

ORDINANCE NO. 2021-03-18-0163

**AUTHORIZING THE ESTABLISHMENT OF A REVOLVING FINANCE PROGRAM IN A PRINCIPAL AMOUNT NOT TO EXCEED \$500,000,000 FOR THE CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS; PROVIDING THE TERMS, CONDITIONS, AND SPECIFICATIONS FOR OBLIGATIONS FROM TIME TO TIME ISSUED UNDER SUCH PROGRAM; MAKING PROVISIONS FOR THE PAYMENT AND SECURITY THEREOF (WHETHER ON PARITY OR SUBORDINATE TO OTHER OUTSTANDING OBLIGATIONS); AUTHORIZING OBLIGATIONS UNDER SUCH PROGRAM TO BE ISSUED IN THE FORM OF TAXABLE OR TAX-EXEMPT NOTES, BEARING INTEREST AT FIXED OR VARIABLE RATES, AND PRESCRIBING OTHER TERMS, FEATURES, AND CHARACTERISTICS OF SUCH OBLIGATIONS; STIPULATING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF ADDITIONAL OBLIGATIONS ON PARITY THEREWITH; AUTHORIZING THE EXECUTION OF ONE OR MORE PAYING AGENT/REGISTRAR AGREEMENTS AND NOTE PURCHASE AGREEMENTS; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE CITY PUBLIC SERVICE BOARD STAFF TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF OBLIGATIONS UNDER THIS PROGRAM; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING AN EFFECTIVE DATE**

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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, 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, the City Council of the City has heretofore issued, sold, and delivered, and there are currently outstanding, obligations under a revolving finance program known Flexible Rate Revolving Note Program (herein referred to as either the *Flex Note Program* or the *Inferior Lien 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, Junior Lien Obligations, and Commercial Paper Obligations; and

WHEREAS, the City at this time desires to establish, pursuant to the provisions of Chapters 1371 and 1502, as amended, Texas Government Code (collectively, the *Act*) and its home rule charter, a revolving finance program in addition to the Flex Note Program, to be known as the “City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Flexible Rate Revolving Note Private Placement Program” (the *Program*), under which notes may be issued from time to time as “Additional Inferior Lien Obligations”, secured by a lien on and pledge of Net Revenues of the Systems, which lien and pledge is on parity with the lien thereon and pledge thereof securing obligations issued from time to time under the Flex Note Program, for the purpose of providing the City with additional, emergency access to capital as necessary to improve, operate, and maintain the Systems; and

WHEREAS, under the Program, the City shall be permitted to issue, from time to time, notes (the *Program Notes*), the proceeds from which may be used for the purposes, shall have the characteristics, and shall be secured in the manner hereinafter described; and

WHEREAS, Program Notes shall be purchased, when issued, by a Program Note Purchaser (defined herein) pursuant to the terms of a Note Purchase Agreement (defined herein) then in effect; and

WHEREAS, the City intends to ultimately fund or refund Program Notes from time to time through the issuance of its revenue refunding bonds pursuant to the provisions of Chapter 1207, as amended, Texas Government Code, on a parity with or subordinate to the New Series Bonds and, therefore (and in accordance with Section 1371.057(c) of the Act), the City shall treat the Program Notes as having the intended term and payment schedule of such revenue refunding bonds; and

WHEREAS, the City Public Service Board of San Antonio, Texas, doing business as CPS Energy (*CPS Energy* or the *Board*) has, by resolution adopted on March 1, 2021, recommended that the Program be established by the City and Program Notes subsequently issued thereunder in accordance with the provisions of this Ordinance; 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, Junior Lien Obligations, Commercial Paper, and Inferior Lien Obligations, pursuant to the authority conferred by the laws of the State of Texas, including (particularly) the Act, and the City’s home rule charter, and at the request of the Board by resolution thereof, the City Council is now authorized and empowered, and deems it necessary and in the best interests of the citizens of the City, to proceed with the passage and adoption of this Ordinance authorizing (i) the establishment of the Program, pursuant to which Program Notes, bearing interest in the manner and having characteristics as described herein, may be issued, sold, and delivered, from time to time, in an aggregate principal amount at any time outstanding not to exceed \$500,000,000, (ii) the execution of the initial Note Purchase Agreement or Agreements, as well as the terms and conditions under which the City may enter into future Program Note Purchase Agreements with Program Note Purchasers, and (iii) certain powers and duties to be exercised and performed by the Board, acting through its President and Chief Executive Officer, Chief Financial Officer, or Treasurer of the Board (including execution of the initial Note Purchase Agreement); and

WHEREAS, the City is an incorporated city operating under a home rule charter adopted pursuant to Article XI, Section 5 of the Texas Constitution, has a population in excess of 50,000 according to the latest federal decennial census published by the U.S. Bureau of the Census, 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; and

WHEREAS, the proceeds of Program Notes shall be used only for the purposes of paying Project Costs of Eligible Projects (as each such term is herein defined);

WHEREAS, the City Council hereby finds and determines that the establishment of the Program and the authorization to issue Program Notes thereunder pursuant to, in accordance with, and subject to the limitation of the provisions of this Ordinance is in the best interests of the residents of the City; now, therefore,

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

#### 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” means Chapters 1371 and 1502, as amended, Texas Government Code.

“Additional Inferior Lien Obligations” means (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, the Junior Lien Obligations and any Additional Junior Lien Obligations hereafter issued by the City, and the Commercial Paper Notes, but on parity with the lien on and pledge of the Net Revenues that have been or will be granted as security for the Inferior Lien Obligations 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 an inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

“Additional Junior Lien Obligations” means (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.

“Additional Parity Bonds” means bonds or other obligations authorized to be issued under the provisions of the New Series Bond Ordinance, including refunding bonds, which are secured by a lien on and pledge of the Net Revenues of the Systems on a parity with the Previously Issued Parity Bonds.

“Agreement” or “Note Purchase Agreement” means a note purchase agreement approved and authorized to be entered into by Section 3.03, as from time to time in effect between the City and the Program Note Purchaser pursuant to which the Program Note Purchaser is obligated to purchase Program

Notes at the times, subject to the conditions, and bearing interest calculated in the manner specified therein, but in all respects consistent with the provisions of this Ordinance.

“Authorized Investments” means any investment permitted under Chapter 2256, as amended, Texas Government Code and which is in conformity with the Board’s Investment Policy, as each of the foregoing may be amended from time to time.

“Authorized Representative” means the President and Chief Executive Officer of the Board, the Chair or Vice Chair of the Board, the Secretary or Assistant Secretary of the Board, Chief Financial Officer of the Systems, any Treasurer or Assistant Treasurer of the Board, any party succeeding to substantially all or part of the responsibilities and duties of either of the foregoing regardless of title, 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.

“Available Revenues” means Inferior Net Revenues deposited into the Program Note Payment Fund pursuant to Section 2.09.

“Board of Trustees,” “Board,” and “City Public Service Board,” means the City Public Service Board of San Antonio, Texas, existing and functioning pursuant to the Bond Ordinance.

“Bond Counsel” means McCall, Parkhurst & Horton L.L.P., or any other firm of nationally recognized Bond Counsel selected by the Board.

“Bond Ordinance” means collectively the New Series Bond Ordinance and any ordinance authorizing Systems Revenue Priority Obligations.

“Business Day” means any day (a) when the principal banking building of the Paying Agent/Registrar is open for business in the City and (b) when banks are not authorized to be closed in New York, New York.

“Chapter 1371” means Chapter 1371, as amended, Texas Government Code.

“Chapter 1502” means Chapter 1502, as amended, Texas Government Code.

“City” means the City of San Antonio, Texas.

“City Council” means the governing body of the City.

“Commercial Paper” or “Commercial Paper Obligations” means 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:

(a) 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 \$700,000,000, including amounts owed under the Credit Agreement (as defined in the City ordinance authorizing the issuance of the Commercial Paper Obligations); and

(b) 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.

“Commitment Fee” means the amount payable from time to time by the City to the Program Note Purchaser under a Note Purchase Agreement as compensation to the Program Note Purchaser for its commitment to purchase Program Notes, the method of calculation and time for payment of which shall be specified in the subject Note Purchase Agreement.

“Eligible Project” means 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 and power acquisition and development and facilities for the transportation thereof, or to refinance or refund any principal and/or interest payment relating to any debt secured by the Net Revenues of the Systems 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.

“Fiscal Year” means the twelve-month operational period of the Systems commencing on February 1 of each year and ending on the following January 31.

“Government Securities” means (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 2021 Obligations.

“Holder” or “Program Noteholder” means the Registered Owner of any Program Note and/or any person, firm, association, or corporation who is in possession of any Program Note issued to the order of “bearer” or in blank.

“Inferior Lien Obligations” means any bonds, notes, warrants, certificates of obligation, or other similar debt currently outstanding or hereafter issued by the City, and amounts from time to time due and owing under a related note purchase agreement (including a Note Purchase Agreement) or credit or similar agreement relating thereto that is entered into under and pursuant to Chapter 1371, 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:

- (a) 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,

(b) the Program Notes and amounts due and owing under any Note Purchase Agreement,

(c) any obligations that are issued subject to the limitations in Section 1502.052, as amended, Texas Government Code, and

(d) 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.

“Inferior Net Revenues” means those Net Revenues that are available at the FIFTH level of priority as specified in Section 4.04, subject, inferior, and subordinate to the superior liens and pledges on Net Revenues securing the payment of Systems Revenue Priority Obligations and being limited to those Net Revenues that remain after satisfying all secured payment obligations related to Systems Revenue Priority Obligations.

“Initial Program Note Purchaser” means the counterparty to any Note Purchase Agreement that is valid and in effect as of the Program inception date (anticipated to occur on or about April 27, 2021).

“Junior Lien Obligations” means 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:

(a) “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;

(b) “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;

(c) “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;

(d) “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;

(e) “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;

(f) “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;

(g) “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;

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

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

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

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

(l) 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” means those expenses required by the 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.

“Maximum Interest Rate” means the lesser of (a) fifteen percent (15%) per annum, (b) 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 (c) 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” means April 1, 2031.

“Net Revenues” means 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.

“New Series Bond Ordinance” means collectively the ordinances authorizing the Previously Issued Parity Bonds.

“Outstanding” means as of the date of determination, all Parity Bonds theretofore issued and delivered except:

(a) those System Revenue Obligations theretofore canceled by the respective paying agents for such System Revenue Obligations or delivered to such paying agents for cancellation;

(b) those System Revenue Obligations for which payment has been duly provided by the City by the irrevocable deposit with the respective paying agents for such System Revenue Obligations 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 System Revenue Obligations are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the ordinance authorizing the issuance of such System Revenue Obligations or irrevocably provided to be given to the satisfaction of such paying agents, or waived;

(c) those System Revenue Obligations that have been mutilated, destroyed, lost, or stolen and for which replacement bonds have been registered and delivered in lieu thereof; and

(d) those System Revenue Obligations 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.

“Parity Bonds” or “New Series Bonds” means the Previously Issued Parity Bonds and any Additional Parity Bonds hereafter issued by the City.

“Previously Issued Parity Bonds” means 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:

(a) “City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2009C (Direct Subsidy-Build America Bonds)”, dated May 1, 2009 and originally issued in the principal amount of \$375,000,000;

(b) “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;

(c) “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;

(d) “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;

(e) “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;

(f) “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;



(g) “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;

(h) “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;

(i) “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;

(j) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2018A”, dated December 1, 2018 and originally issued in the principal amount of \$130,220,000;

(k) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2019”, dated September 1, 2019 and originally issued in the principal amount of \$114,685,000;

(l) “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2020”, dated January 1, 2020 and originally issued in the principal amount of \$134,580,000;

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

(n) 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.

“Prior Lien Bonds” shall have the meaning ascribed thereto in the ordinance of the City establishing the Commercial Paper program.

“Program” means the “City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Flexible Rate Revolving Note Private Placement Program” established pursuant to the provisions of this Ordinance.

“Program Note” means, collectively, the Tax-Exempt Program Notes and the Taxable Program Notes.

“Program Note Purchaser” means the Initial Program Note Purchaser and any party from time to time obligated to purchase Program Notes pursuant to the terms of a Note Purchase Agreement.

“Project Costs” means all costs and expenses incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Program Notes, including without limitation design, planning, engineering and legal costs, acquisition costs of land, interests in land, rights-of-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, and financing costs, including interest during construction, underwriter’s discount and/or fees, legal, financial, and other professional services.

“Rating Agency” means any nationally-recognized municipal bond rating agency then providing a rating on the Program Notes at the request of the City.

“Registered Owner” means the person or entity in whose name any Program Note is registered in the Registration Books (as defined in Section 2.02(c)).

“Systems” means 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; provided, however, the term Systems shall not mean or include facilities of any kind which are declared not to be a part of the Systems and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of *Special Facilities Bonds*, which are hereby defined as being special revenue obligations of the City which are not payable from Net Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Parity Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

“Systems Revenue Obligations” means 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 and the Program Notes.

“Systems Revenue Priority Obligations” means collectively the New Series Bonds, any Additional Parity Bonds, any Prior Lien Bonds, the Junior Lien Obligations, any Additional Junior Lien Obligations, and the Commercial Paper.

“Tax-Exempt Program Notes” means the notes authorized to be issued and at any time outstanding under the Program pursuant to this Ordinance the interest on which is excludable from gross income for federal income tax purposes.

“Taxable Program Notes” means the notes authorized to be issued and at any time outstanding under the Program pursuant to this Ordinance that are not obligations described in section 103(a) of the Code (as herein defined in Section 4.08) or are obligations which constitute “specified private activity bonds” within the meaning of section 141(b) of the Code.

Section 1.02 Instruction 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 PROGRAM 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, including particularly the Act, and the City’s home rule charter, and in accordance with this Ordinance, Program Notes, having the characteristics as herein specified, shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed FIVE HUNDRED MILLION DOLLARS (\$500,000,000) at any one time outstanding for the purpose of financing Project

Costs of Eligible Projects and to refinance, renew, or refund other Program Notes issued pursuant to the provisions hereof and other Systems Revenue Obligations which qualify as “obligations” under Chapter 1371. For purposes of this Section 2.01, any portion of outstanding Program Notes to be paid from money on deposit in the Program Note Payment Fund and/or from the available proceeds of other debt obligations of the City, including additional Program Notes and other Systems Revenue Obligations, issued for the purpose of refinancing, renewing, or refunding such outstanding Program Notes, on the day of calculation shall not be considered Outstanding. Notwithstanding any provision hereof to the contrary, no Program Notes shall be issued unless there exists and is then in effect one or more Note Purchase Agreements, and then, Program Notes shall never be issued in a principal amount that exceeds the amount that the Program Note Purchaser(s) are obligated to purchase under such Note Purchase Agreement(s).

Section 2.02 Terms Applicable to Program Notes.

(a) *Dated Date; Maturity Date; Authorized Denominations.* Program Notes herein authorized shall (i) be dated as of their date of issuance or prior thereto, but within 30 days of the date of issuance (the *Program Note Date*) and (ii) mature on a date specified by an Authorized Representative on the date that the Project Note is issued, which maturity date shall not be later than (A) the date that is the first anniversary of the date on which the City receives payment from the Program Note Purchaser for the subject Program Note and (B) the Maximum Maturity Date. Program Notes shall be issued in denominations of \$100,000 or any integral of \$1,000 in excess thereof and shall be numbered in ascending consecutive numerical order in the order of their issuance.

(b) *Determination of Federal Tax Treatment; Style; Calculation and Payment of Interest.* Program Notes shall be issued as either (i) Tax-Exempt Program Notes, to be designated “City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Flexible Rate Revolving Notes, Series B (Tax Exempt)” or (ii) Taxable Program Notes, to be designated “City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Flexible Rate Revolving Notes, Series B (Taxable)”. Program Notes shall bear interest at such rate or rates (either fixed, variable, or floating) per annum computed on the basis of actual days elapsed based upon either (i) a 360-day year of twelve 30-day months or (ii) a 365-day or 366-day year; provided, however, that in no event shall the interest rate on any Program Note exceed the Maximum Interest Rate in effect on the date of issuance thereof Program Notes issued without a fixed numerical rate of interest for the term thereof specified at their time of issuance shall bear interest in accordance with any clearly stated formula or method of calculation specified in the applicable Note Purchase Agreement. In the event of more than one purchaser because of the simultaneous effectiveness of more than one Note Purchase Agreement, Program Notes may be further designated by subseries and numbered sequentially to reflect the number of Note purchase Agreements at such time effective.

Interest on Program Notes shall be payable at maturity (in conjunction with payment of principal) and at such intervals prior to maturity as specified, if at all, in a Note Purchase Agreement. The manner of payment of interest on Program Notes shall be as specified in a Note Purchase Agreement.

(c) *Redemption.* Program Notes issued hereunder shall be subject to redemption prior to stated maturity, it at all, pursuant to the provisions of the applicable Note Purchase Agreement.

(d) *Program Notes in Registered Form; Paying Agent/Registrar; Payment.* The Program Notes shall be issued in registered form, without coupons, in the name of the Registered Owner thereof or to bearer. Program Notes shall initially be registered in the name of the Program Note Purchaser. Both principal of and interest on each Program Note shall be payable in lawful

money of the United States of America, without exchange or collection charges to the Holder. The principal of any Program Note is payable upon presentation and surrender thereof at the corporate office of the Paying Agent/Registrar; interest on Program Notes shall be paid as described in Subsection (a) above. If the date for the payment of the principal of or interest on any Program Note shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust office of 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. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Program Note was due.

As a condition to entering into a Note Purchase Agreement, the Program Note Purchaser shall serve as the Paying Agent/Registrar for the Program Notes. The City, acting through the Board, covenants and agrees to keep and maintain at the corporate office of the Paying Agent/Registrar books and records (the *Registration Books*) for the registration, payment, transfer, and exchange of the Program Notes, all as provided herein and under such reasonable rules and regulations as the Paying Agent/Registrar may prescribe. The City, acting through the Board, covenants to maintain and provide a Paying Agent/Registrar at all times while the Program Notes are outstanding, which shall be a banking institution authorized under applicable laws to exercise trust powers. Should a change in the Paying Agent/Registrar for the Program Notes occur, the Board shall promptly cause a written notice thereof to be sent to each Registered Owner of Program Notes then Outstanding by United States Mail, first class, postage prepaid. Such notice shall give the address of the successor Paying Agent/Registrar. A successor Paying Agent/Registrar may be appointed without the consent of the Holders.

The City and the Paying Agent/Registrar may treat the bearer (in the case of Program Notes so registered) or the Registered Owner as the absolute owner of any Program Note for the purpose of receiving payment thereof and for all purposes, and, to the extent permitted by law, the City and the Paying Agent/Registrar shall not be affected by any notice or knowledge to the contrary.

The Program 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.

Section 2.03 Form of Program Notes.

The Program Notes, the Certificate of Authentication, and the Certificate of Assignment to appear on each of the Program 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 Program Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Program Notes.

Form of Tax-Exempt Program Note Style

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF SAN ANTONIO, TEXAS  
ELECTRIC AND GAS SYSTEMS  
2021 INFERIOR LIEN FLEXIBLE RATE REVOLVING NOTE,  
[SUB-]SERIES B[-\_\_] (TAX-EXEMPT)

Form of Taxable Program Note Style

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF SAN ANTONIO, TEXAS  
ELECTRIC AND GAS SYSTEMS  
2021 INFERIOR LIEN FLEXIBLE RATE REVOLVING NOTE,  
[SUB-]SERIES B[-\_\_] (TAXABLE)

Form of Heading and Frist Paragraph for Fixed Rate Program Note.

Program Note No. \_\_\_\_\_  
Principal Amount: \$ \_\_\_\_\_  
Interest to Maturity: \$ \_\_\_\_\_  
Interest Rate: \_\_\_\_%

Program Note Date: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Number of Days: \_\_\_\_\_

The City of San Antonio (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 [, and at \_\_\_\_\_] from the above specified Program Note Date or from the most recent date to which interest has been paid or duly provided for to said Maturity Date at the per annum Interest Rate shown above (computed on the basis of [the number of days elapsed and a 360-day year of twelve 30-day months/actual days elapsed and a 365-day or 366-day year]); both principal and interest on this Program Note being payable in lawful money of the United States of America at the designated office of the Paying Agent/Registrar 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.

Form of Heading and First Paragraph for Variable Rate Program Note.

<u>Note Number</u>	<u>Note Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
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The City of San Antonio (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 [, and \_\_\_\_\_] from the above specified Program Note Date [or from the most recent date to which interest has been paid or duly provided for to said Maturity Date] at the rate per annum (computed on the basis of actual days elapsed and a [360 day year of twelve 30-day months/365-day or 366-day year, as applicable]) equal to [insert formula or method of calculation for determining variable or floating interest rate]. Both principal and interest on this Program Note being payable in lawful money of the United States of America at the designated office of the Paying Agent/Registrar 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.

Form of Remainder of all Program Notes.

This Program Note is one of a series of notes authorized under the "City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Flexible Rate Revolving Note Private Placement Program"

(the *Program*), pursuant to which the City may issue additional notes, bearing interest at fixed, variable, or floating rates (and which interest may or may not, dependent upon form, be excludable from gross income for federal tax purposes), in an aggregate principal amount at any one time outstanding not to exceed FIVE HUNDRED MILLION DOLLARS (\$500,000,000) (such notes, the *Program Notes*). The Program, as well as the issuance of Program Notes thereunder, has been duly authorized in accordance with the provisions of an ordinance (the *Ordinance*) passed by the City Council of the City 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 (collectively, the *Act*), and the City's home rule charter.

This Program Note is payable from and equally and ratably secured by a lien on and pledge of (a) the proceeds of the sale of other Program Notes issued for the purpose of refinancing, renewing, or redeeming this Program Note, (b) the proceeds of the sale of a series or issue of bonds or other obligations to be issued by the City subsequent to the Program Note Date hereof for the purpose of refinancing, renewing, or redeeming this Program Note, and (c) the Net Revenues of the Systems, such pledge of Net Revenues, however, being inferior and subordinate to the pledge thereof securing the payment of Systems Revenue Priority Obligations (such lien being at the FIFTH level of priority as specified in Section 4.04 of the Ordinance).

This Program Note, together with other Program Notes and other outstanding Inferior Lien Obligations, is payable solely from the sources hereinabove identified securing the payment thereof. The Program Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or the Systems 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.

In the Ordinance, the City reserves the right and permits the issuance of Systems Revenue Priority Obligations while this Program Note is outstanding, as well as the issuance of additional Program Notes, obligations under the Flex Note Program, and Additional Inferior Lien Obligations, 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, copies 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 Program Note hereby assents, including, but not limited to, provisions relating to definitions of terms, the description of and the nature of the security for this Program Note, the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders of this Program Note, and the right to issue obligations payable from and secured by Net Revenues.

[INSERT APPLICABLE REDEMPTION PROVISIONS BASED ON TERMS OF APPLICABLE NOTE PURCHASE AGREEMENT]

[INSERT ADDITIONAL PROVISIONS, IF ANY, DEEMED NECESSARY BY THE AUTHORIZED REPRESENTATIVE BASED ON FINAL TERMS OF APPLICABLE NOTE PURCHASE AGREEMENT, AS DETERMINED WITHIN THE LIMITATIONS SPECIFIED IN SECTION 2.13 OF THE ORDINANCE.]

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 Program 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 Program Note, together with all other Program Notes, is not in excess of the principal amount of Program Notes permitted to be issued under the Ordinance.

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

This Program Note may be registered to bearer or to any designated payee. Title to any Program Note registered to bearer shall pass by delivery. If not registered to bearer, this Program Note may be transferred only on the books of the City maintained at the designated office of the Paying Agent/Registrar. Upon surrender hereof at the designated office of the Paying Agent/Registrar, this Program Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Program 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 Program Note.

This Program Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Program Note shall have been authenticated by the execution by the Paying Agent/Registrar 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 Program Note to be executed on its behalf by the manual or facsimile signatures of its Mayor and City Clerk, as well as an Authorized Representative, and its official seal impressed or a facsimile thereof to be printed hereon.

CITY OF SAN ANTONIO, TEXAS

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Authorized Representative

ATTEST

\_\_\_\_\_  
City Clerk

(SEAL)

Form of Paying Agent/Registrar's Certificate of Authentication.

CERTIFICATE OF AUTHENTICATION

This Program Note is one of the Program Notes delivered pursuant to the within-mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,  
Houston, Texas, as Paying Agent/Registrar

\_\_\_\_\_  
Authorized Signatory

Form of Paying Agent/Registrar's Certificate of Assignment.

CERTIFICATE OF 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 the assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

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

[END OF FORMS]

Section 2.04 Execution - Authentication.

The Program Notes shall be executed on behalf of the City by the Mayor and an Authorized Representative under its seal reproduced or impressed thereon and attested by the City Clerk or Assistant City Clerk. The signature of said officers on the Program Notes may be manual or facsimile. Program 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 Program Notes authorized to be issued hereunder and with respect to Program 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 Program 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 Program Note a certificate of authentication substantially in the form provided in Section 2.03 hereof, executed by the Paying Agent/Registrar by manual signature, and such certificate upon any Program Note shall be conclusive evidence, and the only evidence, that such Program Note has been duly certified or registered and delivered.

Section 2.05 Program Notes Mutilated, Lost, Destroyed, or Stolen.

If any Program Note shall become mutilated, the City, at the expense of the Holder of said Program Note, shall execute and deliver a new Program Note of like tenor and number in exchange and substitution for the Program Note so mutilated, but only upon surrender to the City of the Program Note so mutilated. If any Program 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 Program Note of like tenor in lieu of and in substitution for the Program Note so lost, destroyed, or stolen. Neither the City nor the Paying Agent/Registrar shall be required to treat both the original Program Note and any duplicate Program Note as being Outstanding for the purpose of determining the principal amount of Program Notes which may be issued hereunder, but both the original and the duplicate Program Note shall be treated as one and the same.

Section 2.06 Negotiability, Registration, and Exchangeability.

The Program Notes 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 Program Notes, 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 Paying Agent/Registrar shall obtain, record, and maintain in the Registration Books the name and address of each Registered Owner of the Program Notes, except for Program Notes registered to bearer, issued under and pursuant to the provisions of this Ordinance. Any Program Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Program 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 Program Note to the Paying Agent/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 Paying Agent/Registrar.

Upon surrender for transfer of any Program Note at the designated 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 Program 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 (or calculated in the same manner, as applicable), and of a like aggregate principal amount as the Program Note or Program Notes surrendered for transfer.

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

The City and the Paying Agent/Registrar may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Paying Agent/Registrar or the City may also require payment from the Holder of any Program 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 Program Note shall be delivered.

New Program Notes delivered upon any transfer or exchange shall be valid special obligations of the City, evidencing the same debt as the Program 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 Program Notes surrendered.

The City reserves the right to change the above registration and transferability provisions of the Program 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 2.07 Program Note Payment Fund.

There is hereby created and established with the Paying Agent/Registrar a separate and special fund to be designated as the "City of San Antonio, Texas Electric and Gas Systems 2021 Inferior Lien Flexible

Rate Revolving Note Program Payment Fund” (the *Program Note Payment Fund*). Within the Program Note Payment Fund there shall be created two accounts, known as the “Tax-Exempt Program Note Payment Account” and the “Taxable Program Note Payment Account”, respectively.

(a) *Tax-Exempt Program Note Payment Account.* Money on deposit in the Tax-Exempt Program Note Payment Account shall be used to pay principal of and interest on Tax-Exempt Program Notes at the respective interest payment, maturity, or redemption dates of each issue of such Tax-Exempt Program Notes as provided herein. Amounts remaining in the Tax-Exempt Program Note Payment Fund not then necessary for the purposes for which such funds were originally held in such account may be transferred to the Tax-Exempt Program Note Construction Account (created pursuant to Section 2.08 hereof) or the General Account upon request of an Authorized Representative.

Pending the expenditure of money in the Tax-Exempt Program Note Payment Account for authorized purposes, money deposited therein may be invested at the direction of an Authorized Representative in Authorized Investments. Any income received from investments in the Tax-Exempt Program Note Payment Account shall be retained in such account.

(b) *Taxable Program Note Payment Account.* Money on deposit in the Taxable Program Note Payment Account shall be used to pay principal of and interest on Taxable Program Notes at the respective interest payment, maturity, or redemption dates of each issue of such Taxable Program Notes as provided herein. Amounts remaining in the Taxable Program Note Payment Fund not then necessary for the purposes for which such funds were originally held in such account may be transferred to the Taxable Program Note Construction Account (created pursuant to Section 2.08 hereof) or the General Account upon request of an Authorized Representative.

Pending the expenditure of money in the Taxable Program Note Payment Account for authorized purposes, money deposited therein may be invested at the direction of an Authorized Representative in Authorized Investments. Any income received from investments in the Taxable Program Note Payment Account shall be retained in such account.

Section 2.08 Note Construction Fund.

There is hereby created and established a separate account hereby designated as the “City of San Antonio, Texas Electric and Gas Systems Program Note Construction Fund” (the “Program Note Construction Fund”). Within the Program Note Construction Fund there shall be created two accounts, known as the “Tax-Exempt Program Note Construction Account” and the “Taxable Program Note Construction Account”, respectively.

(a) *Tax-Exempt Program Note Construction Account.* Proceeds derived from the sale of Tax-Exempt Program Notes shall be deposited to the credit of the Tax-Exempt Program Note Construction Account. Money deposited in the Tax-Exempt Program 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 Tax-Exempt Program Notes are deposited in the Tax-Exempt Program 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 Tax-Exempt Program Notes, the City will

utilize the proceeds of such Tax-Exempt Program Notes (and other available funds of the City, if any) in an amount sufficient, without investment or reinvestment, to provide for the payment on the redemption date of any such Systems Revenue Obligations, to provide firm banking and financial arrangements for such payment in the manner provided 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 and redeemed in the manner specified in the ordinance or resolution authorizing their issuance.

Any money remaining in the Tax-Exempt Program 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 Tax-Exempt Program Note Payment Account.

(b) Taxable Program Note Construction Account. Proceeds derived from the sale of Taxable Program Notes shall be deposited to the credit of the Taxable Program Note Construction Account. Money deposited in the Taxable Program 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 Taxable Program Notes are deposited in the Taxable Program 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 Taxable Program Notes, the City will utilize the proceeds of such Taxable Program Notes (and other available funds of the City, if any) in an amount sufficient, without investment or reinvestment, to provide for the payment on the redemption date of any such Systems Revenue Obligations, to provide firm banking and financial arrangements for such payment in the manner provided 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 and redeemed in the manner specified in the ordinance or resolution authorizing their issuance.

Any money remaining in the Taxable Program 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 Taxable Program Note Payment Account.

Section 2.09 Security Pledge; Payments.

(a) The Program Notes and obligations arising under a related Note Purchase Agreement are special obligations of the City payable from and secured solely by the sources specified in this Ordinance. From Inferior Net Revenues, the City agrees to make payments into the Program Note Payment Fund, for further deposit into the appropriate account therein, 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 Program Notes and any additional amounts due owing under an applicable Note Purchase Agreement and when due, whether by reason of maturity, redemption, or otherwise. Unless paid from Available Revenues, such payments are to be made from the proceeds of other Program Notes or System Revenue Obligations issued for the purposes of refinancing, redeeming, or refunding then-outstanding Program Notes.

The Program Notes are issued as Additional Inferior Lien Obligations. To provide security for the payment of the principal of and interest on the Program Notes and amounts due and owing under a related Note Purchase Agreement, as the same shall become due and payable, , there is

hereby pledged and a lien placed on (i) the proceeds from the sale of the System Revenue Obligations and other Program Notes issued for the purpose of refinancing, redeeming, or refunding then-outstanding Program Notes and (ii) the Net Revenues of the Systems, the foregoing (however) subject to the provisions of this Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth herein (including specifically (but not limited to) the priority of liens on Net Revenues applicable to Inferior Lien Obligations specified in Section 4.04 hereof). It is hereby resolved and declared the principal of and interest on the Program Notes and amounts due and owing under a related Note Purchase Agreement 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) and (ii), subject and subordinate only to the exceptions noted above. Neither the Program Notes nor any amounts due and owing under a related Note Purchase Agreement is secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the Systems.

The inferior lien on and pledge of Net Revenues that secures the Program Notes and amounts due and owing under a related Note Purchase Agreement shall be on parity with the lien thereon and pledge thereof that secures, in whole or in part, the repayment of any other Inferior Lien Obligations now or hereafter outstanding or Additional Inferior Lien Obligations hereafter issued. Any City ordinance pursuant to which Inferior Lien Obligations have been or may be issued is hereby amended (subject to receipt of requisite consent of any holder of outstanding Inferior Lien Obligations) so that the inferior lien on and pledge of Net Revenues (or any portion thereof) therein granted shall be the same as the inferior lien on and pledge of Net Revenues herein granted to secure Inferior Lien Obligations. An inferior lien on and pledge of Net Revenues on parity and of equal scope and dignity as the lien thereon and pledge thereof herein granted to secure Inferior Lien Obligations shall represent a condition precedent to the issuance of any Additional Inferior Lien Obligations.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Program Notes and the pledge of Net Revenues granted by the City herein, and such pledge is, therefore, valid, effective, and perfected. If Texas law is amended at anytime while the Program Notes 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, as amended, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Program Notes 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, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

#### Section 2.10 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 Program 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 Program Notes represent obligations which are inferior and 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 Systems Revenue Priority Obligations, any amounts owed under credit agreements entered into pursuant to the Act which relate to any such Systems Revenue Priority Obligations, and the reserves established to secure the payment of such Systems Revenue Priority Obligations. The Available Revenues shall be deposited into the Program Note Payment Fund, for further deposit into the appropriate account therein, from time to time in amounts necessary to pay the principal of and/or interest on the Program Notes to the extent not paid from the proceeds of other Program Notes or System Revenue Obligations issued for such purpose.

Section 2.11 Cancellation.

All Program Notes surrendered at maturity to the Paying Agent/Registrar 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 Program Notes, be cancelled by the Paying Agent/Registrar and forthwith transmitted to the Board, and the Board, shall thereafter have the custody and responsibility for destruction.

Section 2.12 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 administration of the Program and the Program Notes.

Section 2.13 Delegation of Authority to Authorized Representatives.

As authorized by Chapter 1371, each Authorized Representative is hereby appointed and designated as an officer of the City, authorized to act on behalf of the City, from time to time, in connection with negotiating and entering into from time to time Note Purchase Agreements, selling and delivering from time to time Program Notes, and carrying out the duties and procedures specified in this Ordinance, including approval (subject only to the limitations specified within this Ordinance) of the following terms and provisions for each issue of Program Notes:

- (a) the principal amount of each Program Note;
- (b) the Program Note Date;
- (c) the rate of interest or the method of calculating the interest to be borne on the principal amount of each Program Note;
- (d) the maturity date of each Program Note;
- (e) the date, dates, or intervals on which interest on each Program Note shall be paid;
- (f) whether the subject Program Notes shall be issued as Tax-Exempt Program Notes or Taxable Program Notes;
- (g) the costs to be incurred under a Note Purchase Agreement (including any Commitment Fees) and the method of calculation and timing for payment of any of the foregoing; and
- (h) such other matters as herein delegated to an Authorized Representative for final determination.

These characteristics, as finally determined by the Authorized Representative consistent with the provisions of this Ordinance shall be evidenced in a Note Purchase Agreement and (to the extent applicable) in each definitive Program Note.

### ARTICLE III. ISSUANCE AND SALE OF PROGRAM NOTES

#### Section 3.01 General.

The Program Notes shall be completed and delivered by the Paying Agent/Registrar in accordance with telephonic, computer, or written instructions of any Authorized Representative and in the manner specified in the Paying Agent/Registrar 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 interest, whether the Program Note is a Tax-Exempt Program Note or a Taxable Program Note, 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 Program Notes. Such instructions shall include the purchase price of the Program Notes (which shall equal the principal amount of the Program Notes sold, without original issue premium or discount, and without accrued interest), and a request that the Paying Agent/Registrar authenticate such Program Notes by counter signature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment. Such instructions shall also specify the amounts of the proceeds of such issue of Program Notes which are to be deposited to the Program Note Payment Fund and/or to the Program Note Construction Fund. Such instructions shall also contain provisions representing that all action on the part of the City necessary for the valid issuance of the Program Notes then to be issued, has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Program Notes, with provision for original issue discount and interest exemption from federal income taxation with respect to the Tax-Exempt Program Notes, have been complied with, and that such Program 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 Bond Counsel, the earned original issue discount on the Tax-Exempt Program Notes or stated interest on the Tax-Exempt Program 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: no Event of Default under Section 5.01 of this Ordinance has occurred and is continuing as of the date of such Certificate; other than Section 4.08 with respect to Taxable Program Notes, the City is in compliance with the covenants set forth in Article IV hereof as of the date of such instructions; and the sum of the interest payable on such Program Note and any discount established for such Program Note will not exceed a yield (calculated on the principal amount of the Program Note in the applicable manner specified herein) to the maturity date of such Program Note in excess of the Maximum Interest Rate in effect on the date of issuance of such Program Note.

#### Section 3.02 Proceeds of Sale of Program Notes.

(a) The proceeds of the sale of any Program 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:

(1) Proceeds to be used for the payment and redemption of the outstanding Program Notes at or before maturity shall be deposited into the Program Note Payment Fund, for further deposit to the appropriate account therein, and expended therefor; provided, however, that no Tax-Exempt Program Note proceeds shall be used for the payment and redemption of outstanding Taxable Program Notes unless the deposit of Tax-

Exempt Program Note proceeds to be used for such purpose shall be accompanied by an opinion of Bond Counsel stating that such use of Tax-Exempt Program Note proceeds shall not affect the excludability of the interest on such Tax-Exempt Program Notes from the gross income of the holders thereof, pursuant to section 103 of the Code, for federal income tax purposes.

(2) Proceeds not deposited into the Program Note Payment Fund as provided in subparagraph (a) above shall be deposited to the Program Note Construction Fund, for further deposit to the appropriate account therein, and used and applied in accordance with the provisions of Section 2.08 hereof to pay Project Costs for Eligible Projects, Maintenance and Operating Expenses, or to otherwise accomplish the purposes permitted by this Ordinance.

(b) Pending expenditure for the foregoing purposes, proceeds from the sale of Program Notes may be invested in Authorized Investments. Earnings and profits from the investment of money in the Program Note Construction Fund shall be held therein.

(c) Maturing Program Notes may be replaced with replacement Program Notes, which replacement Program Notes shall have the characteristics determined by an Authorized Representative and the Program Note Purchaser pursuant to the terms of the then-effective and applicable Note Purchase Agreement, but at all times subject to the limitations on the issuance of Program Notes specified in this Ordinance; provided, however, that no Tax-Exempt Program Note shall replace maturing Taxable Program Notes unless the delivery of such replacement Tax-Exempt Program Note shall be accompanied at their time of delivery by an opinion of Bond Counsel stating that replacement shall not affect the excludability of the interest on such Tax- Exempt Program Notes from the gross income of the Holders thereof, pursuant to section 103 of the Code, for federal income tax purposes.

### Section 3.03 Note Purchase Agreement.

The Note Purchase Agreement, substantially in the form attached hereto as Exhibit A, has been approved, has been entered into with the Initial Program Note Purchaser, and is hereby confirmed. Each Authorized Representative is hereby authorized and directed to execute and deliver the Note Purchase Agreement on the City's behalf. The payment of the costs arising under a Note Purchase Agreement, including the initial Note Purchase Agreement (as specified in the applicable Note Purchase Agreement pursuant to mutual agreement between the Program Note Purchaser and the Authorized Representative), and the other costs, expenses, and taxes described in the Note Purchase Agreement is hereby authorized from funds lawfully available to the Board for the payment thereof and secured by the liens and pledges herein granted under Section 2.09.

Each Authorized Representative is hereby authorized to enter into any Note Purchase Agreement or amendment to a Note Purchase Agreement with any Program Note Purchaser supplemental to, in replacement of, or that amends a Note Purchase Agreement between the City and any Program Note Purchaser, which replacement or supplemental Note Purchase Agreement shall have the terms and provisions, consistent with this Ordinance, and entered into with a Program Note Purchaser, as an Authorized Representative may deem appropriate. To the extent that terms of subsequent Note Purchase Agreements differ in comparison to the initial Note Purchase Agreement, the effectiveness of such subsequent Note Purchase Agreement shall be subject to the provisions of Chapter 1371 generally applicable to credit agreements thereunder, including specified prerequisites such as approval by the Texas Attorney General



Notwithstanding any provision herein to the contrary, the aggregate amount of the commitments of Program Note Purchasers to purchase Program Notes under all Note Purchase Agreements at any time in effect shall never exceed the maximum principal amount of Program Notes authorized at any one time to be outstanding under the Program.

Section 3.04 Paying Agent/Registrar Agreement.

The City Council 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 Program Notes. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit B and is incorporated herein by reference as fully as if recopied in its entirety in this Ordinance. Each Authorized Representative is hereby authorized and directed to execute the Paying Agent/Registrar Agreement on behalf of the City. The Board is hereby authorized to enter into any supplemental agreements with the Paying Agent/Registrar or with any successor Paying Agent/Registrar.

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 \$500,000,000 in principal amount of Program Notes. For purposes of this Section 4.01 any portion of Outstanding Program Notes to be paid on the day of calculation from money on deposit in the Program Note Payment Fund and/or the proceeds of other Program Notes or System Revenue Obligations issued for the purpose of refinancing, redeeming, or refunding then-outstanding Program Notes shall not be considered Outstanding.

Section 4.02 Rates and Charges.

The City hereby agrees and reaffirms its covenants to the Holders of the Systems Revenue Priority Obligations and covenants to the Holders of the Program 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).
- (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 Systems Revenue Priority Obligations.
- (c) To the extent the same are reasonably anticipated to be paid with Available Revenues or the lien on and pledge of Net Revenues granted under this Ordinance as the interest on and principal of all Program Notes as security for the Program Notes is modified pursuant to the provisions of a Note Purchase Agreement, and when the same shall become due.
- (d) Any legal 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, hereby reaffirms its covenant to Holders of the Systems Revenue Priority Obligations and hereby covenants with respect to the Holders of the Program 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 accounted for in the manner required in the ordinances of the City authorizing the currently outstanding Systems Revenue Obligations and 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 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 Program 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, 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 Commercial Paper and the amounts due and owing under the credit agreement relating thereto entered into in accordance with the Act.

FIFTH: To the payment and security of the Inferior Lien Obligations, including the Program Notes, and to any Additional Inferior Lien Obligations hereinafter issued which are inferior in lien to the other Systems Revenue Priority 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 of San Antonio, 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 Obligations for Payment of Program Notes.

The City in good faith shall endeavor to sell a sufficient principal amount of Program Notes and System Revenue Obligations in order to have funds available, together with other money available therefor,

to pay the then-outstanding Program Notes and the interest thereon, or any renewals thereof, as the same shall become due.

Section 4.06 Punctual Payment.

The City will punctually pay or cause to be paid the principal of and interest, if any, on the Program Notes (but only from the funds pledged herein and Available Revenues), in conformity with the Program Notes, this Ordinance, and the Note Purchase Agreement.

Section 4.07 Tax-Exempt Program Notes to Remain Tax-Exempt.

The City covenants that it will execute and deliver to the Paying Agent/Registrar a certificate concerning tax-exemption in the form prescribed by Tax-Exempt Program Notes Counsel in connection with the first issuance of Tax-Exempt Program Notes, and that in connection with each subsequent issuance of Tax-Exempt Program Notes, it will execute and deliver to the Paying Agent/Registrar in the form described in Section 3.01 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 Program Notes in any manner inconsistent with its reasonable expectations as certified in the aforementioned certificate concerning tax-exemption to be executed from time to time with respect to the Tax-Exempt Program Notes; provided, however, that the City may expend Tax-Exempt Program Note proceeds in any manner if the City first obtains an unqualified opinion of Tax-Exempt Program Notes Counsel that such expenditure will not impair the exemption from federal income taxes of interest paid on the Tax-Exempt Program Notes.

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

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

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

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Tax-Exempt Program Notes (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans

to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

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

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

(6) to refrain from using any portion of the proceeds of the Tax-Exempt Program 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 produces a materially higher yield over the term of the Tax-Exempt Program Notes, other than investment property acquired with –

(A) proceeds of the Tax-Exempt Program Notes invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

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

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

(7) to otherwise restrict the use of the proceeds of the Tax-Exempt Program Notes or amounts treated as proceeds of the Tax-Exempt Program Notes, as may be necessary, so that the Tax-Exempt Program Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

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

(c) *Proceeds.* The City understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Tax-Exempt Program Notes, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Program 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 Program Notes, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Program Notes under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs any Authorized Representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Tax-Exempt Program Notes.

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

(e) *Disposition of Project.* The City covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Tax-Exempt Program Notes. For purpose of the foregoing, the City may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Tax-Exempt Program 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 that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 4.08 Taxable Notes.

(a) The provisions of Section 4.07 notwithstanding, the Board has reserved the ability to issue Taxable Program Notes in the form set forth in Section 2.03.(b) It is the intention of the Board that the interest on the Taxable Program Notes not be excludable from gross income for federal income tax purposes under section 103 of the Code. Accordingly, the Board covenants not to file any information return that would result in the interest on Taxable Program Notes being excludable from gross income under such section of the Code.

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

(c) The Board covenants and agrees to cause the Paying Agent/Registrar to obtain or cause to be obtained from the holder of each of the Taxable Program 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 Program Notes or to withhold the portion of the payment required to be withheld under the Code.

Section 4.09 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 Program Notes are issued on its books and records in accordance with the regulations under section 148 of the Code.

Section 4.10 Disposition of Project.

The City covenants that the property financed with the Tax-Exempt Program 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 Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Tax-Exempt Program 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 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 4.11 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, which would materially adversely affect the ability of the City to make payments on the Program Notes when due.

Section 4.12 Opinion of Bond Counsel.

The City shall cause the legal opinion of Bond Counsel as to the validity of the Program Notes, and as to the exclusion of interest on the Tax-Exempt Program Notes from the gross income of the Program Noteholders for purposes of federal income taxation, to be furnished to any Holder of a Program Note,

without cost; provided, however, that the legal opinion addressing the exclusion of interest on Tax-Exempt Program Notes need only be furnished to a Holder of Tax-Exempt Program Notes.

Section 4.13 Compliance with Bond Ordinances 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 Program Notes when due.

Section 4.14 Reservation of Right to Issue Additional Obligations.

The City hereby expressly reserves the right to hereafter issue additional Systems Revenue Priority Obligations in accordance with the provisions of the Bond Ordinance, payable from and secured by a lien on and pledge of the Net Revenues of the Systems senior and superior in right and claim to the lien on and pledge of the Net Revenues securing the payment of the Program Notes. Additionally, the City expressly reserves the right to hereafter issue Additional Inferior Lien Obligations when and as the City Council shall determine, subject to satisfaction of any conditions precedent to such issuance as specified in any Note Purchase Agreement.

ARTICLE V. EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

Section 5.01 Events of Default.

The occurrence and continuation of any of the following shall constitute an *Event of Default*: (i) if default shall be made in the due and punctual payment of any installment of principal of any Program Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise; (ii) if the City shall fail to make due and punctual payment of any installment of interest on any Program Note when and as such interest installment shall become due and payable; (iii) 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 Program Notes contained, and such default shall continue for a period of 30 days after written notice thereof to the City--by the Holders of not less than 10% in principal amounts of the Program Notes then outstanding; (iv) 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; (v) 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 Program Note at the time outstanding may, by notice to the City; or such other event constituting an Event of Default as may be specified in a Note Purchase Agreement.

Section 5.02 Suits at Law or in Equity and Mandamus; Limitation on Available Remedy of Acceleration.

In case one or more Events of Default shall occur, then and in every such case the Holder of any Program Note at the time outstanding 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 Program Notes by this Ordinance or the Program Notes or by law. In addition, the remedy of acceleration upon the occurrence and continuation of an Event of Default may be provided for in a Note Purchase Agreement. The provisions of this Ordinance shall be a contract with each and every Holder of Program Notes and the duties of the City shall be enforceable by any Holder 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 Program Notes 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 Program Notes.

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 Program Notes may be modified or amended at any time by a supplemental ordinance, without notice to or the consent of any Program Noteholders, but only to the extent permitted by law, and, subject to the rights of the Holders of the Program Notes, only for any one or more of the following purposes: 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 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 Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Ordinance; or to provide additional security for the Program Notes, provide credit facilities, or change the form of the Program 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 Program Notes; 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 Board, materially adversely affect the interests of the Holders; or to make any changes or amendments with respect to Program Notes in a particular form if there are no Program 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 Program Notes so as to:

- (1) Make any change in the maturity of any of the Outstanding Program Notes;
- (2) Reduce the rate of interest borne by or the method of calculating interest on any of the Outstanding Program Notes;
- (3) Reduce the amount of the principal payable on any of the Outstanding Program Notes;



(4) Modify the terms of payment of principal of or interest on the Outstanding Program Notes, or impose any conditions with respect to such payment; or

(5) Affect the rights of the Holders of less than all of the Outstanding Program Notes, or reduce or restrict the pledge made herein and in a Note Purchase Agreement, and as evidenced in each Program Note, for payment of the Program Notes.

Provided, 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 Bond Counsel, such approval is required by applicable law and, to the extent required by a Note Purchase Agreement, without the consent of the Program Note Purchaser.

(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 any Rating Agency or obtaining approval of this Ordinance by the Attorney General of the State of Texas; provided, however, that such changes, in the opinion of Bond Counsel, shall not materially effect the security for the Program 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 and to execute and deliver any and all documents which they may deem necessary or advisable in order to establish the Program, consummate the issuance, sale and delivery of the Program Notes, and otherwise to effectuate the purposes of this Ordinance, any Note Purchase Agreement, and the Paying Agent/Registrar Agreement.

#### Section 6.03 Ordinance to Constitute a Contract; Equal Security.

In consideration of the acceptance of the Program 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 Program 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 Program Notes, without preference, priority or distinction as to security or otherwise of any of the Program 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 a Note Purchase 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 Program Notes issued hereunder.

Section 6.05 Payment and Performance on Business Days.

Whenever under the terms of this Ordinance or the Program Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Program 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 Program 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 Program 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 Program Notes shall be paid, or if at or prior to the date said Program Notes have become due and payable, sufficient money or Government Securities the principal of and interest on which will provide sufficient money for such payment, shall be held by the Paying Agent/Registrar and provision shall also be made for paying all other sums payable hereunder by the City with respect to said Program Notes, the rights, title, and interest of the Holders of the Program Notes in the Net Revenues and the funds and accounts pledged as additional security for the Program Notes hereunder shall thereupon cease, terminate and become discharged and said Program Notes shall no longer be deemed Outstanding for purposes of this Ordinance and all the provisions of this Ordinance, including all covenants, agreements, liens, and pledges made herein, shall be deemed duly discharged, satisfied, and released with respect to said Program Notes.

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 Program Notes is intended or should be construed to confer upon or give to any person other than the City, the Holders of the Program Notes, the Paying Agent/Registrar and the Program Note Purchaser, 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 Program Notes, the Paying Agent/Registrar and the Program Note Purchaser as herein and therein provided.

Section 6.08 Attorney General Approval

No Program 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 and the Program's establishment and other agreements and proceedings as may be required in connection therewith, all as is required by Chapter 1371.

Section 6.09 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 establishment of the Program and the issuance of Program Notes

thereunder, the Paying Agent/ Registrar Agreement, and the Note Purchase Agreement. In addition, prior to the establishment of the Program, each Authorized Representative and 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, (ii) obtain a rating from any Rating Agency, or (iii) obtain the approval of the Program 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 6.10 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, Texas Government Code, as amended.

Section 6.11 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, 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 Program Notes. This consent and authorization relates only to information and documentation that is a part of the public record concerning the establishment of the Program and the issuance of Program Notes thereunder.

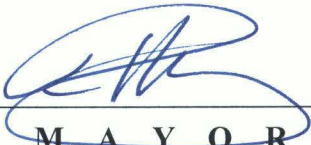
Section 6.12 Delegation Authorization Pursuant to HB 1295.

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 Authorized Representative the authority to independently select the counterparty to any agreement with the Paying Agent/Registrar, any Rating Agency, or any other contract that is determined by an Authorized Representative, the Co-Financial Advisors, or Bond Counsel to be necessary or incidental to the establishment of the Program and the issuance of Program Notes thereunder 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 6.13 Effective Date.

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

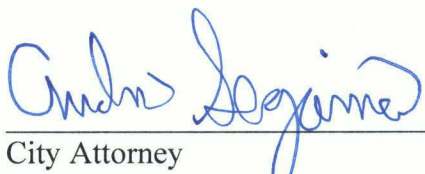
**PASSED AND ADOPTED** by an affirmative vote of 11 members of the City Council of the City of San Antonio, Texas, this the 18th day of March, 2021.

  
\_\_\_\_\_  
**M A Y O R**  
Ron Nirenberg

**ATTEST:**

  
\_\_\_\_\_  
Tina J. Flores, City Clerk

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.

  
\_\_\_\_\_  
City Attorney  
City of San Antonio, Texas  
Rn

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

**EXHIBIT A**

FORM OF NOTE PURCHASE AGREEMENT

See Tab No. 4

**EXHIBIT B**

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

See Tab No. 3

**CERTIFICATE OF CITY CLERK**

THE STATE OF TEXAS                    §  
  §  
COUNTY OF BEXAR                    §  
  §  
CITY OF SAN ANTONIO, TEXAS       §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 18th day of March, 2021, the City Council (the *Council*) of the City of San Antonio, Texas (the *City*) convened in regular session at its regular meeting place in the City Hall of the City (the *Meeting*), the duly constituted members of the Council being as follows:

Ron Nirenberg	Mayor
Roberto C. Treviño	Councilmember
Jada Andrews-Sullivan	Councilmember
Rebecca J. Viagran	Councilmember
Dr. Adriana Rocha Garcia	Councilmember
Shirley Gonzales	Councilmember
Melissa Cabello Havrda	Councilmember
Ana Sandoval	Councilmember
Manny Pelàez	Councilmember
John Courage	Councilmember
Clayton Perry	Councilmember

and all of such persons were present at the Meeting, except the following:   *0*  , thus constituting a quorum. Among other business considered at the Meeting, the attached Ordinance (the *Ordinance*) entitled:

**AUTHORIZING THE ESTABLISHMENT OF A REVOLVING FINANCE PROGRAM IN A PRINCIPAL AMOUNT NOT TO EXCEED \$500,000,000 FOR THE CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS; PROVIDING THE TERMS, CONDITIONS, AND SPECIFICATIONS FOR OBLIGATIONS FROM TIME TO TIME ISSUED UNDER SUCH PROGRAM; MAKING PROVISIONS FOR THE PAYMENT AND SECURITY THEREOF (WHETHER ON PARITY OR SUBORDINATE TO OTHER OUTSTANDING OBLIGATIONS); AUTHORIZING OBLIGATIONS UNDER SUCH PROGRAM TO BE ISSUED IN THE FORM OF TAXABLE OR TAX-EXEMPT NOTES, BEARING INTEREST AT FIXED OR VARIABLE RATES, AND PRESCRIBING OTHER TERMS, FEATURES, AND CHARACTERISTICS OF SUCH OBLIGATIONS; STIPULATING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF ADDITIONAL OBLIGATIONS ON PARITY THEREWITH; AUTHORIZING THE EXECUTION OF ONE OR MORE PAYING AGENT/REGISTRAR AGREEMENTS AND NOTE PURCHASE AGREEMENTS; DELEGATING THE AUTHORITY TO**

**CERTAIN MEMBERS OF THE CITY PUBLIC SERVICE BOARD STAFF  
TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF  
OBLIGATIONS UNDER THIS PROGRAM; ENACTING OTHER  
PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND  
PURPOSE OF THIS ORDINANCE; AND PROVIDING AN EFFECTIVE  
DATE**

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Ordinance, a motion was made by Councilmember Pelaez that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember Coupage and carried by the following vote:

11 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council of the City on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was open to the public and posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

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



IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the District, this 18th day of March, 2021.



(CITY SEAL)

*Maria J. Flores*  
City Clerk  
City of San Antonio, Texas



# City of San Antonio

City Council

March 18, 2021

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**Item: 4A**

**File Number: 21-2355**

**Enactment Number:**

**2021-03-18-0163**

Ordinance authorizing the issuance of obligations (collectively, the "Obligations") designated as City of San Antonio, Texas Electric and Gas Systems Revenue Obligations in one or more series in an aggregate amount not to exceed \$500,000,000.

Councilmember Manny Pelaez made a motion to approve. Councilmember John Courage seconded the motion. The motion passed by the following vote:

**Aye:** 11 Nirenberg, Treviño, Andrews-Sullivan, Viagran, Rocha Garcia,  
Gonzales, Cabello Havrda, Sandoval, Pelaez, Courage and Perry