

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT, dated as of _____, 2014 (this "***Second Amendment***"), by and between the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** (the "***Issuer***") and **TRINITY UNIVERSITY**, a private nonprofit educational corporation organized and existing under the laws of the State of Texas (the "***University***");

WITNESSETH THAT:

WHEREAS, the **CITY OF SAN ANTONIO, TEXAS** (the "***City***"), pursuant to Section 53.35(b), Texas Education Code (now amended and recodified as Section 53A.35(b), Texas Education Code, as amended), approved and created the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** (the "***Issuer***") as a nonprofit corporation to exercise the powers enumerated and provided in Chapter 53, Texas Education Code (now amended and recodified as Chapter 53A, Texas Education Code, as amended - the "***Act***") for and on behalf of the City; and

WHEREAS, Section 53A.34 of the Act authorizes the Issuer to issue and execute revenue bonds or other obligations to loan or otherwise provide funds to an institution of higher education to enable an institution of higher education to acquire, construct, enlarge, extend, repair, renovate, or otherwise improve an "educational facility" or "housing facility" (as such terms are defined in the Act) or any facility incidental, subordinate, or related to or appropriate in connection with an educational facility or housing facility, or for acquiring land to be used for those purposes, or to create operating and debt service reserves for and to pay issuance costs related to the bonds or other obligations; and

WHEREAS, the Issuer previously issued revenue bonds in the original aggregate principal amount of \$32,000,000, designated **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION HIGHER EDUCATION VARIABLE RATE DEMAND REVENUE REFUNDING AND IMPROVEMENT BONDS (TRINITY UNIVERSITY PROJECT) SERIES 2002** (the "***Series 2002 Bonds***"), the proceeds of which were loaned to **TRINITY UNIVERSITY**, a private nonprofit educational corporation organized and existing under the laws of the State of Texas (the "***University***"), pursuant to a loan agreement, dated May 1, 2002 (the "***Original Loan Agreement***") to be used to (i) decrease and currently refund certain outstanding bonds, (ii) finance the cost of certain improvements, and (iii) pay certain of the costs of issuing the Series 2002 Bonds; and

WHEREAS, the Series 2002 Bonds were issued under and pursuant to and are secured by an *Indenture of Trust*, dated May 1, 2002 (the "***Indenture***"), from the Issuer to *Wells Fargo Bank Texas, N.A.*, as trustee thereunder; and

WHEREAS, at the request of the University, the Original Loan Agreement was amended by an "Amendment to Loan Agreement," dated as of November 15, 2003, for the purpose of conforming certain reporting requirements contained therein to similar reporting requirements in the Bank of America Standby Bond Purchase Agreement (the "**First Amendment**"); and

WHEREAS, the Original Loan Agreement, as amended by the First Amendment, is herein referred to as the "Loan Agreement"; and

WHEREAS, at the request of the University, the Issuer issued and delivered on June 29, 2011, \$20,035,000 in principal amount of its **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION HIGHER EDUCATION REVENUE REFUNDING BONDS (TRINITY UNIVERSITY PROJECT) SERIES 2011** for the purpose of refunding \$20,000,000 in principal amount of the Series 2002 Bonds in order to reduce the University's exposure to variable rate indebtedness; accordingly, the Series 2002 Bonds currently are outstanding in the aggregate principal amount of \$12,000,000; and

WHEREAS, concurrent with the original issuance of the Series 2002 Bonds, the University entered into a liquidity facility with *Bank of America, N.A.* (the "**Bank**"), wherein the Bank agreed, on the terms and subject to the conditions set forth therein, to purchase Series 2002 Bond tendered for repurchase pursuant to the provisions of the Indenture (the "**Bank of America Standby Bond Purchase Agreement**"); and

WHEREAS, at the request of the University, the expiration date of the Bank of America Standby Bond Purchase Agreement has been extended from time to time, and currently is stated to expire on September 6, 2014; and

WHEREAS, the Loan Agreement and the Indenture permit the University, upon compliance with certain conditions set forth therein, to replace the Bank of America Standby Bond Purchase Agreement on any "Interest Payment Date" (i.e., currently the first Business Day of each month) with a "substitute Credit Facility Instrument" provided by certain institutions meeting the requirements set forth in the Loan Agreement and the Indenture, which includes "*an agreement between the University and the Trustee pursuant to which the University agrees to provide liquidity for the Series 2002 Bonds*"; and

WHEREAS, one condition set forth in the Indenture (specifically Section 13.04 thereof) for replacing the Bank of America Standby Bond Purchase Agreement is that "*the institution issuing the substitute Credit Support Instrument must be such as to maintain a rating on the Series 2002 Bonds equal to or higher than the then current rating on the Series 2002 Bonds given by [Standard & Poor's Rating Services]*" ("**S&P**"); and

WHEREAS, the Series 2002 Bonds currently are rated "AA" (long term rating based on the University's long term credit rating) and "A-1" (short term rating based on Bank of America's short term credit rating), and it is expected that such ratings will be maintained following the replacement

of the Bank of America Standby Bond Purchase Agreement with self-liquidity provided by the University; and

WHEREAS, the Issuer and the University now desire to amend the Loan Agreement, as permitted pursuant to the provisions of Section 14.03 of the Indenture (and particularly clause (b) thereof), in order to obligate the University to pay to the Trustee the Purchase Price of Series 2002 Bonds which are tendered for optional or mandatory purchase in accordance with the provisions of the Indenture in the event the Remarketing Agent is unable to timely remarket such tendered Series 2002 Bonds and provide funds to the Trustee for payment of the purchase price of such tendered Series 2002 Bonds;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER CONTAINED, THE PARTIES HERETO AGREE EACH WITH THE OTHER, AS FOLLOWS:

SECTION 1. DEFINITIONS. The terms used herein shall have the meanings specified in the Loan Agreement, unless the context shall indicate a contrary meaning.

SECTION 2. ADDITION OF NEW SECTION 5.8 TO THE LOAN AGREEMENT OBLIGATING THE UNIVERSITY TO PROVIDE THE PURCHASE PRICE FOR TENDERED SERIES 2002 BONDS. The Loan Agreement is hereby amended by adding a new Section 5.8 which shall read as follows:

SECTION 5.8. PAYMENT BY UNIVERSITY OF PURCHASE PRICE OF TENDERED BONDS. Upon satisfaction of the following two conditions:

- (i) the receipt by the Trustee at least 25 days prior to an Interest Payment Date designated by the University of (A) written notice from the University that the University will substitute on such Interest Payment Date the then current Credit Facility Instrument provided by a financial institution with the University's unconditional obligation to provide liquidity for the purchase of tendered Series 2005 Bonds University in accordance with this Section, (B) all opinions required to be provided to the Trustee in accordance with Section 13.04 of the Indenture, and (C) written evidence satisfactory to the Trustee that the replacement of the then current Liquidity Agreement by the substitute Credit Support Instrument does not, by itself, adversely affect the then current rating or ratings on the Series 2002 Bonds; and
- (ii) the mandatory tender of all then outstanding Series 2002 Bonds in accordance with Section 4.05 of the Indenture;

the University shall pay to the Trustee, by the time and in the manner specified in the Indenture (including but not limited to Article IV thereof), the Purchase Price of any Series 2002 Bonds which have been tendered for purchase in accordance with the

Indenture and have not been remarketed by the Remarketing Agent prior to the designated Purchase Date in accordance with the provisions of the Indenture. Payments provided by the University in accordance with this Section will be held in trust by the Trustee for the benefit of the tendering Registered Owners of the Series 2002 Bonds which have been tendered or deemed tendered and shall be in an amount which, together with any amounts available to the Trustee for such purpose, will be sufficient to pay the Purchase Price for all unremarketed Series 2002 Bonds which are to be purchased on such date.

The obligations of the University hereunder are absolute and unconditional, notwithstanding any other provision in this Agreement or the Indenture to the contrary, and such obligations shall remain effective until such time as the Series 2002 Bonds are not bearing interest as Variable Rate Bonds or the University provides a substitute Credit Facility Instrument provided by a financial institution in accordance with the provisions of Section 13.04 of the Indenture.

The payment for and purchase of tendered Series 2002 Bonds by the University in accordance with this Section are not intended to constitute an extinguishment of the obligation represented by such tendered Series 2002 Bonds, and the University may subsequently sell or cause the Remarketing Agent to sell such tendered Series 2002 Bonds held by it when either the University or the Remarketing Agent, acting on behalf of the University, is again able to sell the tendered Series 2002 Bonds. While such tendered Series 2002 Bonds are held by the University they shall bear interest at the prevailing market rate for alternative securities of similar maturity and credit rating, the interest of which is included in the gross income of the holder thereof.

This Section shall constitute a Credit Facility Instrument and a Liquidity Agreement within the meaning of the definition of such terms set forth in Section 1.1 of this Agreement, and all provisions set forth in this Agreement and the Indenture relating to a Credit Facility Instrument and a Liquidity Facility for the purpose of providing liquidity for tendered Series 2002 Bonds shall, to the extent practical and reasonable, apply to the liquidity being provided by the University in accordance with this Section. Additionally, nothing in this Section shall prevent the University from exercising its rights pursuant to Section 13.04 to substitute the University's obligation to provide liquidity support pursuant to this Section with a substitute Credit Facility Instrument provided by a financial institution.

SECTION 3. EXECUTION OF THIS SECOND AMENDMENT IN COUNTERPARTS. This Second Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4. CAPTIONS AND PREAMBLES. The captions or headings in this Second Amendment are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Second Amendment. The Preambles hereto are hereby incorporated herein and made a part of this Second Amendment for all purposes.

SECTION 5. GOVERNING LAW. The validity, interpretation, and performance of this Second Amendment shall be governed by the laws of the State of Texas.

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

IN WITNESS WHEREOF, the Issuer and the University have caused this Second Amendment to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

**CITY OF SAN ANTONIO, TEXAS
EDUCATION FACILITIES CORPORATION**

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

TRINITY UNIVERSITY

By: _____
Title: President

By: _____
Title: Vice President for Finance and Administration

Signature Page to Second Amendment
Relating to
City of San Antonio, Texas Education Facilities Corporation
Higher Education Variable Rate Demand Revenue Refunding and Improvement Bonds
(Trinity University Project), Series 2002

TRUSTEE'S CONSENT TO SECOND AMENDMENT

Pursuant to the requirements of Section 14.03 of the Indenture of Trust, dated as of May 1, 2002 (the "*Indenture*"), between the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** and **WELLS FARGO BANK TEXAS, N.A.** (currently known as **WELLS FARGO BANK, NATIONAL ASSOCIATION**) (the "*Trustee*"), in connection with the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION HIGHER EDUCATION VARIABLE RATE DEMAND REVENUE REFUNDING AND IMPROVEMENT BONDS (TRINITY UNIVERSITY PROJECT), SERIES 2002** (the "*Series 2002 Bonds*"), the Trustee hereby consents to the attached Second Amendment to Loan Agreement. The Trustee further acknowledges and agrees that the provisions included in Section 5.8 of the Loan Agreement relating to the Series 2002 Bonds, which have been added in accordance with the Second Amendment, constitute a "Credit Support Instrument" within the meaning of the final sentence of such term as defined in Section 1.1 of such Loan Agreement.

Executed this _____.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Title: _____