2.04 and in substantially the form described in Section 2.07(c).
SECTION 1.02. CONSTRUCTION OF TERMS UTILIZED IN THIS ORDINANCE. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

ARTICLE II
AUTHORIZATION OF NOTES

SECTION 2.01. GENERAL AUTHORIZATION. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Chapters 1371 and 1502, as amended, Texas Government Code, Project Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed SEVEN HUNDRED MILLION DOLLARS ($700,000,000) at any one time outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes from time to time issued and outstanding pursuant to the provisions hereof, and other Systems Revenue Obligations which qualify as “obligations” pursuant to the provisions of the Act; and, subject to the provisions of Section 4.05, one or more Credit Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed SEVEN HUNDRED MILLION DOLLARS ($700,000,000) at any one time outstanding for the purpose of evidencing advances under one or more Credit Agreements at any time in effect to retire Project Notes; all in accordance with and subject to the terms, conditions, and limitations contained herein and, with respect to the Credit Notes, the applicable Credit Agreement. For purposes of this Section 2.01, any portion of outstanding Notes to be paid from money on deposit in the Note Payment Fund and from the available proceeds of Notes, Short Term Obligations, or Bonds on the day of calculation shall not be considered outstanding.

SECTION 2.02. TERMS APPLICABLE TO NOTES - GENERAL. Subject to the limitations contained herein, Project Notes herein authorized shall be dated as of their date of issuance or prior thereto, but within 30 days of the date of issuance (the Note Date) as determined by an Authorized Representative; shall bear no interest or bear interest at such rate or rates (either fixed, variable, or floating) per annum computed either (i) on the basis of a 360-day year of twelve 30 day months or (ii) on the basis of actual days elapsed and on a 365-day or 366-day year, whichever is applicable (but in no event in either case to exceed the Maximum Interest Rate in effect on the date of issuance thereof) as may be determined by an Authorized Representative and all Project Notes authorized herein shall mature on or prior to the Maximum Maturity Date.

Subject to the Maximum Interest Rate limitation, Project Notes authorized to be issued hereunder without a fixed numerical rate of interest for the term thereof shall bear interest in accordance with any clearly stated formula or method of calculation as directed by the Authorized Representative.

Project Notes issued hereunder may contain terms and provisions for the redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as shall be determined by an Authorized Representative.
As determined from time to time by an Authorized Representative in accordance with Section 2.03 and Section 3.01 hereof for each issuance of Commercial Paper Notes, any Project Notes that are Commercial Paper Notes shall be issued by Series and as Tax-Exempt Notes or Taxable Notes; provided, however, that, unless specifically determined otherwise by an Authorized Representative, Commercial Paper Notes issued to refund outstanding Commercial Paper Notes shall be of the same Series and designated status for purposes of federal income tax treatment as the Commercial Paper Notes to be refunded, with no further action required by an Authorized Representative.

Subject to applicable terms, limitations and procedures contained herein, Project Notes may be sold in such manner at public or private sale and at par or at such discount (within the interest rate and yield restrictions provided herein) as an Authorized Representative shall approve at the time of the sale thereof.

The Project Notes shall be issued in registered form, without coupons; provided, however, that Project Notes maturing not more than one year from the Note Date may be registered to bearer. Both principal of and interest on each Project Note shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder of the Project Note; the principal thereof to be payable upon presentation and surrender of the Project Note at the principal corporate office of the Issuing and Paying Agent and interest thereon to be payable as described in Sections 2.03, 2.04, and 2.05, respectively.

The prior selection and appointment of U.S. Bank Global Corporate Trust Services, New York, New York to serve as the Issuing and Paying Agent for the Commercial Paper Notes is hereby confirmed. The City acting through the Board covenants and agrees to keep and maintain at the principal corporate office of the Issuing and Paying Agent books and records (the Registration Books) for the registration, payment, transfer, and exchange of the Project Notes, all as provided herein and under such reasonable rules and regulations as the Issuing and Paying Agent may prescribe. The City, acting through the Board, covenants to maintain and provide a Issuing and Paying Agent at all times while the Project Notes are outstanding, which shall be a banking institution authorized under applicable laws to exercise trust powers. Should a change in the Issuing and Paying Agent for the Project Notes occur, the Board shall promptly cause a written notice thereof to be (i) sent to each Registered Owner of the Project Notes then outstanding by United States Mail, first class, postage prepaid and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two calendar weeks; provided, however, that the publication of such notice shall not be required if notice is given to each Holder. Such notice shall give the address of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

The City and the Issuing and Paying Agent may treat the bearer (in the case of Project Notes so registered) or the Registered Owner as the absolute owner of any Project Note for the purpose of receiving payment thereof and for all purposes, and, to the extent permitted by law, the City and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.
In addition to the designation of the Issuing and Paying Agent as a “Registrar” for the Notes as described above, the City hereby designates itself as a “Registrar” for the purpose of maintaining a copy of the Registration Books within the State of Texas.

The Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

Notwithstanding anything in this Section or this Ordinance to the contrary, one or more “master” Project Notes, and at least one “master” Project Note (per Series, if the Project Notes are Commercial Paper Notes), may be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York (“DTC”) in the form required by DTC to establish a book-entry only system for the Project Notes in substantially the form attached hereto (which will include, but is not limited to, a master note relating to each of the Tax Exempt Notes and the Taxable Notes). An Authorized Officer is herein authorized for and on behalf of the City to enter into one or more representation letters with DTC establishing such book-entry only system with respect to the Project Notes.

With respect to Project Notes registered in the name of Cede & Co., as nominee of DTC, the City and the Issuing and Paying Agent shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created (DTC Participant) to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Project Notes. Without limiting the immediately preceding sentence, the City, the Board and the Issuing and Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Project Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Project Notes, as shown in the Registration Books, of any notice with respect to the Project Notes, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Project Notes, as shown in the Registration Books of any amount with respect to principal of or interest on the Project Notes. Notwithstanding any other provision of this Ordinance to the contrary, the City, the Board and the Issuing and Paying Agent shall be entitled to treat and consider the person in whose name each Project Note is registered in the Registration Books as the absolute owner of such Project Note for the purpose of payment of principal and interest with respect to such Project Note, for the purpose of registering transfers with respect to such Project Note, and for all other purposes whatsoever. The Issuing and Paying Agent shall pay all principal of and interest on the Project Notes only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to payment of principal of and interest on the Project Notes to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Project Note certificate evidencing the obligation of the City to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Issuing and Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” in this Ordinance shall refer to such new nominee of DTC.
In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC or that it is in the best interest of the beneficial owners of the Project Notes that they be able to obtain certificated Project Notes, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Project Notes to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Project Notes and transfer one or more separate Project Notes to DTC Participants having Project Notes credited to their DTC accounts. In such event, the Project Notes shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Project Notes shall designate, in accordance with the provisions of this Ordinance.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Project Note is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Project Note and all notices with respect to such Project Note shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

SECTION 2.03. COMMERCIAL PAPER NOTES. Under and pursuant to the authority granted hereby and as a continuation of the authority granted in the Commercial Paper Ordinance, and subject to the limitations contained herein, (i) Notes to be designated “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series A” and for which liquidity support is initially provided under the Series A Agreement, (ii) Notes to be designated “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series B” and for which liquidity support is initially provided under the Series B Agreement, (iii) Notes to be designated “City of San Antonio, Texas Electric and Gas Systems Commercial Paper Notes, Series C” and for which liquidity support is initially provided under the Series C Agreement, and (iv) any additional Notes, to be alphabetically marked by letter to indicate Series and numerically marked by number to indicate Subseries, are hereby authorized to be issued and sold and delivered from time to time in such principal amounts, as Tax-Exempt Notes or Taxable Notes, as determined by an Authorized Representative in denominations of $100,000 or more, numbered in ascending consecutive numerical order in the order of their issuance, and to mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that the maximum term of any Commercial Paper Note may not exceed the first to occur of (i) 270 days, (ii) the Maximum Maturity Date, or (iii) 5 Business Days prior to the expiration of the related Credit Agreement.

Interest, if any, on Commercial Paper Notes shall be payable at maturity with principal and at such intervals prior to maturity as determined by an Authorized Representative at the time of sale of such Commercial Paper Notes.

If Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.02, they shall be issued in the form of one master Project Note for each Series or Subseries, as
applicable, and as Tax-Exempt Notes or Taxable Notes, as applicable, substantially in the applicable form appearing in Section 2.07 hereof.

SECTION 2.04. VARIABLE RATE NOTES. Under and pursuant to authority granted hereby and subject to the limitations contained herein, Variable Rate Notes to be designated “City of San Antonio Electric and Gas Systems Variable Rate Notes, Series A”, are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative, such Variable Rate Notes to be in denominations of $5,000 or any integral multiple thereof, to be numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that the maximum term of any Variable Rate Note shall not exceed the Maximum Maturity Date. Variable Rate Notes may be made to be payable on demand and may include such provisions for the redemption thereof on any date prior to maturity under such terms and conditions and at such redemption price or prices as shall be determined by an Authorized Representative; provided, however, that any premium associated with a redemption prior to maturity of a Variable Rate Note shall not exceed three percent (3%) of the principal amount thereof.

Variable Rate Notes are hereby authorized to be issued bearing interest at a variable or floating or fixed rate not to exceed the Maximum Interest Rate and interest thereon shall be payable at maturity and at such intervals prior to maturity all as determined by an Authorized Representative.

SECTION 2.05. BOND ANTICIPATION NOTES. Under and pursuant to authority granted hereby and subject to the limitations contained herein, Bond Anticipation Notes to be designated “City of San Antonio Electric and Gas Systems Bond Anticipation Notes, Series A” are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative, such Bond Anticipation Notes to be in denominations of $5,000 or any integral multiple thereof, to be numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that the maximum maturity of any Bond Anticipation Note shall not exceed the Maximum Maturity Date.

Bond Anticipation Notes shall bear interest at a fixed rate of interest per annum, such interest to be payable at maturity and at such intervals prior to maturity as determined by an Authorized Representative. Bond Anticipation Notes may include such provisions for the redemption thereof on any date prior to maturity under such terms and conditions and at such redemption price or prices as shall be determined by an Authorized Representative; provided, however, that any premium associated with a redemption prior to maturity of a Bond Anticipation Note shall not exceed three percent (3%) of the principal amount thereof.

SECTION 2.06. CREDIT NOTES. Under and pursuant to the authority granted hereby and by each Agreement (and any Credit Agreement entered into in substitution for an Agreement or an additional Credit Agreement) and subject to the limitations contained herein and in the Agreement, Credit Notes, each to be designated and to be in the form as provided in the
applicable Agreement, are hereby authorized in accordance with the terms of this Ordinance and
the applicable Agreement.

SECTION 2.07. FORMS OF PROJECT NOTES. The Project Notes and the Certificate
of Authentication to appear on each of the Project Notes shall be substantially in the forms set
forth in this Section with such appropriate insertions, omissions, substitutions, and other
variations as are permitted or required by this Ordinance and may have such letters, numbers or
other marks of identification (including identifying numbers and letters of the Committee on
Uniform Securities Identification Procedures of the American Bankers Association) and such
legends and endorsements thereon as may, consistently herewith, be approved by an Authorized
Representative. Any portion of the text of any Project Notes may be set forth on the reverse
thereof, with an appropriate reference thereto on the face of the Project Notes.

(A) FORM OF TAX-EXEMPT NOTE:

NO. ________________ Note Date: ______________
Principal Sum: $______________ Maturity Date: ______________
Interest to Maturity: $______________ Number of Days: ______________
Date of Maturity: ______________ Interest Rate (%): ______________

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS
COMMERCIAL PAPER NOTE, [SUB]SERIES __ (TAX-EXEMPT)

The City of San Antonio, Texas (the City), a municipal corporation of the State of Texas,
FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter
identified and as hereinafter stated, to the order of ______________________on the Maturity Date specified above, the
principal sum specified above, and to pay interest, if any, on said principal amount at said
Maturity Date, from the above specified Note Date to said Maturity Date at the per annum
Interest Rate shown above (computed on the basis of actual days elapsed and a 365- day or 366-
day year, as applicable); both principal and interest on this Note being payable in lawful money
of the United States of America at the designated office of the Issuing and Paying Agent
executing the “Certificate of Authentication” endorsed hereon and appearing below, or its
successor. No interest will accrue on the principal amount hereof after said Maturity Date.

This Note is one of an issue of tax-exempt commercial paper notes (the Tax-Exempt
Commercial Paper Notes) of the indicated series, which, together with the below referenced
Credit Notes (such Credit Notes and the Tax-Exempt Commercial Paper Notes being hereinafter
collectively referred to as the Notes), has been duly authorized and issued in accordance with the
provisions of an ordinance (the Ordinance) passed by the City Council of the City on April 11,
2019 for the purpose of financing Project Costs of Eligible Projects for the City’s electric and gas
systems (the Systems) and to refinance, renew, or refund certain obligations described in the
Ordinance; all in accordance and in strict conformity with the provisions of the Constitution and
laws of the State of Texas, including but not limited to, Chapters 1371 and 1502, as amended, Texas Government Code (the Act).

The Notes are payable from and equally secured by (i) a lien on and pledge of the proceeds from (a) the sale of other Notes, (b) the sale of a series or issue of Bonds to be issued by the City subsequent to the Note Date hereof for such purpose, and (c) borrowings under and pursuant to the Series __ Credit Agreement between the City and the Series __ Bank pursuant to which the Series __ Bank has agreed to provide credit to the City under the terms and conditions set forth therein, which borrowings are to be evidenced by Credit Notes payable to the order of the Series __ Bank, and (ii) together with the Credit Notes, a lien on and pledge of the Net Revenues of the Systems, such lien on and pledge of the Net Revenues, however, being junior and subordinate to the lien and pledge thereof securing the payment of the Systems Revenue Priority Obligations now outstanding and hereafter issued by the City. The City has covenanted in the Ordinance to maintain at all times while the Tax-Exempt Commercial Paper Notes remain outstanding the Series __ Agreement, or a similar Credit Agreement having substantially the same terms and provisions, in an amount such that, assuming that this Tax-Exempt Commercial Paper Note and all other then outstanding Commercial Paper Notes of this Series (to include Tax-Exempt Notes and Taxable Notes), were to become due and payable immediately, the amount available for borrowing under the Series __ Agreement, together with other lawfully available money of the City held in the applicable Funds and Accounts (and/or, as applicable, the accounts and subaccounts within such Funds and Accounts) established by the Ordinance, will be sufficient at that time to pay the principal of this Tax-Exempt Commercial Paper Note and all other Commercial Paper Notes of this Series (to include Tax-Exempt Notes and Taxable Notes), benefited by the Series __ Agreement. Under the terms of the Series __ Agreement, borrowings thereunder to provide payment for the Commercial Paper Notes of this Series (to include Tax-Exempt Notes and Taxable Notes), may be subject to certain conditions precedent to the exercise of such borrowings, including, but not limited to, there not having occurred an event of bankruptcy as provided in the Series __ Agreement.

This Tax-Exempt Commercial Paper Note, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or the Systems, except with respect to the Net Revenues as described above, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the City except as identified above.

The Ordinance reserves the right and permits the issuance of Systems Revenue Priority Obligations while the Notes are outstanding and the issuance of additional Notes and Short Term Obligations payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources, or any portion thereof, without any limitation as to principal amount but subject to any terms, conditions, and limitations as may be applicable thereto.

Reference is hereby made to the Ordinance, a copy of which may be obtained upon request to the City, and to all of the terms and provisions the Holder hereof by acceptance of this Tax-Exempt Commercial Paper Note hereby assents, including, but not limited to, provisions relating to definitions of capitalized terms used herein without definition, the description of and
the nature of the security for the Notes, the Net Revenues and other sources pledged to the payment of the Notes, the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders of the Notes, and the right to issue obligations payable from and secured by the Net Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Ordinance to exist, to have happened, and to have been performed precedent to and in the issuance of this Tax-Exempt Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Tax-Exempt Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Ordinance.

This Tax-Exempt Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Tax-Exempt Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Tax-Exempt Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Tax-Exempt Commercial Paper Note may be transferred only on the books of the City maintained at the designated office of the Registrar (who is the Issuing and Paying Agent under the Ordinance). Upon surrender hereof at the designated office of the Registrar, this Tax-Exempt Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Tax-Exempt Commercial Paper Notes of authorized denominations of like Series, interest rate, and maturity, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance and upon surrender and cancellation of this Tax-Exempt Commercial Paper Note.

This Tax-Exempt Commercial Paper Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Tax-Exempt Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.
IN WITNESS WHEREOF, the City Council of the City of San Antonio, Texas, has authorized and caused this Tax-Exempt Commercial Paper Note to be executed on its behalf by the facsimile signatures of its Mayor and City Clerk and its official seal impressed or a facsimile thereof to be printed hereon.

CITY OF SAN ANTONIO, TEXAS

______________________________
Mayor

ATTEST:

______________________________
City Clerk
(SEAL)

CERTIFICATE OF AUTHENTICATION

This Tax-Exempt Commercial Paper Note is one of the Tax-Exempt Notes delivered pursuant to the within mentioned Ordinance.

______________________________
as Issuing and Paying Agent

By ______________________________
Authorized Signatory

[The remainder of this page intentionally left blank.]
4/11/19
Item No. ____

(B) FORM OF TAXABLE NOTE:

NO. ________________  Note Date: ________________
Principal Sum: $______________  Maturity Date: ________________
Interest to Maturity: $______________  Number of Days: ________________
Date of Maturity: ________________  Interest Rate (%): ________________

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS
COMMERCIAL PAPER NOTE, [SUB]SERIES __ (TAXABLE)

The City of San Antonio, Texas (the City), a municipal corporation of the State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of ______________________________________ on the Maturity Date specified above, the principal sum specified above, and to pay interest, if any, on said principal amount at said Maturity Date, from the above specified Note Date to said Maturity Date at the per annum Interest Rate shown above (computed on the basis of actual days elapsed and a 365- day or 366- day year, as applicable); both principal and interest on this Note being payable in lawful money of the United States of America at the designated office of the Issuing and Paying Agent executing the “Certificate of Authentication” endorsed hereon and appearing below, or its successor. No interest will accrue on the principal amount hereof after said Maturity Date.

This Note is one of an issue of taxable commercial paper notes (the Taxable Commercial Paper Notes) which, together with the below referenced Credit Notes (such Credit Notes and the Taxable Commercial Paper Notes being hereinafter collectively referred to as the Notes), has been duly authorized and issued in accordance with the provisions of an ordinance (the Ordinance) passed by the City Council of the City on April 11, 2019 for the purpose of financing Project Costs of Eligible Projects for the City’s electric and gas systems (the Systems) and to refinance, renew, or refund certain obligations described in the Ordinance; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapters 1371 and 1502, as amended, Texas Government Code (the Act).

The Notes are payable from and equally secured by (i) a lien on and pledge of the proceeds from (a) the sale of other Notes, (b) the sale of a series or issue of Bonds to be issued by the City subsequent to the Note Date hereof for such purpose, and (c) borrowings under and pursuant to the Series __ Agreement between the City and the Series __ Bank pursuant to which the Series __ Bank has agreed to provide credit to the City under the terms and conditions set forth therein, which borrowings are to be evidenced by Credit Notes payable to the order of the Series __ Bank and (ii) together with the Credit Notes, a lien on and pledge of the Net Revenues of the Systems, such lien on and pledge of the Net Revenues, however, being junior and subordinate to the lien and pledge thereof securing the payment of the Systems Revenue Priority Obligations now outstanding and hereafter issued by the City. The City has covenanted in the
Ordinance to maintain at all times while the Taxable Commercial Paper Notes remain outstanding the Series __ Agreement, or a similar Credit Agreement having substantially the same terms and provisions, in an amount such that, assuming that this Taxable Commercial Paper Note and all other then outstanding Commercial Paper Notes of this Series (to include Taxable Notes and Tax-Exempt Notes), were to become due and payable immediately, the amount available for borrowing under the Series __ Agreement, together with other lawfully available money of the City held in the applicable Funds and Accounts (and/or, as applicable, the accounts and subaccounts within such Funds and Accounts) established by the Ordinance, will be sufficient at that time to pay the principal of this Taxable Commercial Paper Note and all other Commercial Paper Notes of this Series (to include Taxable Notes and Tax-Exempt Notes), benefited by the Series __ Agreement. Under the terms of the Series __ Agreement, borrowings thereunder to provide payment for the Commercial Paper Notes may be subject to certain conditions precedent to the exercise of such borrowings, including, but not limited to, there not having occurred an event of bankruptcy as provided in the Series __ Agreement.

This Taxable Commercial Paper Note, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or the Systems, except with respect to the Net Revenues as described above, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the City except as identified above.

The Ordinance reserves the right and permits the issuance of Systems Revenue Priority Obligations while the Notes are outstanding and the issuance of additional Notes and Short Term Obligations payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources, or any portion thereof, without any limitation as to principal amount but subject to any terms, conditions, and limitations as may be applicable thereto.

Reference is hereby made to the Ordinance, a copy of which may be obtained upon request to the City, and to all of the terms and provisions the Holder hereof by acceptance of this Taxable Commercial Paper Note hereby assents, including, but not limited to, provisions relating to definitions of capitalized terms used herein without definition, the description of and the nature of the security for the Notes, the Net Revenues and other sources pledged to the payment of the Notes, the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders of the Notes, and the right to issue obligations payable from and secured by the Net Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Ordinance to exist, to have happened, and to have been performed precedent to and in the issuance of this Taxable Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Taxable Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Ordinance.

This Taxable Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.
This Taxable Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Taxable Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer this Taxable Commercial Paper Note may be transferred only on the books of the City maintained at the designated office of the Registrar (who is the Issuing and Paying Agent under the Ordinance). Upon surrender hereof at the designated office of the Registrar, this Taxable Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Taxable Commercial Paper Notes of authorized denominations of like interest rate and maturity, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance and upon surrender and cancellation of this Taxable Commercial Paper Note.

This Taxable Commercial Paper Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Taxable Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the City Council of the City of San Antonio, Texas, has authorized and caused this Taxable Commercial Paper Note to be executed on its behalf by the facsimile signatures of its Mayor and City Clerk and its official seal impressed or a facsimile thereof to be printed hereon.

CITY OF SAN ANTONIO, TEXAS

________________________________________
Mayor

ATTEST:

________________________________________
City Clerk

(SEAL)
CERTIFICATE OF AUTHENTICATION

This Taxable Commercial Paper Note is one of the Taxable Notes delivered pursuant to the within mentioned Ordinance.

______________________________
as Issuing and Paying Agent

By ________________________________

Authorized Signatory

[The remainder of this page intentionally left blank.]

(C) FORM OF BOND ANTICIPATION NOTE:

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS
BOND ANTICIPATION NOTE, SERIES A

<table>
<thead>
<tr>
<th>Note Number</th>
<th>Interest Rate</th>
<th>Note Date</th>
<th>Maturity Date</th>
<th>Principal Amount</th>
</tr>
</thead>
</table>

The City of San Antonio, Texas (the City), a municipal corporation of the State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of______________________________ on the Maturity Date specified above, the principal sum specified above and to pay interest, if any, on said principal amount at said Maturity Date, from the above specified Note Date to said Maturity Date at the per annum Interest Rate shown above (computed on the basis of a 360-day year of twelve 30 day months). Both principal of and interest on this Note are payable in lawful money of the United States of America; the principal hereof being payable upon presentation and surrender of this Note at the designated office of the Issuing and Paying Agent executing the Certificate of Authentication appearing hereon, or its successor, and the interest hereon to be payable either (i) by check sent by United States Mail, first class postage prepaid, to the address of the registered owner hereof appearing on the registration and transfer books (the “Registration Books”) maintained by the Issuing and Paying Agent or (ii) by such other method, acceptable to the
Issuing and Paying Agent, requested by the owner hereof, and if registered to Bearer, upon presentation of this Note at the designated office of the Issuing and Paying Agent.

This Note is one of an issue of bond anticipation notes (the Bond Anticipation Notes) which, together with the below referenced Credit Notes (such Credit Notes and the Bond Anticipation Notes being hereinafter collectively referred to as the Notes), has been duly authorized and issued in accordance with the provisions of an ordinance (the Ordinance) passed by the City Council of the City on April 11, 2019 for the purpose of financing Project Costs of Eligible Projects for the City’s electric and gas systems (the Systems) and to refinance, renew, or refund certain obligations described in the Ordinance; all in accordance with the provisions of the Constitution and laws of the State of Texas, including, but not limited to, Chapters 1371 and 1502, as amended, Texas Government Code (the Act).

The Notes are payable from and equally secured by (i) a lien on and pledge of the proceeds from (a) the sale of other Notes, (b) the sale of a series or issue of bonds to be issued by City subsequent to the Note Date hereof issued for such purpose, and (c) borrowings under and pursuant to the Credit Agreement between the City and the Bank entered into pursuant to Section 2.18 of the Ordinance pursuant to which the Bank has agreed to provide credit to the City under the terms and conditions set forth therein, which borrowings are to be evidenced by Credit Notes payable to the order of the Bank and (ii) together with the Credit Notes, a lien on and pledge of the Net Revenues of the Systems, such lien on and pledge of the Net Revenues, however, being junior and subordinate to the lien and pledge thereof securing the payment of Systems Revenue Priority Obligations now outstanding and hereafter issued by City. The City has covenanted in the Ordinance to maintain at all times while the Bond Anticipation Notes remain outstanding the Credit Agreement or a similar Credit Agreement having substantially the same terms and provisions in an amount such that, assuming that this Bond Anticipation Note and all other then outstanding Bond Anticipation Notes were to become due and payable immediately, the amount available for borrowing under such Credit Agreement, together with other lawfully available money of the City held in the Funds established by the Ordinance, will be sufficient at that time to pay the principal of and interest on this Bond Anticipation Note and all other Bond Anticipation Notes secured by such Credit Agreement. Under the terms of the Credit Agreement, borrowings thereunder to provide payment for the Bond Anticipation Notes may be subject to certain conditions precedent to the exercise of such borrowings, including, but not limited to, there not having occurred an “Event of Bankruptcy” as defined in the Credit Agreement.

This Bond Anticipation Note, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of City or the Systems, except with respect to the Net Revenues as described above, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of City except as identified above.

The Ordinance reserves the right and permits the issuance of Systems Revenue Priority Obligations while the Notes are outstanding and the issuance of additional Notes and Short Term Obligations payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources, or
any portion thereof, without any limitation as to principal amount but subject to any terms, conditions, and limitations as may be applicable thereto.

Reference is hereby made to the Ordinance, a copy of which may be obtained upon request to the City, and to all of the terms and provisions the Holder hereof by acceptance of this Bond Anticipation Note hereby assents, including, but not limited to, provisions relating to definitions of capitalized terms used herein without definition, the description of and the nature of the security for the Notes, the Net Revenues and other sources pledged to the payment of the Notes, the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders of the Notes, and the right to issue obligations payable from and secured by the Net Revenues.

[Insert Redemption Provisions agreed to and determined by an Authorized Representative at or prior to the time of initial issuance of Bond Anticipation Note]

This Bond Anticipation Note may be transferred only upon the Registration Books maintained by the Registrar under the Ordinance upon surrender thereof at the designated office of the Registrar (who is the Issuing and Paying Agent under the Ordinance) with an assignment duly executed by the registered owner or his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Bond Anticipation Note. Upon any such transfer, there shall be executed in the name of the transferee, and the Registrar shall deliver, a new registered Bond Anticipation Note or Notes in the same aggregate principal amount and maturity and interest rate of the authorized denominations as the surrendered Bond Anticipation Note.

It is hereby certified and recited that all acts, conditions, and things required by law and the Ordinance to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond Anticipation Note, do exist, have happened, and have been performed in regular and in due time, form and manner as required by law and that the issuance of this Bond Anticipation Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Ordinance.

This Bond Anticipation Note is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Bond Anticipation Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Bond Anticipation Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.
IN WITNESS WHEREOF, the City Council of the City of San Antonio, Texas, has authorized and caused this Bond Anticipation Note to be executed on its behalf by the facsimile signatures of its Mayor and City Clerk, and its official seal impressed or a facsimile thereof to be printed hereon.

CITY OF SAN ANTONIO, TEXAS

__________________________________________
Mayor

ATTEST:

__________________________________________
City Clerk
(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond Anticipation Note is one of the Bond Anticipation Notes delivered pursuant to the within mentioned Ordinance.

__________________________________________
as Issuing and Paying Agent

__________________________________________
 Authorized Signatory

Registered This Date:
(D) FORM OF VARIABLE RATE NOTE:

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS
VARIABLE RATE NOTE, SERIES A

<table>
<thead>
<tr>
<th>Note Number</th>
<th>Note Date</th>
<th>Maturity Date</th>
<th>Principal Amount</th>
</tr>
</thead>
</table>

The City of San Antonio, Texas (the "City"), a municipal corporation of the State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of ____________________________ on the Maturity Date specified above [or on demand (after _______ business days from the receipt of a written demand for payment as provided below)] the principal sum specified above and to pay interest, if any, on said principal amount from the above specified Note Date to said Maturity Date or the date of payment pursuant to a demand for payment at the rate per annum (computed on the basis of actual days elapsed and a [360-day year or 365-day or 366-day year as applicable]) equal to [insert formula or method of calculation for determining variable or floating or the fixed rate of interest], such interest being payable ___________________ on the _______day of _______________. Both principal of and interest on this Note are payable in lawful money of the United States of America; the principal hereof being payable upon presentation and surrender of this Note at the designated office of the Issuing and Paying Agent executing the Certificate of Authentication appearing hereon, or its successor, and the interest hereon to be payable either (i) by check sent by United States Mail, first class postage prepaid, to the address of the registered owner hereof appearing on the registration and transfer books (the "Registration Books") maintained by the Issuing and Paying Agent or (ii) by such other method, acceptable to the Issuing and Paying Agent, requested by the owner hereof, and, if registered to bearer, upon presentation of the Note at the designated office of the Issuing and Paying Agent.

This Note is one of an issue of variable rate notes (the "Variable Rate Notes") which, together with the below referenced Credit Notes (such Credit Notes and the Variable Rate Notes being hereinafter collectively referred to as the "Notes"), has been duly authorized and issued in accordance with the provisions of an ordinance (the "Ordinance") passed by the City Council of the City on April 11, 2019 for the purpose of financing Project Costs of Eligible Projects for the City’s electric and gas systems (the "Systems") and to refinance, renew, or refund certain obligations described in the Ordinance; all in accordance with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapters 1371 and 1502, as amended, Texas Government Code (the "Act").

The Notes are payable from and equally secured by (i) a lien on and pledge of the proceeds from (a) the sale of other Notes, (b) the sale of a series or issue of Bonds to be issued by the City subsequent to the Note Date hereof issued for such purpose, and (c) borrowings under and pursuant to the Credit Agreement between the City and the Bank entered into pursuant
to Section 2.18 of the Ordinance pursuant to which the Bank has agreed to provide credit to the City under the terms and conditions set forth therein, which borrowings are to be evidenced by Credit Notes, payable to the order of the Bank and (ii) together with the Credit Notes, a lien on and pledge of the Net Revenues of the Systems, such lien on and pledge of the Net Revenues, however, being junior and subordinate to the lien and pledge thereof securing the payment of Systems Revenue Priority Obligations now outstanding and hereafter issued by the City. The City has covenanted in the Ordinance to maintain at all times while the Variable Rate Notes remain outstanding the Credit Agreement, or a similar Credit Agreement having substantially the same terms and provisions, in an amount such that, assuming that this Variable Rate Note and all other then outstanding Variable Rate Notes, were to become due and payable immediately, whether by virtue of maturity, redemption, puts, or acceleration, the amount available for borrowing under such Credit Agreement, together with other lawfully available money of the City held in the Funds established by the Ordinance, will be sufficient at that time to pay the principal of and interest on this Variable Rate Note and all other Variable Rate Notes secured by such Credit Agreement. Under the terms of the Credit Agreement, borrowings thereunder to provide payment for the Variable Rate Notes may be subject to certain conditions precedent to the exercise of such borrowings, including, but not limited to, there not having occurred an “Event of Bankruptcy” as defined in the Credit Agreement.

This Variable Rate Note, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. The Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of City or the Systems, except with respect to Net Revenues as described above, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of City except as identified above.

The Ordinance reserves the right and permits the issuance of Systems Revenue Priority Obligations while the Notes are outstanding and the issuance of additional Notes and Short Term Obligations payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources, or any portion thereof, without any limitation as to principal amount but subject to any terms, conditions, and limitations as may be applicable thereto.

Reference is hereby made to the Ordinance, a copy of which may be obtained upon request to the City, and to all of the terms and provisions the Holder hereof by acceptance of this Variable Rate Note hereby assents, including, but not limited to, provisions relating to the definitions of capitalized terms used herein without definition, the description of and the nature of the security for the Notes, the Net Revenues and other sources pledged to the payment of the Notes, the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders of the Notes, and the right to issue obligations payable from and secured by the Net Revenues.

This Variable Rate Note may be transferred only upon the Registration Books of the Registrar under the Ordinance upon surrender thereof at the designated office of the Issuing and Paying Agent with an assignment duly executed by the registered owner or his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Variable Rate Note. Upon
any such transfer, there shall be executed in the name of the transferee, and the Registrar shall deliver, a new registered note or notes in the same aggregate principal amount and maturity and interest rate of the authorized denominations as the surrendered Variable Rate Note.

[Insert Redemption, Tender, and Demand Provisions and other Provisions Deemed Necessary agreed to and determined by an Authorized Representative at or prior to the time of initial issuance of Variable Rate Notes]

It is hereby certified and recited that all acts, conditions, and things required by law and the Ordinance to exist, to have happened, and to have been performed precedent to and in the issuance of this Variable Rate Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Variable Rate Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Ordinance.

This Variable Rate Note is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Variable Rate Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Variable Rate Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the City Council of the City of San Antonio, Texas, has authorized and caused this Variable Rate Note to be executed on its behalf by the facsimile signatures of its Mayor and City Clerk, and its official seal impressed or a facsimile thereof to be printed hereon.

CITY OF SAN ANTONIO, TEXAS

Mayor

ATTEST:

City Clerk

(SEAL)
CERTIFICATE OF AUTHENTICATION

This Variable Rate Note is one of the Variable Rate Notes delivered pursuant to the within mentioned Ordinance.

______________________________
as Issuing and Paying Agent

By _____________________________
Authorized Signatory

Registered This Date:

SECTION 2.08. EXECUTION - AUTHENTICATION. The Notes shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and attested by the City Clerk or Assistant City Clerk. The signature of said officers on the Notes may be manual or facsimile. Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the date of passage of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Notes authorized to be issued hereunder and with respect to Notes delivered in subsequent sales, exchanges, and transfers, all as authorized and provided in the Public Security Procedures Act, Chapter 1201, as amended, Texas Government Code.

No Project Note shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Project Note a certificate of authentication substantially in the applicable form provided in Section 2.07 hereof, executed by the Registrar by manual signature, and such certificate upon any Project Note shall be conclusive evidence, and the only evidence, that such Project Note has been duly certified or registered and delivered.

SECTION 2.09. NOTES MUTILATED, LOST, DESTROYED, OR STOLEN. If any Note shall become mutilated, the City, at the expense of the Holder of said Note, shall execute and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the City of the Note so mutilated. If any Note shall be lost, destroyed, or stolen, evidence of such loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed, or stolen. Neither the City nor the Issuing and Paying Agent shall be required to treat both the original Note and any duplicate Note as being
outstanding for the purpose of determining the principal amount of Notes which may be issued hereunder, but both the original and the duplicate Note shall be treated as one and the same.

SECTION 2.10. NEGOTIABILITY, REGISTRATION, AND EXCHANGEABILITY. The obligations issued hereunder shall be, and shall have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas, and each successive Holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

The Registrar shall obtain, record, and maintain in the Registration Books the name and address of each registered owner of the Project Notes, except for Project Notes registered to bearer, issued under and pursuant to the provisions of this Ordinance. Any Project Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Project Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by his duly authorized agent, upon surrender of such Project Note to the Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Registrar.

Upon surrender for transfer of any Project Note at the designated office of the Registrar, the Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Project Notes executed on behalf of, and furnished by, the City of like tenor and character and of authorized denominations and having the same maturity, bearing interest at the same rate and of a like aggregate principal amount as the Project Note or Project Notes surrendered for transfer.

Furthermore, Project Notes may be exchanged for other Project Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the Project Notes surrendered for exchange, upon surrender of the Project Notes to be exchanged at the designated office of the Registrar. Whenever any Project Notes are so surrendered for exchange, the Registrar shall register and deliver new Project Notes of like tenor and character as the Project Notes exchanged, executed on behalf of, and furnished by, the City to the Holder requesting the exchange.

With respect to any Project Note with a maturity of one year or less, the City and the Registrar may charge the Noteholder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Registrar or the City may also require payment from the Holder of any Project Note surrendered for exchange or transfer of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Project Note shall be delivered.

New Project Notes delivered upon any transfer or exchange shall be valid special obligations of the City, evidencing the same debt as the Project Notes surrendered, shall be secured by this Ordinance and shall be entitled to all of the security and benefits hereof to the same extent as the Project Notes surrendered.
The City reserves the right to change the above registration and transferability provisions of the Project Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof.

SECTION 2.11. NOTE PAYMENT FUND. The Commercial Paper Ordinance created and established with the Issuing and Paying Agent, and there is now maintained, a separate and special fund designated as the “City of San Antonio, Texas Electric and Gas Systems Note Payment Fund” (the Note Payment Fund), which includes the appropriate accounts or subaccounts therein. The prior establishment and the continued maintenance of this fund pursuant to the terms of this Ordinance is hereby confirmed.

Money on deposit in the Note Payment Fund shall be used to pay principal of and interest on Project Notes at the respective interest payment, maturity, or redemption dates of each issue of such Notes as provided herein and the repayment of any borrowings (evidenced by the Credit Notes) under the applicable Credit Agreement; amounts remaining in the Note Payment Fund not then necessary for the purposes thereof may be transferred to the Note Construction Account (created pursuant to Section 2.14 hereof) upon request of an Authorized Representative.

The City hereby authorizes, within the Note Payment Fund and at the direction of an Authorized Representative, the creation and establishment of one or more accounts to provide for one account to relate each Series or Subseries, as applicable, with respect to which the City has entered into a particular Credit Agreement. All proceeds of borrowings under such Credit Agreement shall be deposited into the applicable account of the Note Payment Fund and used to pay the principal of, premium, if any, and interest on the Series of Project Notes to which such Credit Agreement relates (and will be unavailable for the payment of the principal of, premium (if any), and interest on any series of Project Notes to which it does not relate).

In the event that any Project Notes are issued as Taxable Notes, the City, at the direction of an Authorized Representative, shall create and establish within the Note Payment Fund one or more accounts, each designated “Taxable Note Payment Account” and to be further designated by Series (if necessary or applicable), which account or accounts shall be used to accomplish all matters pertaining to the Notes as identified in this Section 2.11.

Pending the expenditure of money in the Note Payment Fund for authorized purposes, money deposited therein may be invested at the direction of an Authorized Representative in Authorized Investments, except money market mutual funds as described in Subdivision (5) of the definition of Authorized Investments. Any income received from investments in the Note Payment Fund shall be deposited, as received, into the General Account, as hereinafter defined.

SECTION 2.12. PLEDGE OF REVENUES; PAYMENTS. The Notes are special obligations of the City payable from and secured solely by the funds pledged therefor pursuant to this Ordinance. The City agrees to make payments into the Note Payment Fund at such times and in such amounts as are necessary to provide for the full payment of the principal of and the interest on the Notes when due, whether by reason of maturity, redemption, or tender for purchase. Unless paid from Available Revenues, such payments are to be made from the proceeds of Notes, the proceeds from the sale of Bonds, or, with respect to the Project Notes, the proceeds of borrowings under and pursuant to the Agreement.
To provide security for the payment of the principal of and interest on the Notes as the same shall become due and payable, there is hereby pledged, subject only to the provisions of this Ordinance permitting the application thereof for purposes and on the terms and conditions set forth herein, (i) the proceeds from (a) the sale of the Bonds issued for such purpose and (b) the sale of Project Notes issued pursuant to this Ordinance; (ii) borrowings under a Credit Agreement in accordance with its terms; (iii) the amounts held in the Note Payment Fund and the Note Construction Account until the amounts deposited therein are used for authorized purposes; provided, however, that amounts in the Note Payment Fund attributable to and derived from borrowings under and pursuant to a Credit Agreement are pledged to, and shall be used to pay, the principal of, premium, if any, and interest on the Project Notes or Project Notes of the particular Series or Subseries, as applicable, and (iv) the Net Revenues of the Systems, such pledge of Net Revenues, however, being subordinate to the pledge thereof securing the payment of Systems Revenue Priority Obligations, and it is hereby resolved and declared the principal of and interest on the Notes shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (i), (ii), (iii) and (iv) subject and subordinate only to the exceptions noted therein.

Money in all funds and accounts described above, to the extent not invested as permitted hereunder, shall be secured in the manner prescribed by law for securing funds of the City. Chapter 1208, as amended, Texas Government Code, applies to the incurrence of Debt under this Ordinance and the pledge of the Net Revenues granted by the City under this section, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while such Debt remains outstanding, the result of which being that the pledge of the Net Revenues granted by the City hereunder is to be subject to the filing requirements of Chapter 9, as amended, Texas Business and Commerce Code, then in order to preserve to the registered owners of Debt incurred under this Ordinance 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, as amended, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 2.13. APPLICATION OF PRIOR COVENANTS - AVAILABLE REVENUES. The covenants and agreements (to the extent the same are not inconsistent herewith) contained in the Bond Ordinance are hereby incorporated herein and shall be deemed to be for the benefit and protection of the Notes and the Holders thereof in like manner as applicable to the Systems Revenue Priority Obligations; provided, however, that in the event of any conflict between the terms, covenants, and agreements contained herein and the terms, covenants, and agreements contained in the Bond Ordinance, the provisions of the Bond Ordinance shall control over the provisions hereof.

In accordance with the provisions of the New Series Bond Ordinance, the Notes and the Agreement (and any other Credit Agreement entered into with respect to the Project Notes) represent obligations which are subordinate to the Systems Revenue Priority Obligations. As provided in Section 4.04 of this Ordinance, the term “Available Revenues” as used in this Ordinance means the Net Revenues remaining in the “City of San Antonio Electric and Gas Systems General Account”, after paying the principal of and interest on the New Series Bonds and any other Bonds secured by a lien on the Net Revenues prior to the lien on the Net Revenues securing the Notes (including the Junior Lien Obligations) as provided in Section 4.12 (Prior
and the reserves established to secure the payment of the Prior Lien Bonds, and the Credit Agreements (and obligations arising thereunder) that are from time to time entered into by the City in connection with or relating to a series of Prior Lien Bonds. The Available Revenues shall be deposited into the Note Payment Fund from time to time in amounts necessary to pay the principal of and/or interest on the Notes to the extent not paid from the proceeds of Notes or Bonds or, with respect to the Project Notes, from the proceeds of borrowings under an Agreement.

This Ordinance shall be effective upon the effective date provided in Section 6.10 hereof; provided, however, that the Debt incurred and remaining outstanding under the Commercial Paper Ordinance shall be considered within the authorization of Section 2.01 of this Ordinance and the covenants in Section 4.02(c) of this Ordinance until the such Debt is paid and finally retired, and any conflict relating to that Debt or the rights of the Holders or owners thereof between the Commercial Paper Ordinance and this Ordinance until such time shall be construed in favor of the terms, covenants, and agreements of the Commercial Paper Ordinance.

SECTION 2.14. NOTE CONSTRUCTION ACCOUNT. The Commercial Paper Ordinance created and established, and there is now maintained, a separate account hereby designated as the “City of San Antonio, Texas Electric and Gas Systems Note Construction Account” (the Note Construction Account), which includes the appropriate accounts or subaccounts therein. The prior establishment and the continued maintenance of this account pursuant to the terms of this Ordinance is hereby confirmed.

Money deposited in the Note Construction Account shall remain therein until from time to time expended for the purposes specified in Section 3.02 hereof, and shall not be used for any other purposes whatsoever, except for temporary investment thereof as provided in Section 3.02 hereof.

In the event proceeds of Project Notes are deposited in the Note Construction Account in order to renew, refinance or refund Systems Revenue Obligations as permitted by Section 2.01 hereof and such Systems Revenue Obligations will not be redeemed simultaneously with the issuance of such Project Notes, the City will utilize the proceeds of such Project Notes, when combined with other available funds of the City, if any, in an amount sufficient, without reinvestment, to provide for the payment on the redemption date or dates of any such Systems Revenue Obligations, which shall result in the making of firm banking and financial arrangements for such payment in the manner required by Chapter 1207, as amended, Texas Government Code. Any such Systems Revenue Obligations which are to be redeemed prior to scheduled maturity shall be selected for redemption by the City Council by recommendation of the Board.

Any money remaining in the Note Construction Account and not necessary for the payment of Project Costs or the purpose described in the preceding paragraph shall be paid into the Note Payment Fund and used for the payment of such maturities of the Project Notes coming due at such times as may be selected by an Authorized Representative or the pro rata payment of the Credit Notes, as the case may be and, provided that there is then in effect multiple Credit Agreements and has been issued multiple Series of Project Notes, such amounts will be used to pay all Credit Notes arising under the Credit Agreement or Credit Agreements, respectively,
relating to the Series of Project Notes from which such remaining proceeds were originally derived. In the event no Project Notes are outstanding and there are no amounts owed on the Credit Notes, any amounts in the Note Construction Account not anticipated to be needed to pay Project Costs shall be transferred to the Parity Bond Retirement Account established by the New Series Bond Ordinance or the debt service fund to be established for the payment of the Bonds; when issued for the purpose of refunding the Project Notes from which such proceeds were derived.

The City hereby authorizes, within the Note Construction Account and at the direction of an Authorized Representative, the creation and establishment of one or more subaccounts to provide for one subaccount to relate each Series or Subseries, as applicable, with respect to which the City has entered into a particular Credit Agreement and into which proceeds of Project Notes from such Series are to be deposited. In addition, and in the event that any Project Notes are issued as Taxable Notes, the City, at the direction of an Authorized Representative, shall create and establish within the Note Construction Account one or more subaccounts, each designated “Taxable Note Construction Subaccount” and as further designated by Series, which subaccount or subaccounts shall be used to deposit and hold proceeds of a particular Series or Subseries of Project Notes issued as Taxable Notes.

SECTION 2.15. CANCELLATION. All Project Notes which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal thereof and interest thereon or are surrendered for transfer or exchange pursuant to the provisions hereof shall, upon payment or issuance of new Project Notes, be cancelled by the Issuing and Paying Agent and forthwith transmitted to the City, acting by and through the Board, and the Board shall, thereafter, have the custody and control thereof.

SECTION 2.16. FISCAL AND OTHER AGENTS. In furtherance of the purposes of this Ordinance, the Board may from time to time appoint and provide for the payment of such additional fiscal, paying, or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

SECTION 2.17. INITIAL CREDIT AGREEMENTS. Each Agreement, a substantially final form of which is attached hereto as Exhibit A, is hereby approved. The form of Credit Note contained in each Agreement is also hereby approved, including the interest rates to be determined as set forth therein. Any Authorized Representative is hereby authorized, as the act and deed of the City, to execute each Agreement. The City hereby finds that each Agreement is a Credit Agreement hereunder relating, respectively, to the Series of Project Notes identified therein. The Mayor and City Clerk or Assistant City Clerk are hereby authorized and directed to execute and deliver the Credit Notes and any other documents called for under each Agreement, and the City Clerk or Assistant City Clerk is authorized to place the City seal on such instruments. The payment of the respective fees identified in each Fee Letter and the other costs, expenses, and taxes described in each Agreement, as well as the timing of such payments, is hereby authorized from funds lawfully available to the Board for the payment thereof. When required, any “request for extension” (or other document having similar effect, in accordance with the terms of the applicable Agreement) shall be delivered to each Rating Agency simultaneously with the delivery to the Bank, and the City will promptly provide to each Rating Agency a copy of any “notice of extension” (or other document having similar effect, in
accordance with the terms of the applicable Agreement) it receives or notice that no extension was given.

The Board is hereby authorized to enter into any agreement supplemental to an Agreement with the applicable Bank, as an Authorized Representative may deem appropriate. An Authorized Representative may agree with the Bank and the Board, to add additional banking institutions as a Bank under such Agreement; provided, however, that such action shall not cause the then existing rating by each Rating Agency of the Project Notes of the applicable Series or Subseries, if any, to be reduced, as evidenced by a letter from the respective Rating Agency confirming the rating of such Project Notes of the applicable Series or Subseries prior to such action.

SECTION 2.18. RESERVATION OF RIGHT TO ENTER INTO CERTAIN CREDIT AGREEMENTS. The City reserves the right to enter into Credit Agreements, as extended or in substitution for any Agreement or in addition thereto, in conjunction with the issuance, payment, sale, resale or exchange of Notes (and which may be on a parity with the Notes) when determined to be advantageous to or desirable by the City, at the request of the Board, subject to the following conditions:

(a) each Credit Agreement must be in substantially the same form as those approved pursuant to the terms of this Ordinance and attached hereto as Exhibit A;

(b) the maximum amount of liquidity provided pursuant to the terms of any Credit Agreement shall not exceed the Program Capacity (measured as the maximum aggregate principal amount at any one time outstanding plus interest thereon at the Maximum Interest Rate for a period not more than 270 days);

(c) the maximum interest rate borne by any obligations owed pursuant to the terms of any Credit Agreement shall not exceed the Maximum Interest Rate;

(d) the maximum term of any Credit Agreement shall not exceed the Maximum Maturity Date;

(e) a determination by an Authorized Representative that entering into any such Credit Agreement shall not result in default or breach of covenants relating to the Program (including the terms of outstanding obligations or any then-existing Credit Agreement that remains in effect after the effectiveness of the new or extended Credit Agreement) and that entering into the subject Credit Agreement complies with applicable law; and

(f) evidence from each Rating Agency then providing a rating on the Series or Subseries of Notes to which such Credit Agreement relates and that were outstanding before and after the effective date of such extension, substitution, or addition, that the existing rating on such Series or Subseries of Notes is not impacted by such extension, substitution, or addition.
ARTICLE III
ISSUE AND SALE OF NOTES

SECTION 3.01. ISSUANCE AND SALE OF NOTES. (a) The Notes shall be completed and delivered by the Issuing and Paying Agent in accordance with telephonic, electronic, or written instructions of any Authorized Representative and in the manner specified in the Issuing and Paying Agency Agreement and below. To the extent such instructions are not written, they shall be confirmed in writing within 24 hours. Said instructions shall specify such principal amounts, dates of issue, maturities, rates of discount or interest, Series of Note, if applicable, and its description as “taxable” or “tax-exempt”, and other terms and conditions which are hereby authorized and permitted to be fixed by any Authorized Representative at the time of sale of the Notes. Such instructions shall include the purchase price of the Notes, and a request that the Issuing and Paying Agent authenticate such Notes by counter-signature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof (or, in the case of Notes issued in book-entry form, to The Depository Trust Company of New York or its authorized agent) upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Notes. Such instructions shall also specify the amounts of the proceeds of such issue of Notes which are to be deposited to the Note Payment Fund and to the Note Construction Account (and any further deposit to an account or subaccount therein, as applicable). Such instructions shall also contain provisions representing that all action on the part of the City necessary for the valid issuance of the Notes then to be issued, has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Notes, with provision for original issue discount and interest exemption from federal income taxation with respect to the Notes other than Taxable Notes, have been complied with, and that such Notes in the hands of the Holders thereof will be valid and enforceable obligations of the City according to their terms, subject to the exercise of judicial discretion in accordance with general principles of sovereign immunity and of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that, based upon the advice of Co-Bond Counsel, the earned original issue discount on the Notes other than Taxable Notes or stated interest on the Notes other than Taxable Notes, as the case may be, will be excluded from the gross income of the Holders for federal income tax purposes. Such instructions shall also certify that:

(i) no Event of Default under Section 5.01 of this Ordinance has occurred and is continuing as of the date of such Certificate and that the Issuing and Paying Agent has not received a no-issuance notice or similar notice under a Credit Agreement then in effect and so applicable, relating to a Series of Notes then to be issued;

(ii) other than Section 4.08 with respect to Taxable Notes, the City is in compliance with the covenants set forth in Article IV hereof as of the date of such instructions; and

(iii) the sum of the interest payable on such Note and any discount established for such Note will not exceed a yield (calculated on the principal amount of the Note and, as applicable, with the interest convention specified in Section 2.02 hereof, to the maturity date of such Note in excess of the Maximum Interest Rate in effect on the date of issuance of such Note.
(b) A Credit Note payable to a Bank under a related Credit Agreement shall have been delivered to such Bank and thereafter indebtedness may be incurred thereunder in accordance with the terms of such Credit Agreement.

(c) No Bond Anticipation Notes or Variable Rate Notes may be issued if any Commercial Paper Notes will remain outstanding following the issuance of such Bond Anticipation Notes or Variable Rate Notes. No Bond Anticipation Notes or Commercial Paper Notes may be issued if any Variable Rate Notes will remain outstanding following the issuance of such Bond Anticipation Notes or Commercial Paper Notes. No Commercial Paper Notes or Variable Rate Notes may be issued if any Bond Anticipation Notes will remain outstanding following the issuance of such Commercial Paper Notes or Variable Rate Notes. At the time an Authorized Representative determines that it is in the best interest of the City to authorize Bond Anticipation Notes or Variable Rate Notes, and Credit Notes in connection therewith, such Authorized Representative shall submit all documents necessary to obtain a rating from a nationally recognized Rating Agency for municipal securities, as required by the Act, and shall submit documents deemed necessary to evidence the issuance of the Bond Anticipation Notes or Variable Rate Notes, as applicable, and the Credit Notes in connection therewith, to the Attorney General of Texas for approval, if, in the opinion of Co-Bond Counsel, such approval is required by the Act.

SECTION 3.02. PROCEEDS OF SALE OF PROJECT NOTES. The proceeds of the sale of any Project Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by an Authorized Representative:

(i) Proceeds to be used for the payment and redemption of Debt incurred under the Commercial Paper Ordinance and Project Notes outstanding from time to time at or before maturity and the repayment of any other Debt (evidenced by the Credit Notes) under any Agreement shall be deposited into the Note Payment Fund (and, if necessary or required, further deposited to an account of such Fund), and expended therefor; provided, however, that no Tax-Exempt Note proceeds shall be used for the payment and redemption of outstanding Taxable Notes unless the deposit of Tax-Exempt Note proceeds to be used for such purpose shall be accompanied by an opinion of Co-Bond Counsel stating that such use of Tax-Exempt Note proceeds shall not affect the excludability of the interest on such Tax-Exempt Notes from the gross income of the holders thereof, pursuant to section 103 of the Code, for federal income tax purposes.

(ii) Proceeds not deposited into the Note Payment Fund as provided in subparagraph (i) above shall be deposited to the Note Construction Account (and, if necessary or required, further deposited to a subaccount of such Account) and used and applied in accordance with the provisions of Section 2.14 hereof to pay Project Costs for Eligible Projects or to otherwise accomplish the purposes permitted by this Ordinance.

Pending expenditure for the foregoing purposes, proceeds from the sale of Project Notes may be invested in Authorized Investments. Earnings and profits from the investment of money in the Note Construction Account shall remain in the Note Construction Fund or be transferred to the General Account; provided, however, that such earnings and profits, if transferred to the
General Account shall be used only for the purposes for which money in the Note Construction Account may be used.

SECTION 3.03. ISSUING AND PAYING AGENCY AGREEMENT. The Issuing and Paying Agency Agreement by and between the City and U.S. Bank Global Corporate Trust Services, New York, New York, relating to the Commercial Paper Notes, attached hereto as Exhibit B, is hereby approved. An Authorized Representative is hereby authorized and directed to execute, on the City’s behalf, and as the act and deed thereof, such Issuing and Paying Agency Agreement, and is further authorized and directed to approve such changes, additions or amendments thereto as may be necessary and proper to carry out the purpose and intent of such Agreement. The Board, on behalf of the City, is hereby authorized to enter into any supplemental agreements with the Issuing and Paying Agent or with any successor Issuing and Paying Agent for any Series or Subseries of Notes in order to implement the functions of Issuing and Paying Agent or Registrar with respect to the Notes and to have any Authorized Representative execute and deliver such document, and any other documents called for thereunder, for and on behalf of the City and the Board.

SECTION 3.04. DEALER AGREEMENTS. The Dealer Agreements and the amendments thereto in the form attached hereto as Exhibit C with each of the Dealers pertaining to the sale, from time to time, of the Commercial Paper Notes or the purchase of Commercial Paper Notes from the City, all for a fee as set forth in said Dealer Agreements, are hereby ratified and approved as to form and content, and the Mayor and the City Clerk are hereby authorized and directed to execute the same for and on behalf of the City. The Board, on behalf of the City, is expressly authorized, subject to any conditions or prerequisites specified in a then-effective Credit Agreement that relates to the subject Series or Subseries of Notes, then at issue, to negotiate, secure, and finalize a replacement, substitute, amended, or revised Dealer Agreement and to have any Authorized Representative execute and deliver such document, and any other documents called for thereunder, for and on behalf of the City and the Board, or to determine that no Dealer Agreement is necessary for a particular Series or Subseries based upon the characteristics of the related Notes.

ARTICLE IV
COVENANTS OF THE CITY

SECTION 4.01. LIMITATION ON ISSUANCE. Unless this Ordinance is amended and modified by the City Council and in accordance with the provisions of Section 6.01 hereof, the City covenants that there will not be issued and outstanding at any time more than $700,000,000 in principal amount of Project Notes; subject, however, to the provision below regarding the Available Commitment. For purposes of this Section 4.01 any portion of outstanding Project Notes to be paid on the day of calculation from money on deposit in the Note Payment Fund and the proceeds of Notes, Short Term Obligations or Bonds shall not be considered outstanding.

Additionally, the City covenants and agrees that the total principal amount of all Project Notes (of a particular Series or Subseries if such Project Notes are issued by Series or Subseries of Commercial Paper Notes) outstanding at any one time shall not exceed the sum total of the Available Commitment relative to such Project Notes (or Series if such Project Notes are issued as Commercial Paper Notes by Series).
SECTION 4.02. RATES AND CHARGES. The City hereby agrees and reaffirms its covenants to the Holders of the Parity Bonds and covenants to the Holders of the Notes that it will at all times maintain rates and charges for the sale of electric energy, gas, or other services furnished, provided, and supplied by the Systems to the City and all other consumers which shall be reasonable and non-discriminatory and which will produce income and revenues sufficient to pay:

(a) All Maintenance and Operating Expenses, depreciation, replacement and betterment expenses and other costs as may be required by law (Chapter 1502, as amended, Texas Government Code).

(b) The interest on and principal of all Systems Revenue Priority Obligations, as and when the same shall become due, and provide for the establishment and maintenance of the Funds and Accounts created for the payment and security of the New Series Bonds.

(c) To the extent the same are reasonably anticipated to be paid with Available Revenues, the interest on and principal of all Notes and amounts due under any Credit Agreement, as and when the same shall become due.

(d) Any other Debt or obligation of the Systems, as and when the same shall become due.

SECTION 4.03. GENERAL ACCOUNT. The City, acting through the Board of Trustees, hereby reaffirms its covenant to Holders of the Systems Revenue Priority Obligations and hereby covenants with respect to the Holders of the Notes, that all revenues of every nature received through the operation of the Systems shall be deposited as received in the “City of San Antonio Electric and Gas Systems General Account” (hereinafter referred to as General Account), which shall be kept separate and apart from all other funds of the City. Revenues received for the General Account shall be deposited from time to time as received in such bank or banks as may be selected by the Board in accordance with applicable laws relating to the selection of City depositories.

SECTION 4.04. FLOW OF FUNDS. The City, acting by and through the Board, hereby agrees and reaffirms its covenant to the Holders of the Systems Revenue Priority Obligations and covenants to the Holders of the Notes that funds in the General Account shall be pledged and appropriated to the following uses and in the order of precedence shown:

FIRST: To the payment of reasonable and proper Maintenance and Operating Expenses upon approval by the Board.

SECOND: To the payment of New Series Bonds, including the establishment and maintenance of the reserve therefor.

THIRD: To the payment of Prior Lien Bonds, if any, including the establishment and maintenance of a reserve therefor.

FOURTH: To the payment and security of the Notes and any obligations owing to a Bank under a Credit Agreement.
FIFTH: To the payment and security of obligations hereinafter issued which are inferior in lien to the Systems Revenue Priority Obligations and the Notes (being the Inferior Lien Obligations).

SIXTH: To the payment of an annual amount equal to six percent (6%) of the gross revenues of the Systems to be deposited in the Repair and Replacement Account, provided for in the New Series Bond Ordinance.

SEVENTH: To the payment of the annual amount due the General Fund of the City, as provided in the New Series Bond Ordinance; and

EIGHTH: Any remaining Net Revenues of the Systems in the General Account, to the Repair and Replacement Account, in accordance with the New Series Bond Ordinance.

SECTION 4.05. MAINTENANCE OF AVAILABLE CREDIT AGREEMENT REQUIREMENT. The City agrees and covenants that at all times it will maintain Credit Agreements with banks or other financial institutions in amounts such that, assuming that all then outstanding Project Notes (of a particular Series or Subseries if such Project Notes are issued as Commercial Paper Notes by Series) were to become due and payable immediately, the amount available for borrowing under the Credit Agreement or Agreements applicable to such Project Notes (or Project Notes of such Series if such Project Notes are issued as Commercial Paper Notes) would be sufficient at that time to pay (i) principal of all Project Notes (or Project Notes of such Series if such Project Notes are issued as Commercial Paper Notes) and (ii) to the extent Project Notes are in the form of Bond Anticipation Notes or Variable Rate Notes, interest on the Project Notes for such period as required by the Rating Agencies as a condition to the issuance of a rating acceptable to an Authorized Representative. No Project Note shall be issued if, after giving effect to the issuance thereof and, if applicable, the immediate application of the proceeds thereof to retire other Project Notes (or Project Notes of such Series if such Project Notes are issued as Commercial Paper Notes) secured by a Credit Agreement, the aggregate principal amount of all Project Notes (or Project Notes of such Series if such Project Notes are issued as Commercial Paper Notes) secured by a Credit Agreement and interest thereon, if applicable in the case of Bond Anticipation Notes and Variable Rate Notes, would exceed the Available Commitment or the maturity or put dates thereof would exceed the term of the Credit Agreement. The availability for borrowing of such amounts under the Credit Agreements may be subject to reasonable conditions precedent, including but not limited to, bankruptcy of the City. In furtherance of the foregoing covenant, the City agrees that it will not issue any Project Notes (or Project Notes of such Series if such Project Notes are issued as Commercial Paper Notes) or make any borrowings which will result in a violation of such covenant, will not amend any Credit Agreement in a manner which will cause a violation of such covenant, and, if and to the extent necessary to maintain compliance with such covenant, will arrange for new credit facilities prior to, or contemporaneously with, the expiration of a then-effective Credit Agreement.

SECTION 4.06. BONDS. To the extent necessary or required, the City in good faith shall endeavor to sell a sufficient principal amount of the Bonds in order to have funds available, together with other money available therefor, to pay the Notes and the interest thereon, or any renewals thereof, as the same shall become due.
SECTION 4.07. PUNCTUAL PAYMENT. The City will punctually pay or cause to be paid the principal of and interest, if any, on the Notes (but only from the funds pledged herein and Available Revenues), in conformity with the Notes, this Ordinance, and the Agreement.

SECTION 4.08. PROJECT NOTES, OTHER THAN TAXABLE NOTES, TO REMAIN TAX-EXEMPT. The City covenants that it will execute and deliver to the Issuing and Paying Agent a Certificate as to Tax Exemption in the form prescribed by Co-Bond Counsel in connection with the first issuance of the Project Notes other than Taxable Notes (the Tax-Exempt Project Notes), and that in connection with each subsequent issuance of the Tax-Exempt Project Notes, it will execute and deliver to the Issuing and Paying Agent a confirmation that the facts, estimates, circumstances, and reasonable expectations contained therein continue to be accurate as of such issue date. The City represents and covenants that it will not expend, or permit to be expended, the proceeds of any Tax-Exempt Project Notes in any manner inconsistent with its reasonable expectations as certified in the applicable Certificate as to Tax Exemption to be executed from time to time with respect to the Tax-Exempt Project Notes; provided, however, that the City may expend Tax-Exempt Project Note proceeds in any manner if the City first obtains an unqualified opinion of Co-Bond Counsel that such expenditure will not impair the exemption from federal income taxes of interest paid on the Tax-Exempt Project Notes. The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer who arbitrage certifications may not be relied upon.

In addition to the above covenants, the City covenants to take any action to maintain, or refrain from any action which would adversely affect, the treatment of the Tax Exempt Project Notes as obligations described in section 103 of the Internal Revenue Code of 1986 (the Code), the interest on which is not includable in the “gross income” of the Holder for purposes of federal income taxation. In furtherance thereof, the City specifically covenants as follows:

(a) To take any action to assure that no more than 10% of the proceeds of the Tax Exempt Project Notes are used for any “private business use,” as defined in section 141(b)(6) of the Code, or, if more than 10% of the proceeds are so used, that amounts, whether or not received by the City with respect to such private business use, do not under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10% of the debt service on the Tax Exempt Project Notes, in contravention of section 141(b)(2) of the Code;

(b) To take any action to assure that in the event that the “private business use” described in subsection (a) hereof exceeds 5% of the proceeds of the Tax-Exempt Project Notes, then the amount in excess of 5% is used for a “private business use” which is “related” and not “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) To take any action to assure that no amount which is greater than the lesser of $5,000,000 or 5% of the proceeds of the Tax-Exempt Project Notes is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;
(d) To assure that the aggregate “nonqualified amount” with respect to output facilities shall not exceed the $15,000,000 limitation of section 141(b)(4) of the Code;

(e) To refrain from taking any action which would otherwise result in the Tax-Exempt Project Notes being treated as “private activity bonds” within the meaning of section 141(b) of the Code;

(f) To refrain from taking any action that would result in the Tax-Exempt Project Notes being “federally guaranteed” within the meaning of section 149(b) of the Code;

(g) To refrain from using any portion of the proceeds of the Tax-Exempt Project Notes, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which would produce a materially higher yield over the term of the Tax-Exempt Project Notes, other than investment property acquired with –

   (1) proceeds of the Tax-Exempt Project Notes invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the bonds are issued,

   (2) amounts invested in a bona fide debt service fund, within the meaning of section 1.103 - 13 (b) (12) of the Treasury Regulations, and

   (3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10% of the proceeds of the Tax-Exempt Project Notes;

(h) To otherwise restrict the use of the proceeds of the Tax-Exempt Project Notes, or amounts treated as proceeds of the Tax-Exempt Project Notes, as may be necessary, so that the Tax-Exempt Project Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(i) To pay to the United States of America at least once during each five year period (beginning on the date of delivery of the Tax-Exempt Project Notes) an amount that is at least equal to 90% of the “Excess Earnings,” within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Tax-Exempt Project Notes have been paid in full, 100% of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(j) To maintain such records as will enable the City to fulfill its responsibilities under this Section and section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Tax-Exempt Project Notes.

For purposes of the foregoing subparagraphs (a) and (b), the City understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Tax-Exempt Project Notes. It is the understanding
of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of Treasury pursuant thereto. In the event that the regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Tax-Exempt Project Notes, the City will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of Co-Bond Counsel, will not adversely affect the exemption of interest on the Tax-Exempt Project Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt Project Notes, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of Co-Bond Counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Project Notes under section 103 of the Code.

SECTION 4.09. TAXABLE NOTES. (a) The provisions of Section 4.08 of this Ordinance notwithstanding, the Board reserves the ability to issue Taxable Notes in the Form of Taxable Notes set forth in Section 2.07(B).

(b) It is the intention of the Board that the interest on the Taxable Notes not be excludable from gross income for federal income tax purposes under section 103 of the Code.

(c) The Board covenants and agrees to cause the Issuing and Paying Agent to undertake to report, to the extent required by the Code, interest payments on the Taxable Notes to the Internal Revenue Service. Such information shall be filed by the Issuing and Paying Agent on the form published by the Internal Revenue Service for this purpose and contain the information required by the Code.

(d) The Board covenants and agrees to cause the Issuing and Paying Agent to obtain or cause to be obtained from the holder of each of the Taxable Notes the information required by Code relating to the correct social security number or other taxpayer identification number for the holder of each of the Taxable Notes or to withhold the portion of the payment required to be withheld under the Code.

SECTION 4.10. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purpose for which the Tax-Exempt Project Notes are issued on its books and records in accordance with the regulations under section 148 of the Code.

SECTION 4.11. DISPOSITION OF PROJECT. The City covenants that the property financed with the Tax-Exempt Project Notes will not be sold or otherwise disposed in a transaction resulting in the receipt by the City or the Board of cash or other compensation, unless the City obtains an opinion of Co-Bond Counsel that such sale or other disposition will not adversely affect the tax exempt status of the Tax-Exempt Project Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion of Co-Bond Counsel that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.
SECTION 4.12. SUPPLEMENTAL ORDINANCES. Other than as permitted herein with respect to the issuance of additional obligations of the City secured by the Net Revenues of the Systems, the City will not adopt any supplemental ordinances, pursuant to the Bond Ordinance or otherwise, without, to the extent required by any Credit Agreement at such time valid and in effect, the consent of the Bank thereunder, or which would materially adversely affect the ability of the City to make payments on the Notes when due.

SECTION 4.13. OPINION OF CO-BOND COUNSEL. The City shall cause the legal opinion of Co-Bond Counsel as to the validity of the Project Notes and as to the exclusion of interest on the Tax Exempt Project Notes from the gross income of the Noteholders for purposes of federal income taxation to be furnished to any Holder of a Project Note and/or Tax Exempt Project Note, as applicable, without cost.

SECTION 4.14. COMPLIANCE WITH BOND ORDINANCE AND OTHER DOCUMENTS. The City will comply with the terms and provisions of the Bond Ordinance, and any other ordinance or contract to which the City is a party, the non-compliance with which would materially adversely affect the ability of the City to make payments on the Notes when due.

SECTION 4.15. RESERVATION OF RIGHT TO ISSUE NEW SERIES BONDS, BONDS OF SUPERIOR OR INFERIOR LIEN AND SHORT TERM OBLIGATIONS. The City hereby expressly reserves the right to hereafter issue New Series Bonds, in accordance with the provisions of the New Series Bond Ordinance, Junior Lien Obligations, in accordance with the provisions of the City ordinances authorizing the issuance of the Previously Issued Junior Lien Obligations, and other Prior Lien Bonds payable from and secured by a lien on and pledge of the Net Revenues of the Systems prior in right and claim to the lien on and pledge of the Net Revenues securing the payment of Debt incurred under this Ordinance. Additionally, the City expressly reserves the right to hereafter issue Short Term Obligations when and as the City Council shall determine and authorize without any limitation as to principal amount or otherwise, which Short Term Obligations may be equally and ratably payable from and secured by a lien on and pledge of the Net Revenues of the Systems of equal rank and dignity with the lien and pledge securing the payment of Debt incurred under this Ordinance. The City also retains the right to issue Bonds or other evidences of indebtedness or to incur contractual obligations secured by a lien on and pledge of the Net Revenues of the Systems subordinate and inferior to the lien thereof and pledge thereon securing the Notes, including Additional Interior Lien Obligations.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

SECTION 5.01. EVENTS OF DEFAULT. If one or more of the following events (Events of Default) shall happen, that is to say:

(a) if default shall be made in the due and punctual payment of any installment of principal of any Project Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;
(b) if the City shall fail to make due and punctual payment of any installment of interest on any Project Note when and as such interest installment shall become due and payable and such failure shall continue for five Business Days;

(c) if the Bank has delivered to the Issuing and Paying Agent notice of an “Event of Default” under a Credit Agreement that would permit the principal of any Credit Note (and interest accrued thereon) to be declared due and payable prior to the maturity thereof under the Credit Note and such Credit Agreement;

(d) if default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part in this Ordinance or in the Project Notes contained, and such default shall continue for a period of 60 days after written notice thereof to the City by the Holders of not less than 10% in principal amounts of the Project Notes then outstanding;

(e) if the Holder of any Systems Revenue Priority Obligation at the time outstanding exercises a right under such Systems Revenue Priority Obligation or the proceedings or documentation under which such Systems Revenue Priority Obligation was issued or incurred to declare the principal thereof (and interest accrued thereon) to be payable prior to the stated maturity thereof;

(f) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of the City or the filing by the City of a voluntary petition in bankruptcy, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of its creditors, or the entry by the City into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceeding for its reorganization instituted under the provisions of the federal Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(g) if an order or decree shall be entered, with the consent or acquiescence of the City, appointing a receiver or receivers of the Systems, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of the City shall not be vacated or discharged or stayed within 90 days after the entry thereof;

then and in every such event, any Holder of any Project Note at the time outstanding may, by notice to the City, declare the principal of such Holder’s Project Notes, and the interest accrued thereon, to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable, anything in this Ordinance or in the Project Notes contained to the contrary notwithstanding.

SECTION 5.02. 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 any Note at the time outstanding and any Bank shall be entitled to proceed to protect and enforce such party’s rights by such appropriate judicial proceeding as such party 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 Ordinance, or in aid of the exercise of any power granted in this Ordinance, or to enforce any other legal or equitable right vested in the Holders of Notes and any Bank by this Ordinance or the Notes or by law. The provisions of this Ordinance shall be a contract with each and every Holder of Notes and all Banks and the duties of the City shall be enforceable by any Holder and/or Bank by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

SECTION 5.03. REMEDIES NOT EXCLUSIVE. No remedy herein conferred upon or reserved to the Holders of Notes or any Bank 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 the Holder of any one or more of the Notes or any Bank as described in the applicable Credit Agreement.

ARTICLE VI
MISCELLANEOUS

SECTION 6.01. AMENDMENTS OR MODIFICATIONS. (a) This Ordinance and the rights and obligations of the City and of the Holders of Notes may be modified or amended at any time by a supplemental ordinance, without notice to or the consent of any Noteholders, but only to the extent permitted by law, and, subject to the rights of the Holders of the Notes, only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City; or

(2) to cure any ambiguity, or to cure or correct any defective provision contained in the Ordinance, upon receipt by the City of an approving opinion of Co-Bond Counsel selected by the City, that the same is needed for such purpose, and will more clearly express the intent of this Ordinance; or

(3) to supplement the security for the Notes, replace or provide additional credit facilities, or change the form of the Notes or make such other changes in the provisions hereof as the City may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Notes;

(4) to make any changes or amendments requested by a Rating Agency as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the City, materially adversely affect the interests of the Holders; or

(5) to make any changes or amendments with respect to Project Notes in a particular form if there are no Project Notes then outstanding in such form;

provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions of this Ordinance or in the Notes so as to:
(1) make any change in the maturity of any of the outstanding Project Notes;

(2) reduce the rate of interest borne by any of the outstanding Project Notes;

(3) Reduce the amount of the principal payable on any of the outstanding Project Notes;

(4) modify the terms of payment of principal of or interest on the outstanding Project Notes, or impose any conditions with respect to such payment;

(5) affect the rights of the Holders of less than all of the outstanding Project Notes; or

(6) give priority of payment from Available Revenues to any Note over other Notes; or

(7) reduce or restrict the pledge made herein (Section 2.12) for payment of the Project Notes.

and provided, further, that no change, modification or amendment shall be made in the Ordinance or become valid and effective without the approval of such change, modification or amendment by the Attorney General of the State of Texas, if, in the opinion of Co-Bond Counsel, such approval is required by applicable law and, to the extent required by any Credit Agreement then in effect, without the consent of the Bank thereunder.

(b) An Authorized Representative may approve technical changes to this Ordinance for such purposes as such Authorized Representative deems necessary, including, but not limited to obtaining or continuing a credit rating from the Rating Agencies or obtaining approval of this Ordinance by the Attorney General of Texas; provided, however, that such changes, in the opinion of Co-Bond Counsel, shall not materially affect the security for the Notes or the intent and purpose of the City Council in adopting this Ordinance.

SECTION 6.02. ADDITIONAL ACTIONS. The Mayor, the City Clerk, the Assistant City Clerk, any Authorized Representative, and the other officers of the City and the Board are hereby authorized and directed, jointly and severally, to do any and all things necessary and to execute and deliver any and all documents (which include any Credit Agreement, Dealer Agreement, Offering Memorandum, Issuing and Paying Agency Agreement, and any additional documents related thereto), which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Notes and agreements related thereto, and to otherwise engage in any action to effectuate the purposes of this Ordinance. Each Authorized Representative is further authorized to select the qualified Responses and implement the services set forth therein. Specifically, by the adoption of this Ordinance, the City Council hereby authorizes the payment of the fees and expenses incurred and to be paid by the Board in connection with the issuance, sale, and delivery of the Notes and the execution and delivery of each Credit Agreement, Dealer Agreement, Issuing and Paying Agency Agreement, Fee Letter, and any additional agreements related to the Notes, as well as amendments to each of the foregoing, and as otherwise provided in this Ordinance.
SECTION 6.03. ORDINANCE TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Notes and the pledge made in this Ordinance by the City and the covenants and agreements set forth in this Ordinance to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Holders of the Notes, without preference, priority or distinction as to security or otherwise of any of the Notes authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Ordinance or, with respect to the Credit Notes, the applicable Credit Agreement.

SECTION 6.04. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Notes issued hereunder.

SECTION 6.05. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Whenever under the terms of this Ordinance or the Project Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Project Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Project Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

SECTION 6.06. DEFEASANCE. If, when all or any portion of the Project Notes shall have become due and payable in accordance with their terms or otherwise as provided in this Ordinance, the entire principal and interest so due and payable upon said Project Notes shall be paid, or if at or prior to the date said Project Notes have become due and payable, sufficient money and/or Government Obligations the principal of and interest on which will provide sufficient money for such payment, shall be held in trust by an authorized escrow agent under Chapter 1207, as amended, Texas Government Code, and provision shall also be made for paying all other sums payable hereunder by the City with respect to said Notes, the pledge herein created with respect to said Notes shall thereupon cease, terminate and become discharged and said Project Notes shall no longer be deemed outstanding for purposes of this Ordinance and all the provisions of this Ordinance relating to the Notes, including all covenants, agreements, liens and pledges made herein for the benefit thereof, shall be deemed duly discharged, satisfied and released. Notwithstanding the foregoing, prior to effectuating a defeasance of Project Notes pursuant to this Section, the City shall have first received written notification from each Rating Agency then providing a rating on the affected Notes that the contemplated Note defeasance will not result in a reduction or withdrawal of such Note rating.

SECTION 6.07. LIMITATION OF BENEFITS WITH RESPECT TO THE ORDINANCE. With the exception of the rights or benefits herein expressly conferred, nothing
expressed or contained herein or implied from the provisions of this Ordinance or the Notes is intended or should be construed to confer upon or give to any person other than the City, the Holders of the Notes, the Issuing and Paying Agent/Registrar, the parties to the Dealer Agreement, and a Bank under a Credit Agreement, any legal or equitable right, remedy or claim under or by reason of or in respect to this Ordinance or any covenant, condition, stipulation, promise, agreement or provision herein contained.

This Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders of the Notes, the Issuing and Paying Agent/Registrar, the parties to the Dealer Agreement, and the Bank under a Credit Agreement as herein and therein provided.

SECTION 6.08. NOTICE TO RATING AGENCIES. Any notices required to be delivered hereunder shall also be provided to each Rating Agency. Such notices shall be given to each Rating Agency utilizing the following contact information: (1) Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Attention: Public Finance Group—Texas Local Ratings; (2) S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Attention: Municipal Structured Finance; and (3) Fitch Ratings, Inc., 33 Whitehall Street, New York, New York, 10004, Attention: Municipal Structured Finance.

SECTION 6.09. PREAMBLE. The preamble to this Ordinance shall be considered an integral part of this Ordinance, and is herein incorporated as part of the body of this Ordinance for all purposes.

SECTION 6.10. REPEAL OF ORDINANCE. The Commercial Paper Ordinance authorizing the Program is hereby repealed and shall have no further force or effect as of April 11, 2019.

SECTION 6.11. PROGRAM DOCUMENTATION. Notwithstanding the provisions of this Ordinance, the agreements relating to the Commercial Paper Notes that were issued and remained outstanding from time to time pursuant to the Commercial Paper Ordinance are, unless expiring by their terms or replaced with agreements delivered in connection with the effectiveness of the substance of this Ordinance, are hereby affirmed as the valid, binding, and enforceable agreements relating to any Commercial Paper Notes hereafter issued and from time to time outstanding to which such pre-existing agreements relate and the matters that are the subject of such surviving agreements.

SECTION 6.12. APPROVAL OF ATTORNEY GENERAL. No Note herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State of Texas shall have approved this Ordinance, the Agreement, and other agreements (including substitute or additional Credit Agreements entered into under Section 2.18 hereof) and proceedings as may be required in connection therewith, all as is required by the Act.

SECTION 6.13. PUBLIC MEETING. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting,
including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code, as amended.

SECTION 6.14. FURTHER PROCEDURES. Each Authorized Representative, as well as the officers and employees of the City, are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of each Series or Subseries of Notes, any Issuing and Paying Agency Agreement, any Dealer Agreement and amendments thereto, any Credit Agreement and amendments thereto, and the Offering Memorandum. In addition, prior to the initial delivery of the Notes, the Mayor, the City Manager, Deputy City Manager, or Assistant City Manager, the City Attorney, any Authorized Representative, and Co-Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Offering Memorandum, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Notes by the Texas Attorney General’s office. In case any officer of the City whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 6.15. DELEGATION AUTHORITY. Furthermore, though such parties may be identified, and the entry into a particular contract may be authorized, herein, pursuant to the Act, and any other applicable law, the City Council hereby delegates to any Authorized Representative the authority to independently select the counterparty to any contract that is determined by such party, the City’s Co-Financial Advisors, or the City’s Co-Bond Counsel to be necessary or incidental to the issuance of the Notes and which contract does not have a total value to such counterparty in excess of $1,000,000 (to include, with respect to the Notes, the Issuing and Paying Agent, any Rating Agency, and DTC) and, as necessary, to execute (now, heretofore, or hereafter) the same on behalf and as the act and deed of the City. As a result of the foregoing, any such contracts are exempt from the provisions of Section 2252.908, as amended, Texas Government Code.

SECTION 6.16. CITY’S CONSENT TO PROVIDE INFORMATION AND DOCUMENTATION TO THE TEXAS MAC. The Municipal Advisory Council of Texas (the Texas MAC), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Authorized Representative, Co-Bond Counsel to the City, and/or Co-Financial Advisor to the City to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Notes. This consent
and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Notes.

SECTION 6.17. EFFECTIVE DATE. The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Ordinance shall take effect immediately if passed by the affirmative vote of at least eight members of the City Council, otherwise the same shall take effect on the tenth day after the date of its passage by the City Council.

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PASSED AND ADOPTED by an affirmative vote of ______ members of the City Council of the City of San Antonio, Texas, this the 11th day of April, 2019.

CITY OF SAN ANTONIO

______________________________
Mayor

ATTEST:

______________________________
City Clerk

(CITY SEAL)

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

______________________________
Andrew Segovia, City Attorney,
City of San Antonio, Texas
EXHIBIT A

FORM OF CREDIT AGREEMENT

[See Tabs ___]
EXHIBIT B

FORM OF ISSUING AND PAYING AGENCY AGREEMENT

[See Tab ___]
EXHIBIT C

FORM OF DEALER AGREEMENT

[See Tabs ____]